



# NAMPORT

## ANNUAL REPORT

### 2014



# VISION

Best Performing World-Class Port in  
Africa

# 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





# VALUES



**COMMITTED**



**CONNECTED**



**CARING**

# THE WAY FORWARD - *Our Five Strategic Outcomes*

We have fully committed ourselves to supporting the attainment of our country's Vision 2030 through its Fourth National Development Plan (NDP4), in the Strategic Areas of Public Infrastructure and Logistics. Our Five Strategic Outcomes, with Five Strategies supporting each outcome, have been aligned accordingly.



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## Group Annual Report



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# A PORTHOLE VIEW OF THE FUTURE

## *Chairperson of the Board*

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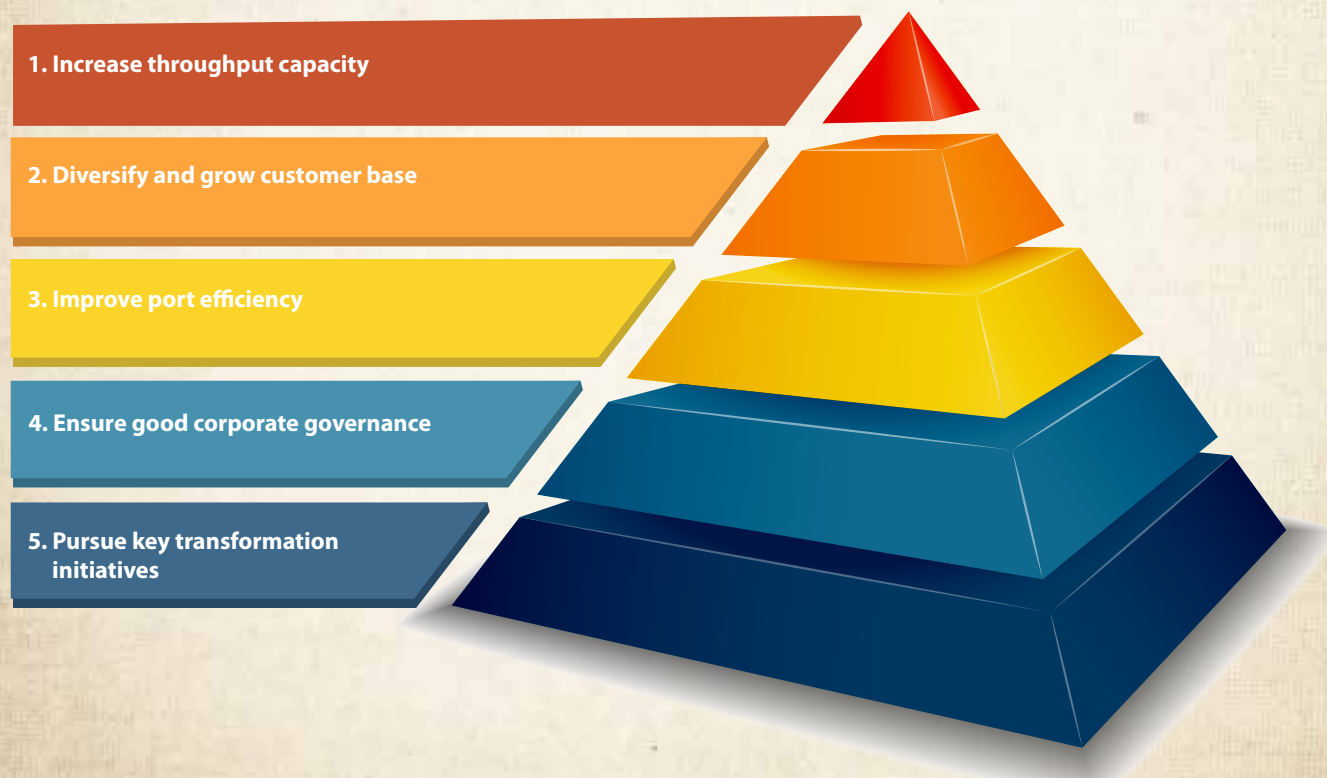
*It is now 20 years since the Namibian Ports Authority was minted and took over the management and control of the Port of Walvis Bay from Transnet Limited, South Africa, and then a year later welcomed the Port of Lüderitz into the fold.*

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I look back with a sense of comfort and great satisfaction on the achievements and growth of our two ports over the years. The growth in business over the past 20 years is palpable in the increase of its asset base from NAD 103 million in 1995 to NAD 4.8 Billion in 2014. Revenue growth in 2014 exceeded expectations and resulted in a healthy operating profit margin of 17%.

We continue to be whole-heartedly committed to supporting our country in its quest to realise the goals of Vision 2030 and have accordingly aligned our Strategic Outcomes to specifically attain the NDP4 Public Infrastructure and Logistics Desired Outcomes :

### FIVE KEY STRATEGIC OUTCOMES





The NDP4 Public Infrastructure desired outcome is for Namport to ensure it has well-functioning and high quality infrastructure whilst the Logistics desired outcome prescribes a doubling of our 2012 cargo volumes, which were 6.5 million tonnes, by 2017. Albeit that volume growth underperformed this past year, we are confident that we will achieve this target.

The Logistics desired outcome requires the Port of Walvis Bay to become the preferred African West Coast port and logistics corridor for Southern and Central African logistics operations by 2017.

We embarked on our journey to achieve this logistics hub goal when we celebrated the groundbreaking of the New Container Terminal at the Port of Walvis Bay in May 2014. That was the beginning of a phase in our organisation's life cycle which will be distinguished by the following phenomenal port infrastructure expansion drives :

- the New Container Terminal on reclaimed land at the Port of Walvis Bay; and
- the Port of Walvis Bay deep water SADC Gateway; and
- the Deep Water Port Area at Angra Point in Lüderitz; and
- a possible port in the North of Namibia, Cape Fria

These development drives will provide capacity ahead of demand and ensure we maintain a competitive edge in the Southern African Development Community (SADC) Region. We are also encouraged by the serious interest from private investors in forming strategic partnerships with Namport to participate in the developments as well as supporting logistics infrastructure.

It is common knowledge that without strong captains at the helm and continuity in leadership companies experience difficulties navigating uncharted waters. We are therefore pleased that our Shareholder has seen it fit to ensure that the organisation continues to be guided by an able Board of Directors by extending our term of office as the Board of Directors.

At the same time the Board cannot function effectively without the support of a capable and committed management team underpinned by efficient decision-making structures. It was therefore resolved, with the blessing of the portfolio Minister, to renew the contract of employment of the Chief Executive Officer, Mr Bisey Uirab, for a further five year period.

During the year under review, the Board of Directors created efficiencies through rationalisation of its Board committee structures. In addition, the forecast business growth coupled with major port developments demanded a productive workforce embedded in an efficient organisational structure. We therefore carved a new streamlined organisational structure with reduced reporting lines to the Chief Executive Officer to ensure fast and effective decision-making. Our new structure was approved in

July 2014 for implementation in the new financial year. The CEO is now supported by five Executives heading the business units - Port Authority, Finance, Human Resources, Port Operations and Information and Communication Technology.

The Board of Directors have entered into performance agreements with the portfolio Minister, and the Chief Executive Officer and Senior Management have entered into performance agreements with the Board of Directors. In 2014 the portfolio Ministry and Namport reviewed and aligned Namport's key performance indicators to the NDP4 Desired Outcomes for the maritime sub-sector.

The major development phase we are entering requires excellent key stakeholder relations and support to ensure alignment of planning and avoiding of bottlenecks. One of the most critical engagements this past year has been with our rail partner, TransNamib Holdings Limited, in relation to the relocation of certain rail infrastructure within the Port of Walvis Bay to accommodate various new port developments linked to the New Container Terminal, but more specifically, the new port entrance. I take this opportunity to thank TransNamib for their co-operation in this regard. Namport will drive improved key stakeholder relations in the new year to forge mutually beneficial strategic partnerships in support of economic growth in Namibia and the SADC Region.

My colleagues on the Board and myself wish to express our appreciation to the Government of Namibia for its NAD 725 million contribution towards the New Container Terminal Project at the Port of Walvis Bay in the Medium-Term Expenditure Framework allocated over the 2014 to 2017 financial years.

Finally, I thank our portfolio Minister for his support during the past financial year, the Board and Board Committee members for their dedication and commitment, and the Management Team for driving the success of Namport during the past financial year.

As the Board of Directors, we look forward to continued performance excellence in the forthcoming financial year.

**J MUADINOHAMBA**  
**CHAIRPERSON OF THE BOARD OF DIRECTORS**

# BOARD MEMBERS



**Mr. Otto Shikongo:** Director, **Ms. Jennifer Comalie:** Director,  
**Mr. Jerry Muadinohamba:** Chairperson, **Ms. Matilda Jankie-Shakwa:** Director, **Mr. Andreas Kanime:** Deputy-Chairperson



# NAMPORT EXECUTIVE COMMITTEE (*EXCO*)



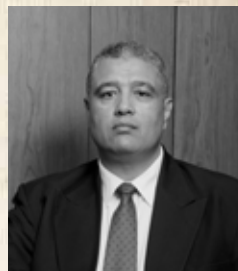
**Chief Executive Officer**  
Bisey /Uirab



**Port Engineer**  
Elzevir Gelderbloem



**Executive: Operations (Acting)**  
Fonda Shimuafeni



**Chief Internal Auditor**  
Alfred Rieth



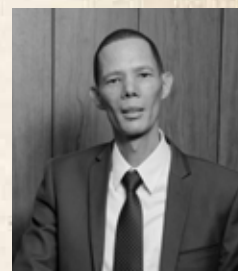
**Legal Advisor**  
Carol Schroeder



**Company Secretary**  
Ndaambe Haikali



**Executive: Marketing &  
Strategic Business  
Development (Acting)**  
Elias Mwenyo



**Executive: Risk Management**  
Raymond Visagie



**Executive: Finance**  
Kavin Harry



**Executive: ICT**  
Victor Ashikoto



**Executive: Projects and Property**  
Immanuel Tino !Hanabeb



**Executive: Human Resources**  
Heritha Muyoba



**Manager: Organisational  
Performance**  
Kathy van Heerden

# A SNAPSHOT OF PERFORMANCE

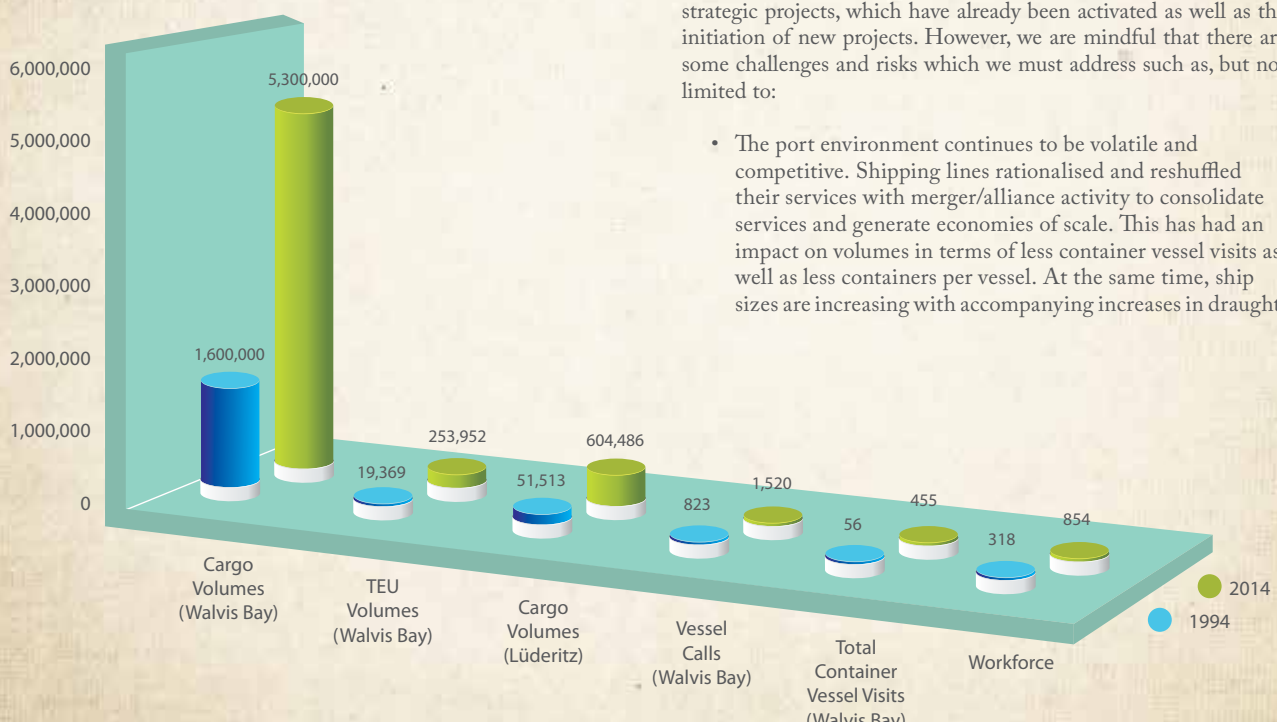
## *by the Chief Executive Officer*

*The Chairperson has expressed valuable sentiments in his report and captured the essence of Namport's contribution to achieving the national goals of Namibia.*

We closed the 2014 financial year on a high note underpinned by a strong financial performance, but that was dampened by the under performance in volume growth, save for the Port of Lüderitz which doubled its export cargo volumes compared to the previous year. For the year, 255,432 TEUs were handled which represented a decrease of 16% on the previous year. A portion of this decrease was attributed to the 2500 TEU business lost due to the illegal work stoppage at the Port of Walvis Bay in January 2014.

Our transshipment container volumes significantly decreased with 36%, however, this was offset to some extent by the increase in import and export containers, which increased by 16% and 2% respectively.

### 20 YEAR PERFORMANCE HIGHLIGHTS: 1994 - 2014



Overall, the reduced volumes were mainly attributable to loss of transshipment business to other ports, a marked reduction in second-hand vehicle imports due to restrictive policies in some neighbouring countries and port development along the West Coast of Africa.

Our performance against the Key Performance Indicators in the Governance Agreement with the portfolio Minister is reflected on Page 14 of the Annual Report which indicates that the majority of the targets have been achieved.

The growth in our business is evident from the volume growth since Namport took over the management and control of the Namibian ports. At the Port of Walvis Bay there was a growth in cargo volumes from 1.6 million tonnes in 1994 to 5.3 million tonnes in 2014 with a record 334,410 TEUs in the 2012 financial year. At the same time TEU volumes increased exponentially from 19,369 in 1994 to 253,052 in 2014. The cargo volumes at the Port of Lüderitz were 604,486 tonnes in 2014 compared to only 51,513 tonnes when the port came under Namport's management. In this financial year 1520 vessels called at the Port of Walvis Bay compared to 823 in 1994, with an increase from 56 container vessels calling in 1994 to 455 container vessels calling in 2014. The workforce comprised 318 employees in the 1994 financial year and 854 employees in 2014.

As 2015 approaches, we eagerly await the continuation of the strategic projects, which have already been activated as well as the initiation of new projects. However, we are mindful that there are some challenges and risks which we must address such as, but not limited to:

- The port environment continues to be volatile and competitive. Shipping lines rationalised and reshuffled their services with merger/alliance activity to consolidate services and generate economies of scale. This has had an impact on volumes in terms of less container vessel visits as well as less containers per vessel. At the same time, ship sizes are increasing with accompanying increases in draught.

- Globally shipping lines expect ports to guarantee berthing by providing fixed berthing windows. However, there is limited feasibility in this regard because container-handling operations are limited to berths 1 to 3 at the Port of Walvis Bay and by extension the available berthing window slots at our ports. Over the years we have managed the situation through incremental capacity improvements such as deepening of berths 1 to 3, expanding the existing container terminal and extending berth 1 with a bollard. These modifications enabled us in 2014 to accommodate the largest container vessel ever berthed at the Port of Walvis Bay as part of the now established regular CMA CGM ASAF service calling at the Port of Walvis Bay.
- Our neighbouring ports in Southern Africa vie for the same hinterland business as our ports and they are rapidly expanding and investing substantial funds into their ports' expansion. In addition, many of these ports have privately operated terminals which generate greater efficiencies. Namport must ensure it does not lose momentum with its three key port expansion projects so that it can maintain its competitive edge in the SADC Region.
- Lack of rail capacity
- Cross-border bottlenecks including work permits
- Cargo handling productivity
- Lack of capacity in terms of draught, infrastructure and port lands

Over the past twenty years, we have developed our ports and increased our capacity. In terms of major developments, at the Port of Lüderitz we built a new concrete quay. Further, we realised that due to its favourable geographical position on the West Coast of Africa, the Port of Walvis Bay was destined to be a hub for seaborne trade with Southern and Central Africa. As a result it became imperative to create additional container handling capacity ahead of this forecast demand and ensure our ports have the infrastructure to handle the additional business.

Namport acknowledges that the world of shipping is mercurial and as such it needs to reduce its reliance on certain types of business and diversify its risk exposure. Accordingly, in the forthcoming year we will be focussed on increasing our general cargo business, developing the ship repair and marine supply industry as well as tourism. In support of this strategy we have incorporated a dedicated cruise terminal into our New Container Terminal plan and have completed the feasibility study on the development of a world-class waterfront and marina at the Port of Walvis Bay. In terms of general cargo, once the new container terminal has been completed the current container berths, which have a deeper draught than the general cargo berths, will provide a further attraction to bigger cargo vessels.

At the Port of Walvis Bay SADC Gateway development the Government of Namibia has initiated a project to build a new tanker berth with supporting oil storage facilities, which will be able to accommodate two (2) sixty thousand (60,000) Dead Weight Tonnage (DWT) tankers at the same time and present opportunities to capture fuel imports to landlocked countries. This SADC Gateway has attracted a number of positive approaches regarding the development of facilities, more specifically from the mining industry. We are also encouraged by the serious interest of private investors in developing the new deep water port at Angra Point in Lüderitz as well as a heavy haul railway line to capture mine and other imports and exports in Southern Africa through the Port of Lüderitz.



I am pleased to note the improvement in performance of Namibia as regards the UNCTAD Liner Shipping Connectivity Index - we shifted from position 74 in 2013 to position 70 in 2014. This index captures how well countries are connected to global shipping networks.

During 2014, we reviewed our Five Year Strategic Plan with active participation by our social partners, the Namibia Transport and Allied Workers Union, NATAU, and rolled it over to 2019. As part of the process, we interrogated our Values and agreed to replace them with three new Values: Committed, Connected, Caring. This was followed by a review of our Organisational Structure and alignment to the company strategy. The new structure reduced the number of reporting lines to the Chief Executive from eight executives and four managers to:

- Five Executive heads of department : Human Resources, Finance, ICT, Port Operations and Port Authority
- Two Management heads : Company Secretariat and Internal Audit

In terms of labour action, the work stoppage by 90 employees at the Port of Walvis Bay in January 2014 had a negative impact on volumes, but the risk was mitigated by servicing clients at half strength. The situation and our reputational risk was suitably managed with minimal damage. Despite the foregoing, the Management - Union relationship has strengthened.

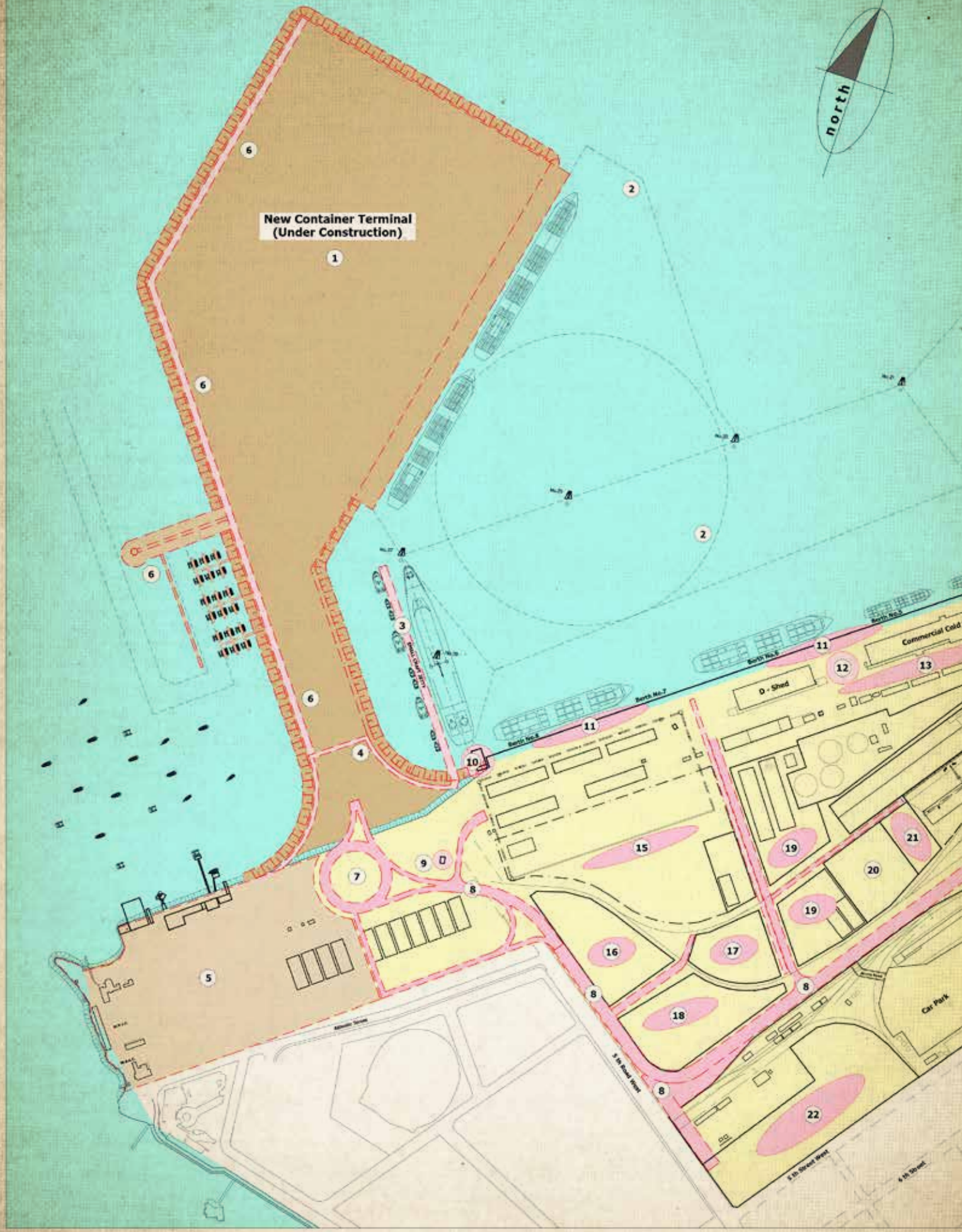
During the past year we focused on human capital capacity and initiated a number of training and development initiatives, setting expenditure at a target of six percent (6%) of overall payroll cost to ensure we have availability of critical skills. In addition, we started the process of identifying and developing persons with potential to fill our key leadership positions. Our programme of leadership coaching, coupled with person specific development programmes will give our shareholder comfort as regards leadership continuity in that there will be experienced and capable employees who are able to assume key leadership positions if required.

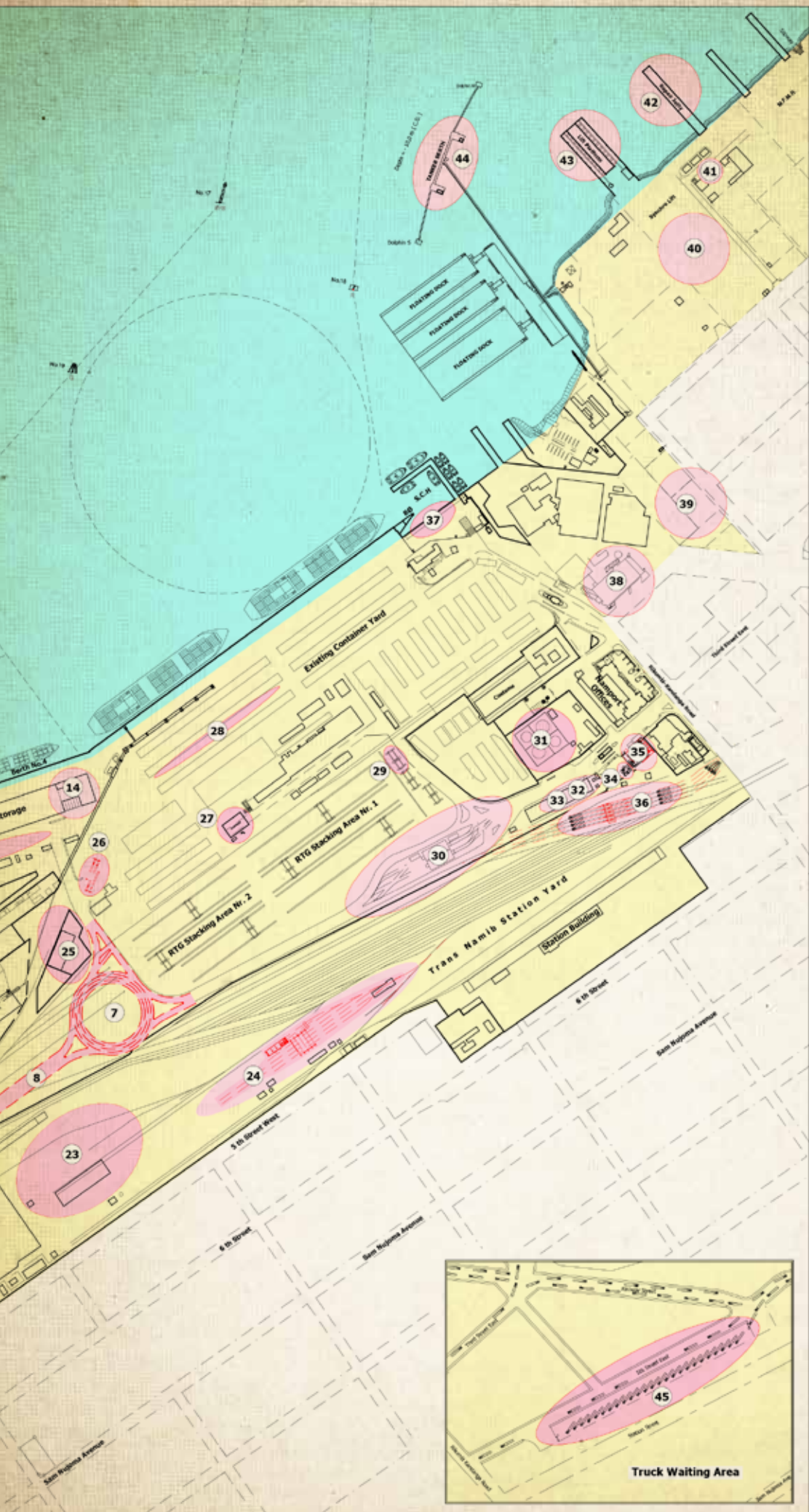
I wish to express my appreciation to the Board of Directors for their unwavering support during the past year and the Management Team for their hard work and dedication.

Furthermore, my sincere gratitude to all Namport employees for their commitment, work ethic and excellent teamwork during the year under review.

BISEY /UIRAB  
CHIEF EXECUTIVE OFFICER

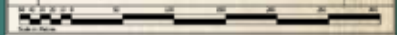
# Port of Walvis Bay Developments





**Notes**

No.	Project Description	Completion Date
1	Container Terminal on reclaimed land - Under Construction	2017
2	New Container Terminal Basin Dredging	2017
3	Cruise Liner and Small Craft Jetty	2017
4	Viaduct to link Cruise Liner Berth to Waterfront	2017
5	Waterfront Development	2017
6	Marina Development	2017
7	Port Roads, Articulated vehicles turning area	2017
8	Harbour Main Roads & Service Roads	2017
9	Electrical Sub-Station	2015
10	Link-Span Berth	2014
11	Berths 4 to 8 Quay wall Soffit Repairs	2016
12	Road Rehabilitation	2015
13	Road Overlay & Rehabilitation and Upgrade	2018
14	Commercial Cold Store Extension	2014
15	Walvis Bay Bulk Terminal Fencing	2014
16	Zimbabwe Dry Port	2016
17	Zambia Dry Port - Phase 1	2011
18	Zambia Dry Port - Phase 2	2016
19	Protea Chemicals Extensions	2014
20	Maritime Port Properties - Sulphur handling facility	2016
21	Swakop Uranium - Multipurpose facility	2015
22	Botswana Dry Port	2014
23	Car Import Terminal	2016
24	New Carriage & Wagon Depot	2016
25	Port Engineer's Storage Yard	2015
26	New Terminal Entrance Gate	2017
27	Namport Vehicle Storage Shed	2012
28	High Mast Lights Relocation	2014
29	Washlab for RTG's	2014
30	Ministry of Finance Customs X-Ray Scanners	2014
31	Rehabilitation of HFO Tank Facility	2015
32	Port Police Station	2013
33	Namport Procurement Department Offices	2014
34	New Clinic Building	2014
35	Port Security Building Complex Extension	2016
36	Port - New Main Entrance Gate	2016
37	Small Craft Harbour Quay Wall Rehabilitation	2016
38	Staff Recreational Centre	2015
39	Rehabilitation of Bunkering Facilities	2016
40	Syncrolift Side Transfer Rehabilitation	2016
41	New Toilet Facilities for Syncrolift Users	2015
42	Rehabilitation of Syncrolift Repair Jetty	2016
43	Rehabilitation of Syncrolift Lift Jetties	2015
44	Rehabilitation of Tanker Berth	2014
45	Namport Truck Staging Area	2017
46	Fibre Optic / CCTV Network extension	2014



**Truck Waiting Area**



# PERFORMANCE AGAINST KEY PERFORMANCE

## Indicators in Governance Agreement

The Namport Board of Directors entered into a Governance Agreement with the portfolio Minister which specifies common expectations, commitments and understanding with respect to Namport's performance. The following is a report on performance against the key performance indicator targets set forth in the Governance Agreement **for the year ended 31 August 2014:**

	Target	Actual
<b>FINANCIAL PERFORMANCE</b>		
• Growth in Turnover (after inflation)	12%	8%
• Return on Assets	20%	5%
• Gearing Ratio (debt/equity)	2:1	0.25
• Debt-Service Coverage Ratio	1:5:1	3.6
• Current Ratio	2:1	1.67
<b>HUMAN RESOURCES DEVELOPMENT PERFORMANCE</b>		
• Attain national AA profile and compliance	Yes	Yes
• Training (% of payroll)	6%	6%
• Performance Management System in place for CEO & Senior Management	100%	100%
<b>SERVICE / MARKETING PERFORMANCE</b>		
• Customer Satisfaction Index	70%	68%
• Funding projects which are aimed at poverty alleviation and job creation.	3 million	3 million
<b>PRODUCTION / OPERATION PERFORMANCE</b>		
• Safety, health, environment and quality international standards certification	Yes	Yes
• Container moves per hour per vessel	20	23
• Employee Satisfaction Index	60%	74%
• Average Waiting time per scheduled vessel (Hours) <i>(We considerably reduced the time ships have to wait for service thereby ensuring faster turnaround time for the vessel and cost savings.)</i>	9	2.5
• Average waiting time to respond to marine pollution incidents in hours	8	1

# FINANCIAL OVERVIEW

## *by the Chief Financial Officer*



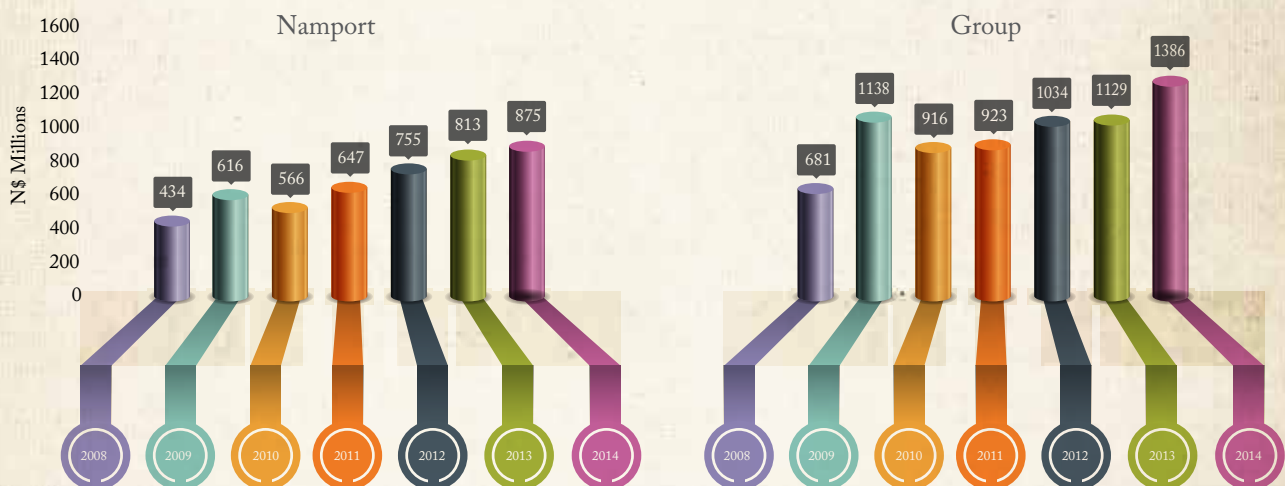
### Introduction

The Group results for the Namibian Ports Authority for the year ended 31 August 2014 comprise of two wholly owned subsidiaries and one subsidiary where the Authority holds 52.5% shareholding. Elgin Brown and Hamer (Pty) Ltd (EBH) and Lüderitz Boatyard (Pty) Ltd are both actively involved in the ship and rig repair industry while Namport Property Holdings (Pty) Ltd was established to oversee the Authority's property portfolio, albeit currently dormant. This report should be read in conjunction with the consolidated Annual Financial Statements.

### Results of the current financial year

The Group posted a strong financial performance for the year ended 31 of August 2014. This comes on the back of significant decreases in transshipment volumes especially during the first half of the financial year. The year end results thus represent a robust turnaround in the performance of the Group. This was further buoyed by the third floating dock that was commissioned by EBH, augmenting on dock repairs capacity by nearly forty percent. Year-on-year Group and Authority revenues have increased by twenty three per cent (23%) and eight per cent (8%) respectively.

### REVENUE



# FINANCIAL OVERVIEW

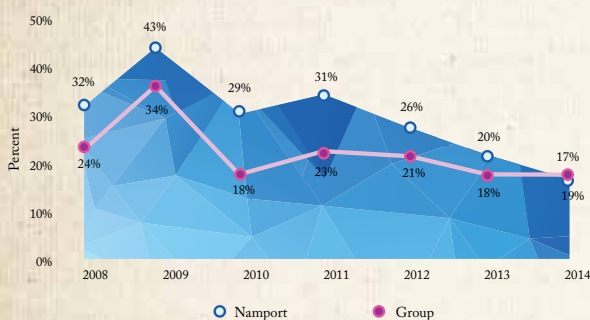
## *by the Chief Financial Officer* (CONT)



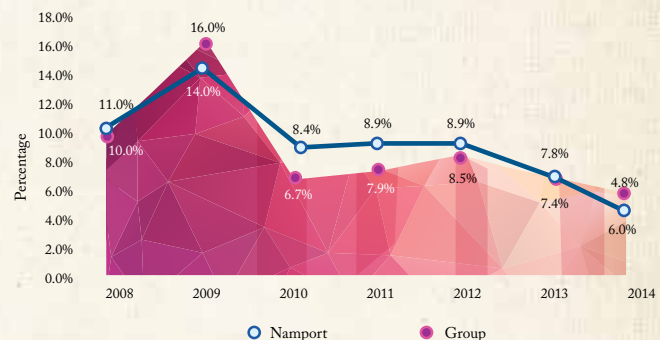
Group operating profit margin of nineteen per cent (17%), exceeded the previous financial year's margin of eighteen per cent (18%) on the back of higher revenues and savings in costs. The increased revenues were mainly derived from Bulk and Break-bulk, containers, ship and rig repair, port, berth, and light dues activities.

The graphs below present the trend in profitability over the seven (7) year period ended 31st of August 2014. The Group's overall profitability has generally decreased over the period. It is however comforting that this decrease has been largely driven by the significant investment in replacing the aging equipment, super and infrastructure in recent years and the resultant enhanced asset base which comes with material amortisation charges.

### OPERATING PROFIT MARGIN (EBIT)



### RETURN ON ASSETS



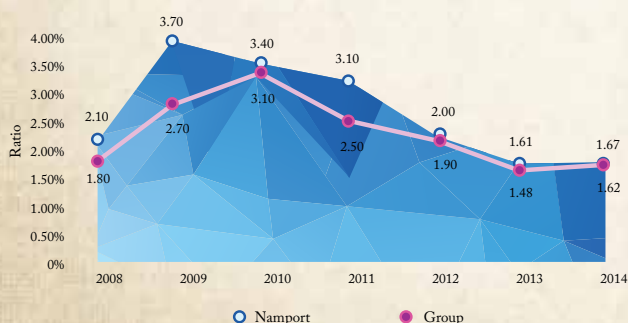
### Liquidity

The liquidity position has strengthened significantly year on year, mainly due to improved cash flows which increased year-on-year by sixty per cent. This ideally positions the Group for the upcoming New Container Terminal Project that will require material capital outlay from the Group's own resources so as to contain the overall gearing position.

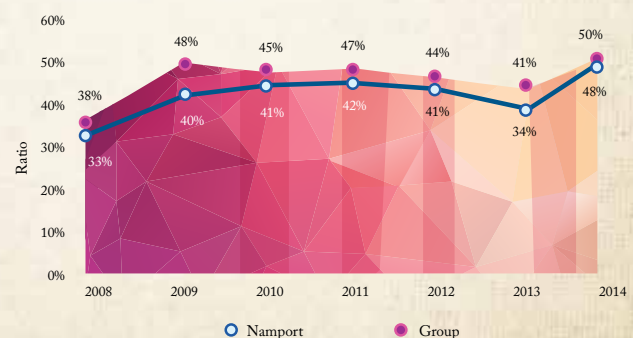
### Solvency

The Group and Authority's gearing levels went up year-on-year; as at 31 of August 2014, debt ratios stood at fifty per cent (50%) and forty eight per cent (48%) respectively. The increase in the gearing position is attributable to the commencement of the drawdowns on loans sourced for the financing of the New Container Terminal project and the third floating dock at the Port of Walvis Bay.

### CURRENT RATIO



### DEBT RATIO





# FINANCIAL OVERVIEW

*by the Chief  
Financial Officer* (CONT)



## Credit rating

On 28 May 2014, the international rating agency, Fitch Ratings upgraded Namport's long term rating from A- to A+ with a stable outlook. This came on the back of increasing direct and indirect shareholder support, specifically for the New Container Terminal Project at the Port of Walvis Bay. The Government of the Republic of Namibia has committed a total amount of seven hundred and twenty five million Namibia dollars (N\$725,000,000.00) towards this Project within the Medium Term Economic Framework for the period ending 31 March 2017.



## Looking to the future

The Authority has embarked on the expansion of the container terminal at the Port of Walvis Bay. This will see the throughput capacity at the Port of Walvis Bay increase threefold from three hundred and fifty thousand (350,000) twenty foot equivalent units (TEU's) to one million (1,000,000) TEU's per annum. The Project will cost a total of three billion and nine hundred million Namibian Dollars (N\$3,900,000,000.00) and forms part of Namport's drive to spearhead the establishment and consolidation of Namibia as the logistics hub for the Southern African Region. A total amount of five billion Namibian dollars (N\$5,000,000,000.00) is earmarked for infrastructure and equipment acquisition during the next three years and it is envisaged that this will enhance Namibia's Ports' competitive edge over neighbouring ports on the south and west coasts of Africa.

EBH has started reaping the benefits of the recently added third floating dock with significant increases being realised on the repairs booking schedules. Going forward, it is expected that this will enhance EBH's foothold as a preferred ship and rig repair facility along the west coast of Africa. The weakening of the local currency has further augmented the operational revenue of the business, albeit with commensurate increases in the prices of imported materials. The operational results of EBH therefore remain sensitive to drastic movements in exchange rates.

## Conclusion

The small size of the Group's captive market remains a consistent challenge in harnessing the requisite critical mass of volumes to retain business profitability, more so, in light of the additional capacity to come on-stream on completion of the New Container Terminal at the Port of Walvis Bay in the first half of 2017. It is therefore imperative that the Group establishes itself as a strong competitor in the port operations, ship and rig repair industries so as to attract volumes from other neighbouring countries, through inter alia, world-class service delivery quality and efficiency levels and concerted regional marketing interventions.

KAVIN HARRY  
EXECUTIVE: FINANCE

# CORPORATE GOVERNANCE REPORT



## 1. OVERVIEW

The Namibian Ports Authority (hereinafter “the Authority”) was established as a body corporate under the Namibian Ports Authority Act No. 2 of 1994 and ownership of the Authority vests in the state as sole shareholder.

The Namibian Ports Authority is committed to the principles of openness, integrity and accountability, with the Board of Directors not only being the custodian of good corporate governance, but ensures that the business of the Authority is conducted in accordance with principles of internationally accepted best practice.

## 2. CORPORATE GOVERNANCE IN NAMPORT

In terms of the Governance Agreement, the Authority subscribes to the principles of good corporate government principles as set out in the King III Code. The Board of Directors ensures that these principles are incorporated across the entire business operations of the Authority.

### 2.1 Delegation of Authority

The Delegation of Authority framework clearly sets out the Board’s levels of authority and powers as well as those matters that have been delegated to management.

### 2.2 Code of Ethics

The ethical rules of the operation of the Authority are governed by its Code of Ethics. The Code 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.

The Code further makes provision for a complaints and whistle-blowing procedure with reporting to the Compliance Officer who is the Company Secretary. The Compliance Officer retains a register of such complaints.

It is required that all attendees of meetings of the Board, its committees, executive committee and management tender committee disclose interests in all matters to be discussed at each meeting. Moreover, a register of interests is maintained by the Company Secretary whereby all employees of the Authority are required to disclose their interests whether direct or indirect.

In addition to the Code of Ethics Policy, the Authority implemented policies on, Outside/External Work; Conflicts of Interest; Gifts and Benefits Policy as well as the Whistle Blowing and Complaints Handling Policy.



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# CORPORATE GOVERNANCE REPORT *(CONT)*



### 3. ROLE OF BOARD OF DIRECTORS

The Board of Directors is ultimately responsible for good governance and has overall responsibility and accountability for the affairs and performance of the Authority. The Authority has a unitary board structure comprising of five (5) independent non-executive directors. The Directors, Chairperson and Deputy-Chairperson are appointed by the portfolio Minister on a three-year term respectively.

The terms of reference of the Board is set out in the Board Charter, which encapsulates the Board's roles and responsibilities. The Board Charter, stipulates, among others, the conduct of the Board, its relationship with various stakeholders and administrative arrangements.

The key roles and responsibilities of the Board are, amongst others, to –

- act in the best interest of the Authority
- give strategic direction
- act as the focal point for, and custodian of, corporate governance
- provide effective leadership on an ethical foundation
- ensure that the Authority is and is seen to be a responsible corporate citizen
- responsible for the governance of risk
- responsible for information technology governance

The Board provides strategic direction and implements policies designed to enhance value for all stakeholders and ensure a sustainable business. The Board is satisfied that it discharged its duties and responsibilities in line with the Board Charter for the year under review.

### 4 BOARD COMPOSITION

The Authority has a unitary board structure and the role of the Chairperson and the Chief Executive Officer are separate and distinct. The Chairperson is an independent non-executive director. The number and stature of independent non-executive directors ensures that sufficient independence is brought to bear on decision making.

The Authority's diversity is reflected in the composition and size of its board. The Board comprises of five non-executive independent directors. The Chief Executive Officer attends Board and Board committee meetings.

Considerable thought is given to Board balance and composition and collectively the Board believes that the current mix of knowledge, skill and experience meets the requirements to lead the company effectively.

### 5 DIRECTOR APPOINTMENTS

Non-executive directors are required to devote sufficient time to the company's affairs. While there is no formal limitation on the number of other appointments directors can hold, approval from the Chairperson must be obtained prior to acceptance of additional commitments that may affect the time that they can devote to the Authority. Non-executive directors are required to advise the Board of any subsequent changes to or additional commitments from time to time as approved by the Chairperson.

During the period under review, all directors were re-appointed for another three year term.

### 6 BOARD PERFORMANCE EVALUATION AND EFFECTIVENESS

An annual Board performance is conducted, to assess the achievement of goals set against its objectives by conducting an annual evaluation. The aim of the evaluation is to assist the Board in improving its effectiveness. The outcome of the evaluation is discussed at a Board meeting and any areas of concern are addressed. Relevant action points are also noted for implementation.

### 7 INDUCTION AND TRAINING

The Company Secretary develops and arranges an appropriate induction programme for new directors. This includes an explanation of their fiduciary duties and responsibilities and arranging visits to the Authority's operations, where discussions with management facilitate an understanding of the Authority's affairs and operations.

# CORPORATE GOVERNANCE REPORT *(CONT)*



As part of training and development Board members are from time to time invited to accompany management on visits to other ports in order for them to familiarise themselves with best practice worldwide.

In terms of the mandate of the Board, directors can obtain independent professional advice in order to act in the best interests of the Authority at its cost. Directors also have unrestricted access to the Chairperson, executive management and the Company Secretary.

## 8 MEETINGS OF THE BOARD

The Board meets regularly to ensure that it carries out its duties and responsibilities effectively and diligently. Board meetings are held on a quarterly basis, with an additional workshop to review the strategy of the Authority together with executive management. One such meeting was held during the year under review. Ad hoc meetings are held when necessary. Meetings are convened by formal notice incorporating a detailed agenda together with relevant written proposals and reports. Information is distributed in a timely manner prior to Board meetings, to facilitate adequate preparation for thorough discussion at these meetings. A number of decisions were taken between Board meetings by written resolution in accordance with the company's Board Governance Policy.

Where directors are not able to attend in person, video and tele-conferencing facilities allow them to participate in the deliberations and conclusions reached or resolutions taken.

The roles of the Chairperson and the Chief Executive Officer provide leadership and guidance to the Authority's Board, with the latter providing overall leadership without compromising the principle of collective responsibility of decision-making.

The following Board meetings were attended by board members in office for the year under review:

## 9 BOARD AND COMMITTEE MEETINGS ATTENDANCE

Director	Quarterly Board	Special Meetings	Audit & Investment Committee	Human Resources Committee	Strategic Committee	Risk Committee	Tender Committee
	3	12	6	3	1	1	5
J. Muadinohamba	3	12	-	-	1	-	1
A. Kanime	2	11	5	-	-	1	-
O. Shikongo	1	5	-	3	1	-	-
M. Jankie-Shakwa	3	12	-	3	-	-	5
J. Comalie	3	12	6	-	-	1	4

## 10 BOARD COMMITTEES

The Board established several sub-committees which are directly tasked to assist the Board to fulfill its duties and responsibilities. As much as the duties and responsibilities of the Board committee are in addition to those of the Board, the Board is ultimately responsible for the actions and decisions of Board committees.

The reports and recommendations tabled by the respective sub-committees at each Board meeting guarantee full disclosure and transparency of the activities of the sub-committees.

During the year under review, the board reviewed the committee structures and memberships to better align it to the long term objectives of the Authority.

# CORPORATE GOVERNANCE REPORT *(CONT)*



## **Board Audit Committee**

The role of the audit committee is to assist the Board of Directors with discharging its responsibility to:

- safeguard the company's assets;
- maintain adequate accounting records; and
- develop and maintain effective systems of internal control.

The Audit Committee provides a channel of communication between the Board of Directors, management, regulatory authorities, internal auditors and the external auditors.

The overall objective of an Audit Committee is to ensure that management has created and maintained an effective control environment in the organisation, and demonstrates and stimulates the necessary respect of the internal control structure.

The responsibility of the Audit Committee falls into three main areas, namely:

- review of internal control structure including financial control, accounting systems and reporting;
- review of the internal audit functions; and
- liaison with external auditors.

The members of the Board Audit Committee for the period under review were Jennifer J. Comalie (Chairperson), Andrew Kanime and Coenraad J. W. Coetzee.

The Chairperson of the Committee is an independent non-executive director and is not the Chairperson of the Board. Both the Chief Internal Auditor and external auditors have unrestricted access to the Audit and Risk Committee which ensures that their independence is in no way impaired.

## **Board Human Resources Committee**

The Board Human Resources Committee is responsible for overseeing the proper implementation of the human resources strategy plan, which supports the overall organisational strategy and makes recommendations to the Board regarding all matters related to human resources, providing oversight on the remuneration strategy to ensure performance as well as to attract, retain and motivate human resources of quality and calibre required by the Authority, as well as appointments of senior management. The Committee is also responsible for ensuring that there is proper succession planning for Board, Chief Executive Officer, senior management and all critical skills.

For the period under review the members of the Board Human Resources Committee were Otto N. Shikongo (Chairperson) and Matilda K. Jankie-Shakwa. Mr. Simeon Amunkete serves as an independent member of the Committee since his appointment on 05 September 2013.

## **Board Strategic Committee**

The main objective of the Board Strategic Committee, comprising at least two non-executive directors, is to consider and formulate recommendations to the Board on key strategic projects, developments and projects. The Committee is scheduled to meet at least bi-annually in accordance with its Charter.

The members of the Board Strategic Committee for the period under review were Jeremia L. Muadinohamba (Chairperson) and Otto N. Shikongo.

## **Board Risk Committee**

The Authority's Board of Directors recognises that:

- a) the operations of the Authority will always involve risk, and the effective management of risk is a day-to-day responsibility of

# CORPORATE GOVERNANCE REPORT *(CONT)*



- management;
- b) risk can never be entirely eliminated nor can financial outcomes on projects be guaranteed;
- c) to manage risk effectively, it is necessary to ensure as far as possible that:
  - (i) risk and returns are appropriately balanced, both at individual project level and across the Authority's portfolio of projects as a whole;
  - (ii) emerging risk-related issues are identified and understood at an early stage, actively and effectively managed and monitored; and
  - (iii) the Authority has the people, systems and resources in place to maximise its ability to address risk-related issues when they emerge.

The Board therefore established a Board Risk Committee, charged with the responsibility of assisting the Board in discharging its duties relating to the evaluation of risk management and to recommend, oversee and evaluate the application of the Authority's risk portfolio, as well as to manage and administer the Authority's investment performance objectives over time.

The members of the Board Risk Committee for the period under review were Andreas Kanime (Chairperson), Jennifer Comalie, with the Chief Executive Officer, Risk Officer and Legal Advisor attending by invitation.

## **Board Tender Committee**

The Board Tender Committee is mandated by the Board to, amongst others, adjudicate on and approve recommended or proposed tender specifications and awards within its monetary threshold being N\$ 5 million to N\$ 20 million and further to ensure that tenders are conducted in a fair and ethical manner.

The members of the Board Tender Committee for the period under review comprised of Matilda Jankie-Shakwa and Jennifer Comalie. Subsequent to the committee restructuring process, Mr. J. Muadinohamba was appointed to the Tender committee, during 2014.

The Chief Executive Officer and Chairperson of the Management Tender Committee are permanent invitees of committee meetings.

The Board is satisfied that the Board sub-committees executed their duties and responsibilities in accordance with the respective Committee Charters.

## **11 MANAGEMENT COMMITTEES**

The collective responsibility of management and effective control vests in the Chief Executive Officer. The Chief Executive Officer 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 Executive Committee comprising of senior management, assists the Chief Executive Officer in the execution of his duties.

In complying with the State-owned Enterprises Governance Act No. 2 of 2006 as amplified by the Governance Agreement, the Board entered into a performance agreement with the Chief Executive Officer and each senior manager regarding performance delivery based on the key performance indicators agreed to in the Governance Agreement.

The term of office of the Chief Executive Officer has been renewed for another five years.

## **12 COMPANY SECRETARY**

The Company Secretary is suitably qualified and empowered and has access to the Group's resources. She provides support and guidance to the Board in matters relating to governance and ethical practices across the Authority. She is also responsible for the induction programs of new directors to ensure that they settle well in their new responsibilities and ensuring that Board members are kept abreast of relevant changes in legislation and governance principles. All directors have unrestricted access to the Company Secretary.

# OUR STRATEGY

## Ten Critical Strategic Projects

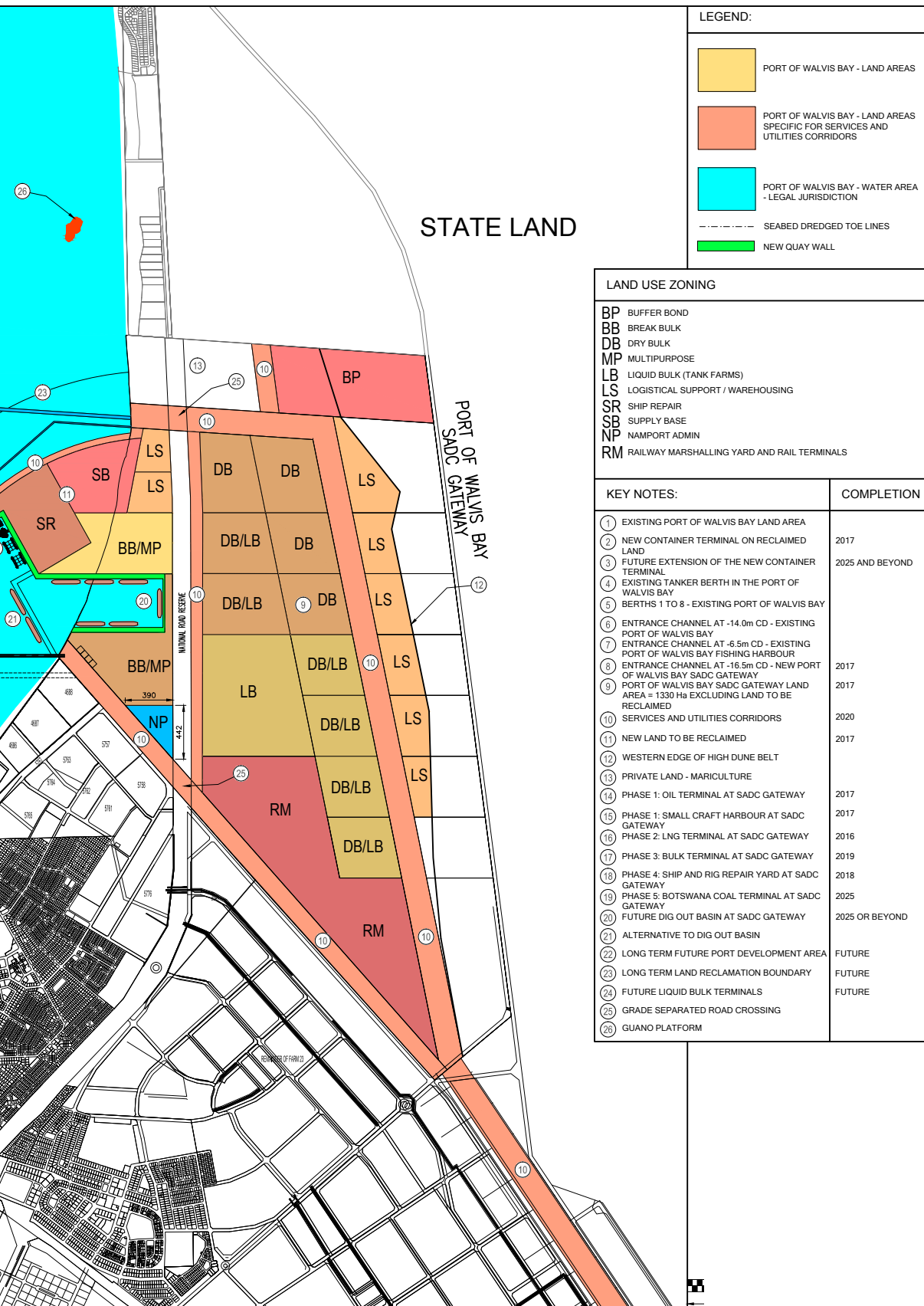
FINANCIAL YEAR ENDED 31 AUGUST							
No.	Description	Baseline		Five Year Plan 2015 - 2019			
		2013	2014	2015	2016	2017	2018
<b>PORT OF WALVIS BAY</b>							
1	New Container Terminal						
2	Partial Automation of Identified Terminals and Gates						
3	Port of Walvis Bay SADC Gateway : Phase 1						
4	Berths 4 to 8 Rehabilitation and Modification						
	4.1 Berth 4						
	4.2 Berths 5 to 8						
5	Walvis Bay Waterfront and Marina Development						
<b>PORT OF LÜDERITZ</b>							
6	New Rail Network						
7	Deep water port area at Angra Point for development on PPP basis						
8	Rehabilitation of Lüderitz Boatyard						
<b>INFORMATION AND COMMUNICATIONS TECHNOLOGY</b>							
9	Port Community System						
<b>HUMAN CAPITAL</b>							
10	Continuous Shift Working (24 hour port) at the Port of Walvis Bay						

# The Port of Walvis Bay SA

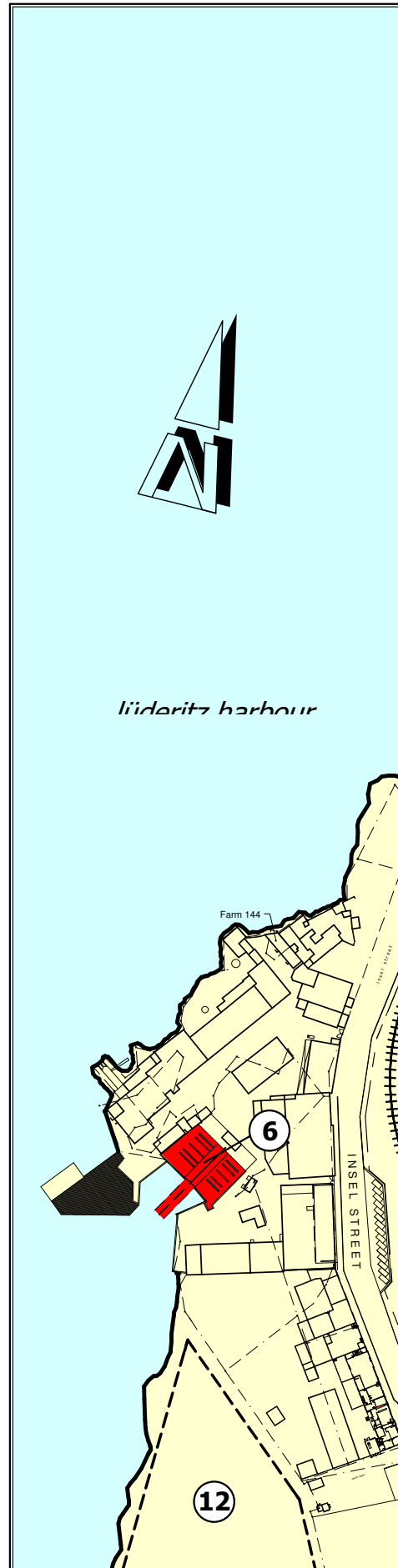
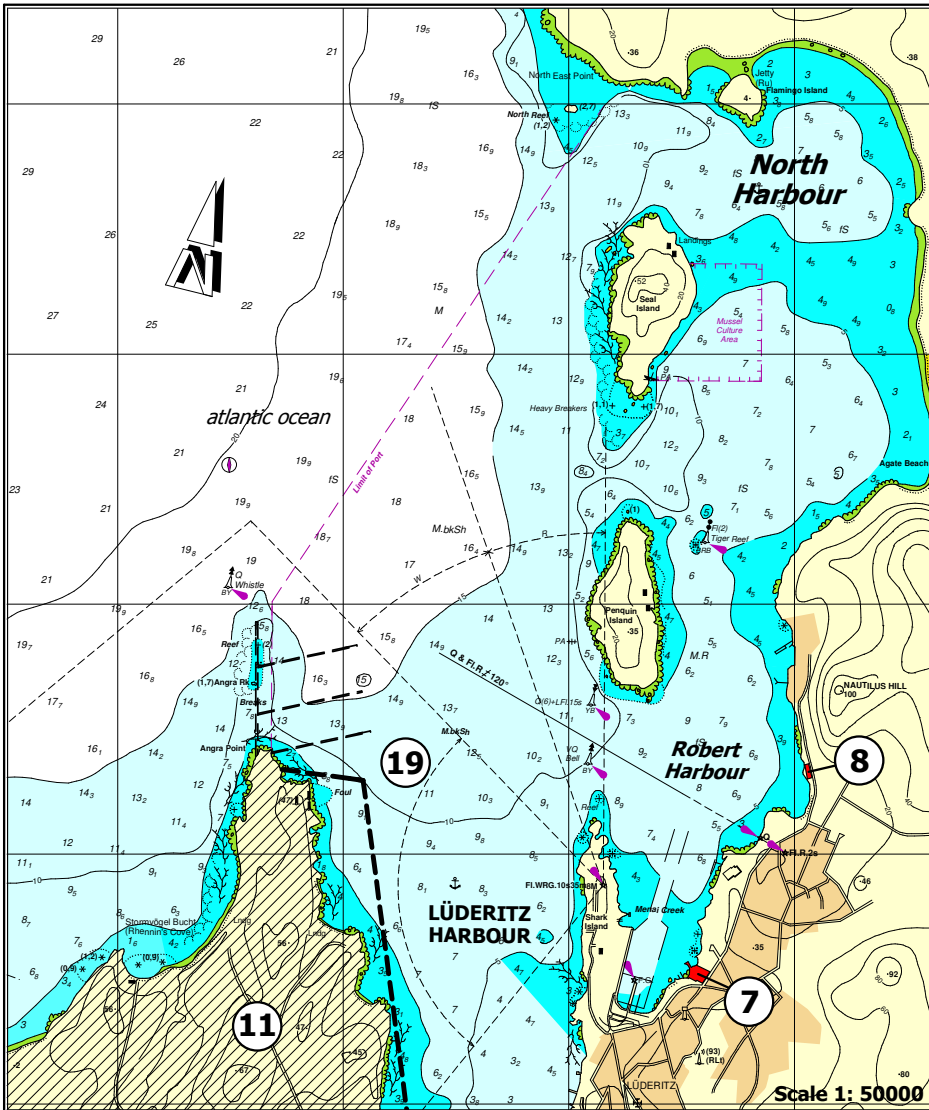




# SADC Gateway Development



# Port of Lüderitz



## LEGEND

1. New Mess & Ablution Facilities for Cargo & Marine Employees
2. Upgrading of Existing Ablution Facilities for Female & Male Technical Employees
3. New Shed for Rosh Pinah Zinc Corporation
4. Widening of Road at Existing Hafen Street Entrance
5. New Railway Line in Port
6. Rehabilitation of Existing Boat Repair Yard
7. New Land Purchased - Erf 677 & Ptn of Erf 450
8. New Land Purchased - Ptn 20 (A Portion of Portion B) of Lüderitz Townlands No. 11
9. Extension to Existing Vehicle Shed
10. New Walls & Rolling Gates at Existing Sandblast Area
11. Land at Angra Point Aquired from Ministry of Environment and Tourism
12. Future Liquid Petroleum Gas Storage Facility
13. Future Road and Weighbridge for RPZC
14. Rehabilitation of Wooden Jetty
15. New Berth for Passenger Launches
16. Proposed Bollard Zero
17. Future Cold Storage
18. Future Reefer Terminal
19. Future Deepwater Bulk Terminal

# z Development



# STRATEGIC OUTCOME 1

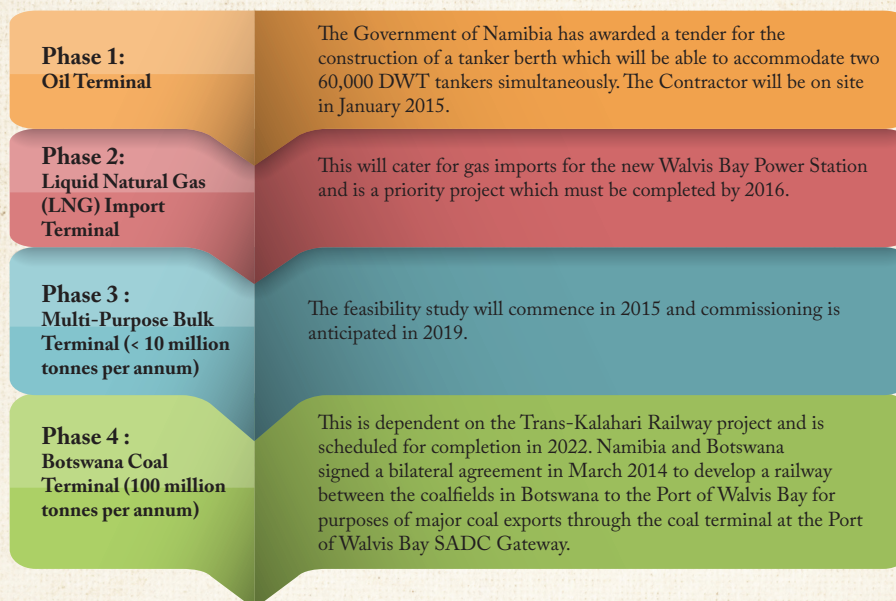
## *Increase throughput Capacity*



### We are expanding our flagship port

In May 2014, our Nation witnessed with great pride the groundbreaking of the New Container Terminal at the Port of Walvis Bay, which will by 2017 increase our container capacity threefold and enable us to a certain extent resolve conflicting berthing window demands of major shipping lines. Through a capital injection of N\$725 million over a period of five (5) years, our Shareholder lessened the financial burden of funding the N\$4 billion critical development. This new terminal will be commissioned in September 2017.

We are also embarking on a major development in capacity in the form of the Port of Walvis Bay SADC Gateway just north of the current Port of Walvis Bay. This deep water port area will cater for all types of cargo and, following on the acquisition of the supporting port land from the local authority. The first phases of the project have been defined as follows :



### We are increasing port capacity in the South of Namibia

In the past financial year we identified the following key tactics to grow business at the Port of Lüderitz in the short-term –

- A new port rail network - This will link with the Aus-Lüderitz rail network;
- Perishable goods facilities – This will comprise a cold storage facility as well as increasing reefer plug points from 72 to 200. Namport has acquired suitable property for the cold storage development and in the ensuing year expressions of interest will be invited to develop this facility on a public-private partnership basis;
- A fuel depot.

We are in the process of developing a long-term plan for a deep water port area in the south of Namibia, with Angra Point being considered a suitable option for establishment of such a facility. There is no objection from the Ministry of Environment and Tourism to this 8,860,000 square meters of port land at Angra Point being transferred to Namport for this development.

### We are looking to developing a new port far North in Namibia

The proposal to develop a new port at Cape Fria was initiated by the Government of Namibia and a pre-feasibility study has been completed. Namport has now taken over this initiative and is in the process of developing the terms of reference for the feasibility study.



# OUR STRATEGY

## Strategic Outcome 2

### *Diversify and Grow Customer Base*

#### **Growing volumes**

To grow our volumes we are aggressively branding and marketing our ports globally, with specific focus on prime markets in China, Europe and South America as well as mainly landlocked SADC countries. To attract further business through our ports the required supporting logistics and transport infrastructure, including infrastructure such as logistics hubs and truck ports, must be available and this requirement will now be driven by the Namibia Logistics Hub concept currently being developed by the Government of Namibia.

With the provision of a new high capacity bulk terminal planned for the Port of Walvis Bay SADC Gateway development, there will be an increased focus on attracting project cargo, especially mining cargo, as well as harnessing the capacity of the new oil terminals to attract the import of fuel for the landlocked hinterland through the Port of Walvis Bay SADC Gateway.

To drive business growth, we will be actively encouraging public-private partnership to spearhead rapid development of new port expansion and development initiatives, especially where the new port areas are close to potential sources of volume growth. Such an approach will not only have the impact of creating new businesses, which generate employment opportunities, but also create competition with concomitant favourable pricing for customers.

#### **New car terminal at the Port of Walvis Bay**

We aim to attract imports from a major new car manufacturer through the Port of Walvis Bay and will be developing a new car terminal as a public-private partnership for such purpose

#### **Trans-Kalahari Railway Line project**

The planned 1500 km Trans-Kalahari Railway will link Botswana's Mmamabula coalfield with the port of Walvis Bay, more specifically the new coal terminal which will be built at the Port of Walvis Bay SADC Gateway. This will generate new business for the Port of Walvis Bay in the form of potential project cargo imports as well as the coal exports through the Port of Walvis Bay SADC Gateway.

#### **A ship repair and marine supply hub of global standards on the West Coast of Africa**

Over the past few years we have concentrated on increasing our larger vessel repair capacity whilst at the same time fostering competition in the industry. This we successfully achieved through various public-private partnership initiatives.

Twenty years ago we took over the Syncrolift dry-dock facility from the Cape Provincial Administration of South Africa. The Syncrolift, with lifting capacity of 2000 tons, served us well but eventually the capacity was insufficient to meet the demand to accommodate larger vessels.

We therefore embarked on developing a separate dry-docking facility to accommodate larger vessels as in the form of a public-private partnership called Elgin Brown & Hamer Namibia (Pty) Ltd. Since its inception our subsidiary Elgin Brown & Hamer Namibia (Pty) Ltd acquired three floating dry-docks, the largest of which has a lifting capacity of 15,000 tonnes. We are now pleased to report that in 2014 we awarded a tender for the establishment of a third ship repair facility in Walvis Bay. This transaction will foster healthy competition in the ship repair industry ensuring competitive pricing and business growth in the industry.

In the ensuing year our focus will shift to the expansion of capacity at our current Syncrolift. There is still great demand for this facility, especially from the fishing industry. Year-on-year the Syncrolift bays remain overbooked as do the supporting repair jetties which are more than 100% utilised necessitating double-banking of vessels. It is thus incumbent on Namport to seriously consider the expansion of the Syncrolift bays and to this end we will carry out a feasibility study.

We will also grow our ship repair business in the south of Namibia and are in the process of finalising the technical design for the upgrade and rehabilitation of the Lüderitz Boatyard with a view to accommodating longer vessels on the slipway, supported by a new ship repair yard.

#### **Business growth opportunities for the Port of Lüderitz**

There are constraints to business development at the Port of Lüderitz in terms of the port's shallow draft, difficulty in retaining skills in such a remote location, and lack of rail connection to the hinterland.

# OUR STRATEGY

## *Diversify and Grow Customer Base* (CONT)



However, a few strategic developments have been initiated in the past year - a new Liquid Petroleum Gas (LPG) Terminal, which may be developed early in 2016 as well as Namcor's interest in developing a fuel storage facility at the Port of Lüderitz.

Furthermore, there is serious intention from private parties to invest in the Port of Lüderitz and rail facilities for manganese ore exports from the Northern Cape (South Africa) through the Port of Lüderitz with various proposals for integrated port, rail and road logistics solutions relating to export of bulk materials from Namibia.

The Port of Lüderitz, in collaboration with the Walvis Bay Corridor Group, is driving the development of a Lüderitz Corridor Initiative.

### **Stakeholder relations**

In pursuit of streamlining information interchange with customers, and thereby optimising ports and logistics processes, we will be implementing a Port Community System, which will provide an open electronic platform connecting systems of multiple organisations operating in the ports and logistics industry. In the year under review we completed the consultants' terms of reference and the high level processes have been defined.



# OUR STRATEGY

## Strategic Outcome 3

### *Improve Port Efficiency*



#### **Harnessing the power of our people and ICT to create a competitive advantage**

To survive in the competitive environment in which we operate, efficiency and productivity is key to retaining our customers.

Without the dedicated efforts and commitment of our Namport team, coupled with the excellence of our technologies, we will not be in a position to achieve our targets.

During the past year we focussed on the following key success factors to improve port efficiency-

- 24/7 service to customers in mission critical operations in the port;
- Training and developing critical skills to ensure 100% availability;
- Leadership coaching and development;
- Re-Engineering processes and procedures;
- Automating processes and services;
- Looking after the welfare of our people.

In support of the above approach, we have seen good progress with a number of key projects which were initiated in this financial year.

- **Providing a 24/7 service to our clients**

Currently security and port control services are provided on a 24/7 basis, and we are driving the extension of such services through the implementation of continuous shift working in other areas of operations such as marine services and cargo operations. Whilst we are confident that our recruitment and training work plans will ensure a sufficient skilled workforce to serve such 24/7 operations, the implementation of the project is behind schedule due to delays in reaching an agreement with our social partners, the Union, as regards certain aspects of the project.

- **Holistic Training**

In the past financial year 300 people received training, with the majority (82%) being male. Of the NAD 8.9 million spent on training during the past year, the key components of that expenditure was on the holistic training programme presented by STC, an international maritime training entity, and the supervisor development programme.

The holistic training programme has focussed primarily on critical skills in marine services and equipment operations in cargo services. As at August 2014 the marine pilot and tugmaster training was nearly 100% completed with the mechanical lifting equipment operator training completed 70%.

To ensure that we continue to contribute to the upliftment of our people, particularly those from previously disadvantaged groups, we take pride in the progress made by our pilots and marine engineers who are all male. We have two mariners (including the Port Captain) with Open Pilot Licences and one pilot with a 50,000 Goss Registered Tonnes (GRT) licence who should obtain his open licence in 2017. There are three pilots with licences ranging between 3,000 to 5,000 GRT. In respect of the marine engineers, one has a Chief Engineer Officer certificate whilst the other two have Class 2 second engineer certification.

There are two female officers participating in the tugmaster training programme and the Supervisor Development Programme attracted 16% female participation.

- **Staff Welfare**

We care deeply about the well-being of our staff and during the year we upgraded our on-site clinic facilities. The clinic boasts modern occupational health infrastructure and equipment and our people have access to health services provided by two qualified professional nurses.

We have furthermore completed the construction of our Staff Wellness Centre at the Port of Walvis Bay. This Wellness Centre comprises canteen and recreation facilities providing our employees with a relaxing social atmosphere when off duty and during work breaks.

# OUR STRATEGY

## *Improve Port Efficiency* (CONT)



Nine ICT Kiosks have been established at various locations in the Ports of Walvis Bay and Lüderitz to enable all our employees to access basic ICT technologies, services, internet, word processing tools, printing and scanning services. Employee access to these facilities, together with the in-house training capabilities, will have the added benefit of improving ICT literacy levels as well as ensuring our people have access to relevant information at all levels.

The recently launched SAP Employee Self Service portal is also accessible at these kiosks and allows users to have access to online human resources services (e.g. payslip viewing and printing, leave applications, and access to personal HR information).

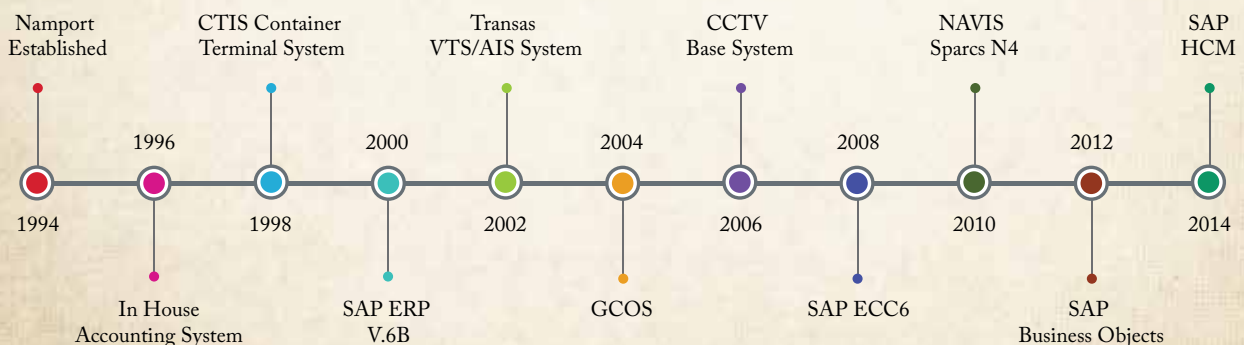
### • ICT Efficiency Solutions

Namport embraces Information and Communication Technology (ICT) as one of the key enablers to achieve its strategic outcomes and business imperatives, but more specifically to improve efficiencies both in our administrative and operational environments. Mission critical operations such as Finance and Cargo Operations have been the key focus of our ICT thrust as systems in these areas enhance productivity and ensure completeness of revenue.

Since 1994 we have invested NAD 43.2 million in ICT solutions. As early as 1996 we deployed a bespoke accounting system and in 1998 the CTIS Container Terminal System, but in time these systems were replaced by the more evolved SAP ERP V4.6B system and NAVIS Sparcs N4 Terminal Operating System respectively. In addition we have enriched our employees with ICT knowledge by exposing them as users of these sophisticated systems to the extent that our systems user base from a handful of Finance employees in 1996 increased to 338 users in 2014.

Over the years the following solutions were deployed to primarily support the business in the areas of Operations and Finance as depicted in the figure below :

- In-house accounting system
- CTIS Container Terminal System
- SAP ERP V.6B
- Transas VTS/AIS System
- GCOS container terminal operating system
- CCTV Base System\*
- SAP ECC6
- NAVIS Sparcs N4
- SAP Business Objects
- SAP Human Capital Management





# OUR STRATEGY

## *Improve Port Efficiency* (CONT)



By 2013 the ICT function was recognised as a key strategy enabler and repositioned at executive level. The department branded itself in its Board approved Five Year Strategic Plan as a value-added business partner with a vision to be a relevant world class ICT business partner and strategic enabler. Some of the significant ICT solutions introduced during the past year were as follows –

- **SAP Human Capital Management System**

The SAP corporate human resources management system has automated processes in the human resources function providing accurate and verifiable information. It has created much needed efficiencies in human resources service delivery and will serve to brand Namport's people as a competitive advantage.

- **ICT Based Training and Development**

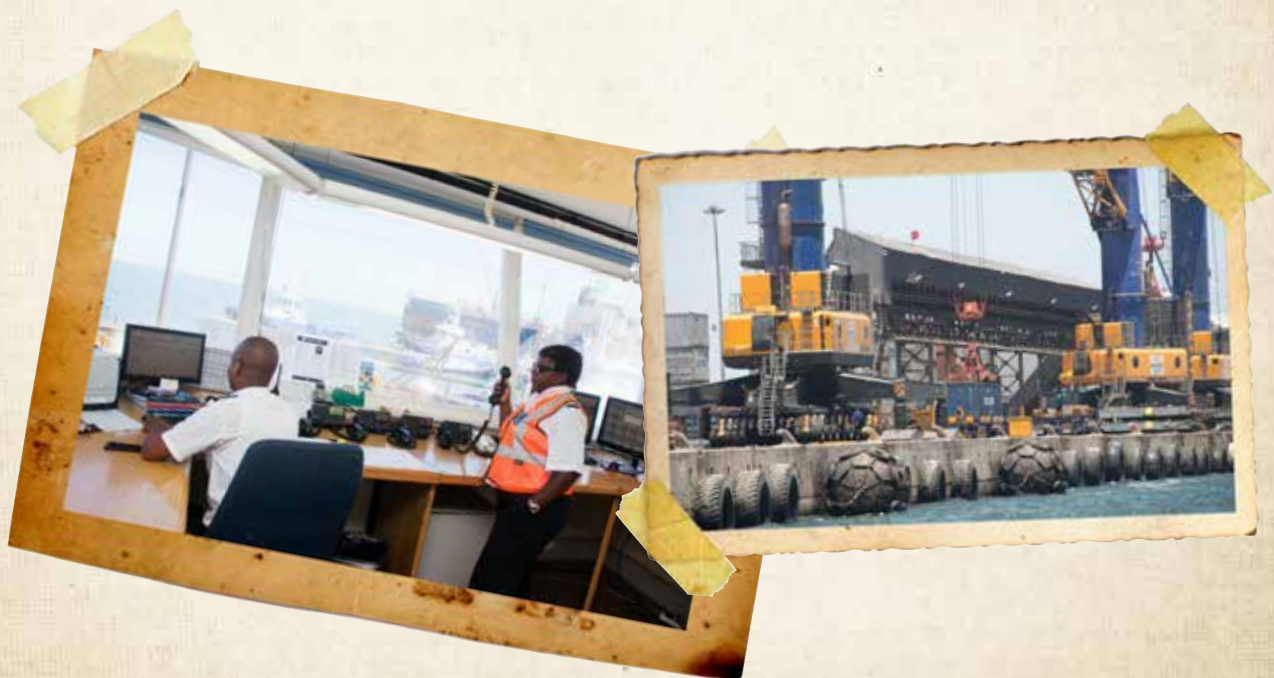
ICT has uplifted the quality of our training facility by fully equipping the facility with ICT and audio-visual equipment and aids with successful SAP end user training taking place at the facility.

- **SAP Strategy Management**

SAP Strategy Management (SSM) was initiated as a project during the implementation of SAP Business Objects in 2012. The solution was, however, never successfully implemented and configured. Given its potential value-add to the management of Namport's strategy, the project was re-activated and its implementation was completed in July 2014. The score cards for the Chief Executive Officer and the five Executives have been loaded into the system, and the system is in the process of being refined.

- **Overall**

For the period under review, we continued to progressively improve on our overall technology performance in terms of daily operations, systems availability and continuous systems maintenance and upkeep. The rate of implementation for ICT Capital projects has remained a challenge but it has now been given the necessary strategic focus. We further continue to focus on leveraging technology as a means of realising operational efficiencies, cost effectiveness, and other potential competitive advantages.





# OUR STRATEGY

## Strategic Outcome 4

### *Ensure Good Corporate Governance*

#### CORPORATE CITIZENSHIP

Namport is a good corporate citizen, and endeavours to make a meaningful contribution to the upliftment of communities, and actively supports the National social investment drives.

#### Namport Social Investment Fund

Since the establishment of our Namport Social Investment Fund in 2006, we have made a significant contribution towards the upliftment of communities in most of regions.

To date the Fund has received funds from Namport totalling NAD21 million. During the twelve months ended 31 August 2014 a total amount of N\$ 4.1 million was donated by the Namport Social Investment Fund compared to N\$5.3 million in 2013, which donations covered the following regions in Namibia –

- o Omusati
- o Oshikoto
- o Kunene
- o Otjonzondjupa
- o Erongo
- o Karas



# OUR STRATEGY

## *Ensure Good Corporate Governance* (CONT)

Some of the key programmes for which the donations were utilised included –

1	Renovations and upgrading of various schools in Namibia, and in some cases the construction of new classrooms
2	Oonte Kitchen and Dining Shelter project in Ondangwa
3	Equipment for the Onankali Papermaking Co-Operative
4	Otjozondupa Wheelchair Project
5	Shelter for pregnant women in Omusati
6	Empowerment Centre for vulnerable children in Oshana

In addition, Namport itself contributed just over N\$350,000 to various expos and trade fairs as well as a sponsorship towards World Aids Day.

- **Bursaries and Study Assistance**

In terms of providing bursaries and financial assistance for studies, during 2014 the Authority had 25 students participating in the Bursary programme. In addition, the Authority introduced a new “Catch them Young” programme which focusses on attracting children from previously disadvantaged and marginalised groups to enable them to attend schools offering maritime subjects thereby creating potential for jobs in the maritime industry.

- **Development of a world-class Waterfront and Marina at the Port of Walvis Bay**

The Authority has initiated the development of a world-class Waterfront and Marina at the Port of Walvis Bay which will be connected by viaduct to the Cruise Terminal at the New Container Terminal. The project feasibility study report has been submitted to the Board of Directors for consideration. This development will not only greatly contribute to the tourism goals of NDP4 but also create small business opportunities and employment.

### SAFETY, SECURITY AND HEALTH

- **LTIFR**

Namport has achieved its goal to keep the Loss Time Injury Frequency Rate below 1 by decreasing the LTIFR from 0.44 to 0.29.

- **Property and Asset Damage**

Although we have achieved our target of a 10% decrease in the number of internal property and asset damages by decreasing the number of incidents per million tons of cargo handled from 3.5 to 2.9, the number of external damages remain high and is of great concern.

- **Port Security**

The 2013-2014 financial year was challenging in terms of security as the team had to battle criminal activity whilst maintaining a secure environment for clients and operations. Notable challenges were two sophisticated syndicates that stole container units from

# OUR STRATEGY

## *Ensure Good Corporate Governance* (CONT)



the Port of Walvis Bay and tampered with export and transshipment containers. Arrests have been made and members of the syndicates are on trial before a criminal court. The Authority also investigated theft of its property including the transfer of 2.1 million into a fraudulent bank account. Additionally, two Namport employees have also been brought before the court for their involvement in suspected incidents of collusion and fraud respectively.

A Security Turnaround Strategy was developed to address the weaknesses and challenges identified.

Despite the implementation of numerous measures to improve port security, several cargo losses were recorded during the year. To further improve port security and prevent cargo losses, Namport is busy exploring various options which include gate automation, expansion of the CCTV cameras, and improvement of the Access Control Systems.

In 2015, the Authority will focus on increasing security presence in business operations. This will include training and development of personnel, security awareness sessions, publishing of a monthly Port Security journal, and use of security technology such as access control, CCTV and infrastructure.

- **Emergency Response**

Apart from two minor fire incidents at the Syncrolift, no major emergency disasters have been reported.

- **ISPS Certification**

The Port Security Plan presented to the Minister of Works and Transport was approved until 2019.

### ENVIRONMENT

The average annual dust concentration for commodities currently stored in bulk were all within their threshold limit value. There were some reductions in dust concentration, which can be ascribed to improved vigilance as well as operational control.

Additional waste skips are being manufactured to accommodate increased operational waste volume growth. In addition, an oil spill combating curtain boom will be procured, which will facilitate speedy deployment and containment of spillages at source.

An air quality study was performed at the Grindrod Bulk Terminal where commodities like lead sulphide, manganese, coal and copper concentrate are handled and stockpiled. The report made a number of recommendations to enhance air quality control at the facility. Furthermore, following the Carbon Footprint Study undertaken in 2010, a study to determine the potential of improved energy efficiency was commissioned. The report made a number of recommendations to make improvements, environmentally as well as financially.

### QUALITY

Container volume growth is excellent from an economical and profitability point of view, but it is severely taxing on the terminal operations, equipment, efficiency and revenue accuracy. Namport thus introduced, implemented and launched the PEX (Process Excellence) project. The Process excellence solution is based on three key elements, namely Customer, People and Method. When implemented correctly, the PEX process should go a long way in solving current operational problems experienced at the Container terminal.



# OUR STRATEGY

## Strategic Outcome 5

### *Pursue key transformation initiatives*

The key focus of our strategy is to transform ourselves, our people and the way we do business.

Our strategies support the Government drives relating to gender balance, providing opportunities for persons with disabilities and persons from marginalised groups to be part of our workforce and to participate in procurement opportunities offered by Namport.

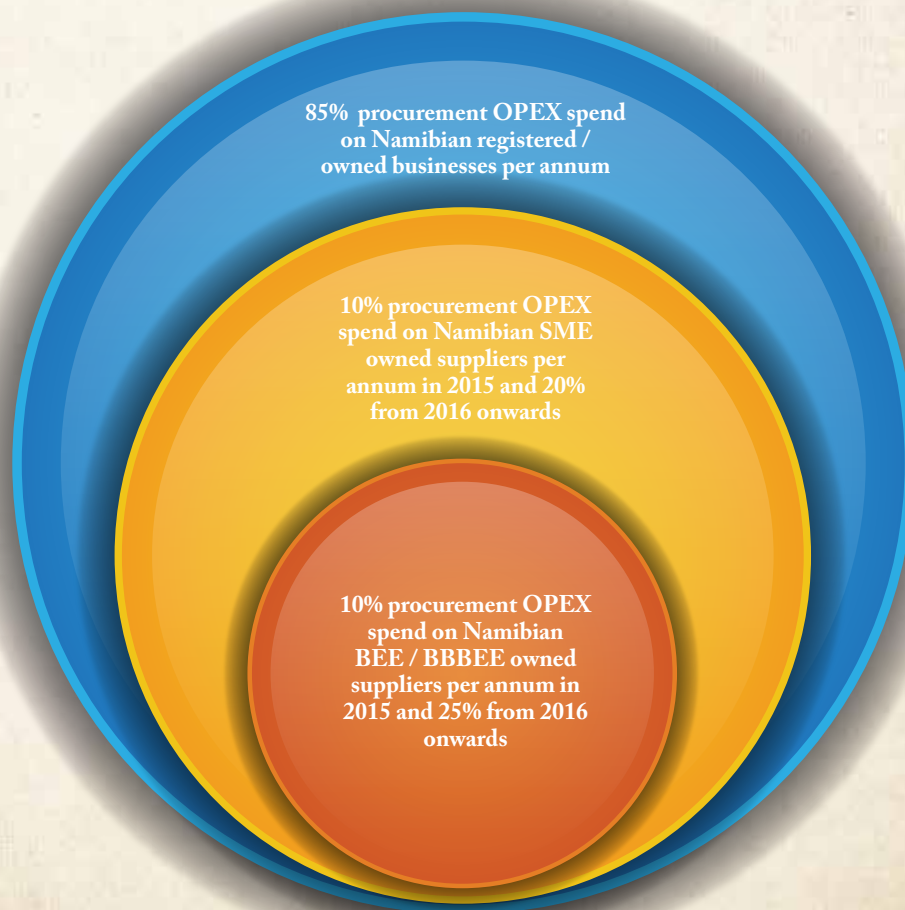
#### **Leveraging Information and Communication Technology**

We have aligned the ICT strategy to Namport's strategy and are currently in the process of compiling the Port Technology Master Plan. In addition we will be capturing key organisational knowledge into an accessible knowledge repository through an electronic documentation management system.

#### **Procurement Localisation and Diversity**

We are driving supplier localisation and diversity by supporting and promoting Namibian businesses, especially SME and BEE owned businesses, in our procurement activities.

#### **Supplier localisation and diversity procurement targets:**





# OUR STRATEGY

## *Pursue key transformation initiatives* (CONT)

### Affirmative Action

The number of females in management was reduced by two during the year under review due to resignations resulting in only 27% of management being females and 16% of females in the total workforce. The percentage of persons with disabilities in our workforce remains at less than 1%.

Out of 300 persons participating in Namport's various training and development programmes, only 18% were female.

Namport is addressing this imbalance through targeted affirmative action strategies that deliberately favour female empowerment as well as providing employment opportunities for persons from marginalised groups as well as persons with disabilities.

### Affirmative action targets and performance:

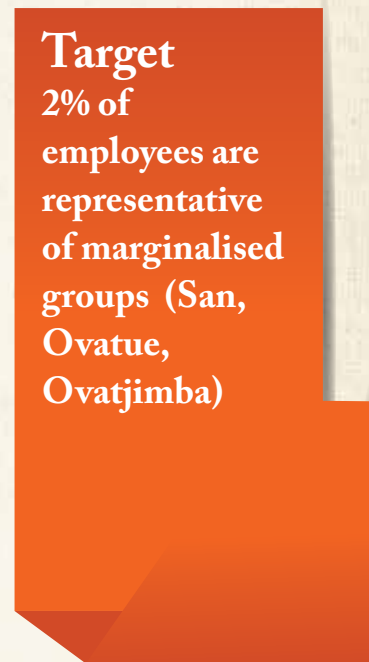


Actual  
16% Workforce  
27% Management



Actual  
<1%

### Marginalised groups targets and performance:



Actual  
0%

# OUR STRATEGY

*Pursue key transformation initiatives* (CONT)



## Human Resources Planning and Management

Apart from the work stoppage at the Port of Walvis Bay in January 2014, the labour situation in the 2014 financial year has been stable with less than 1% labour turnover.

Our Five Year Human Capital Strategy has been tabled for approval by the Board of Directors and the Human Capital Plan emanating therefrom is being developed. The Authority is targeting 85% availability of critical skills.

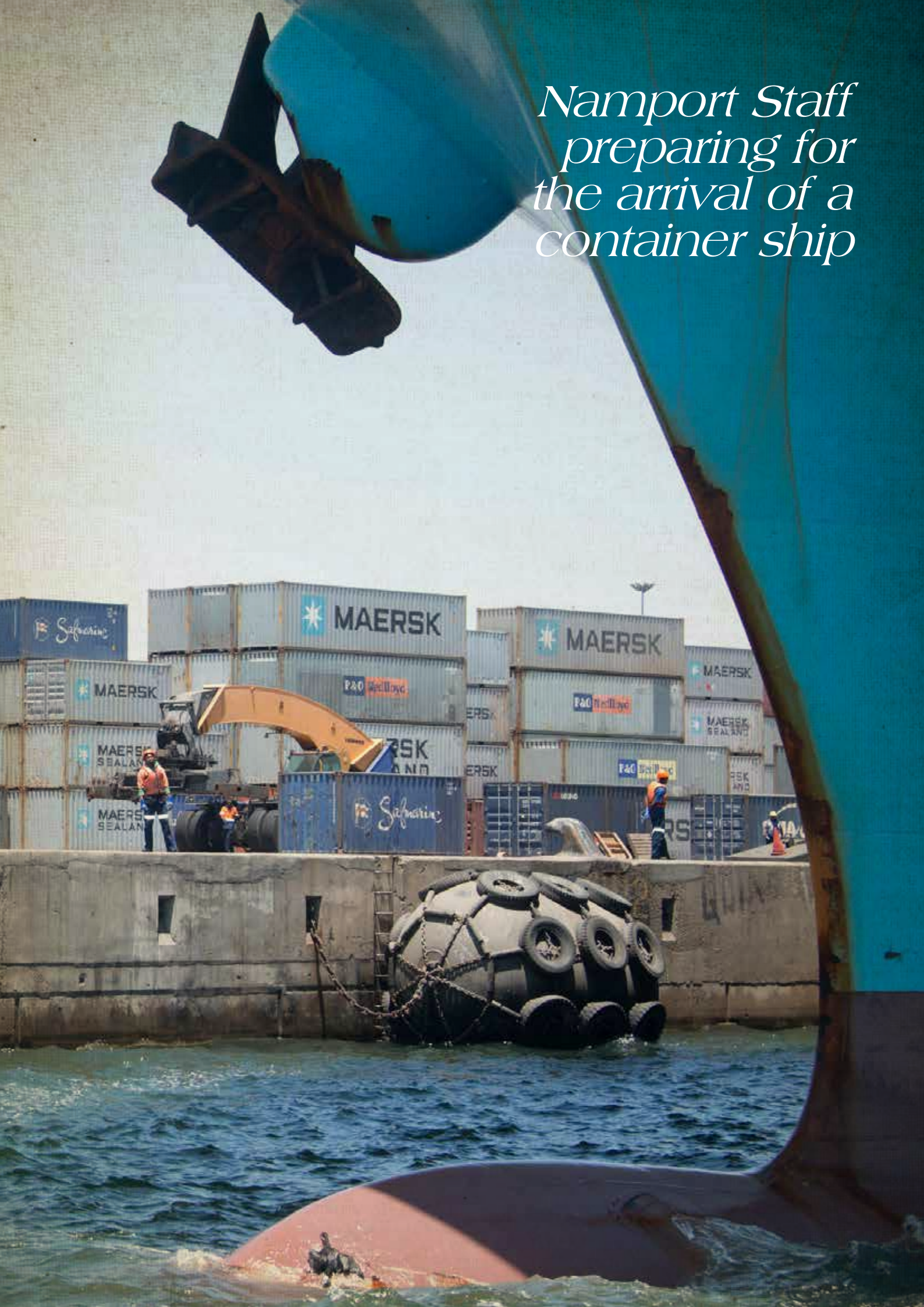
During the year under review we launched the SAP Human Capital Management System, which enabled us to automate the majority of our human capital management processes.







*Namport Staff  
preparing for  
the arrival of a  
container ship*



# STATISTICS

## The Port of Walvis Bay

### Number of vessel visits to the port of Walvis Bay (by type of vessel)

	08/09	09/10	10/11	11/12	12/13	13/14
Container	431	576	578	594	558	506
Reefer	45	36	32	33	40	33
Foreign fishing vessels	207	192	246	216	202	199
Namibian fishing vessels	66	51	38	47	17	10
Petroleum	56	79	66	52	59	63
General cargo vessels	188	185	186	186	160	196
Other	608	522	439	497	505	513
<b>TOTAL</b>	<b>1,601</b>	<b>1,641</b>	<b>1,585</b>	<b>1,625</b>	<b>1,541</b>	<b>1,520</b>

### Walvis Bay

#### Main Commodities handled at the Port of Walvis Bay (Freight tonnes)

Year To Date Comparison -  
Current/Prior Yr

Landed	SEP-AUG 08/09	SEP-AUG 09/10	SEP-AUG 10/11	SEP-AUG 11/12	SEP-AUG 12/13	SEP-AUG 13/14
Petroleum	899,618	883,760	979,548	995,067	1,111,846	1,149,777
Fish & Fish Products	106,559	137,795	145,336	159,043	180,609	238,973
Sulphuric Acid	264,428	245,328	344,545	336,862	216,898	157,869
Vehicles	332,115	302,261	214,651	345,330	357,088	355,933
Copper / Lead and Conc.	97,484	160,176	182,643	194,342	177,721	177,296
Sugar	92,495	85,689	115,601	99,684	112,179	106,346
Coal	118,316	64,421	135,934	70,399	79,060	69,368
Machinery	27,420	76,938	56,382	40,298	35,088	68,169
Chemicals	15,431	17,055	4,181	6,025	22,264	75,020
Sodium Carbonate	33,522	38,657	64,945	48,849	68,706	49,334
Wheat	37,900	35,460	50,554	57,028	54,368	39,683
Spare Parts	9,844	10,522	10,558	10,235	12,141	39,768
Wooden Products	14,564	4,409	2,838	2,002	22,044	38,478
Other Cargo	944,561	575,713	638,595	853,683	823,035	759,444
<b>Total</b>	<b>2,994,258</b>	<b>2,638,184</b>	<b>2,946,311</b>	<b>3,218,846</b>	<b>3,273,046</b>	<b>3,325,456</b>

Shipped	08/09	09/10	10/11	11/12	12/13	13/14
Salt	686,635	597,667	705,558	687,448	651,880	366,713
Fish & Fish Products	138,392	139,275	147,336	165,107	159,972	191,410
Copper / Lead and Conc.	62,205	83,893	77,107	110,854	105,587	107,800
Manganese Ore	86,962	79,314	89,832	112,794	151,514	95,282
Flourspar	93,351	112,206	98,878	96,802	65,791	62,145
Marble and Granite	17,709	25,735	31,300	42,364	93,079	85,847
Scrap Steel	13,640	17,140	22,198	25,124	30,712	37,686
Zinc / Ore / Concentrates	-	-	10,124	67,319	126,150	35,593
Flat Cartons	19,304	18,635	19,904	21,139	17,696	11,534
Building Materials	-	44	44	132	88	4,480
Other Cargo	101,551	165,604	169,959	126,816	160,815	171,869
<b>Total</b>	<b>1,219,750</b>	<b>1,239,511</b>	<b>1,372,240</b>	<b>1,455,898</b>	<b>1,563,282</b>	<b>1,170,357</b>

#### Transhipped

<b>GENERAL CARGO</b>	<b>824,044</b>	<b>1,023,476</b>	<b>871,886</b>	<b>1,535,541</b>	<b>1,297,532</b>	<b>876,822</b>
<b>Total</b>	<b>5,038,052</b>	<b>4,901,170</b>	<b>5,190,437</b>	<b>6,210,285</b>	<b>6,133,860</b>	<b>5,372,635</b>

# STATISTICS *(CONT)*

## Cargo handled at the Port of Walvis Bay

	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11	Sep/Aug 11/12	Sep/Aug 12/13	Sep/Aug 13/14
<b>Cargo landed</b>						
Bulk and Breakbulk	537,091	603,680	852,755	906,800	901,236	817,002
Containerized	1,293,121	905,415	769,462	980,117	1,043,067	1,200,808
Sulphuric Acid	264,428	245,328	344,545	336,862	216,898	157,869
Petroleum landed	899,618	883,760	979,548	995,067	1,111,846	1,149,777
	<b>2,994,258</b>	<b>2,638,184</b>	<b>2,946,311</b>	<b>3,218,846</b>	<b>3,273,046</b>	<b>3,325,456</b>
<b>Cargo shipped</b>						
Bulk and Breakbulk	892,248	786,230	910,864	856,031	849,957	461,611
Containerized	327,502	453,281	461,376	599,867	713,325	708,746
	<b>1,219,750</b>	<b>1,239,511</b>	<b>1,372,240</b>	<b>1,455,898</b>	<b>1,563,282</b>	<b>1,170,357</b>
<b>Cargo transhipped</b>						
Bulk and Breakbulk	4,770	10,073	4,066	7,874	41,894	38,941
Containerized	819,274	1,013,403	867,820	1,527,667	1,255,638	837,881
	<b>824,044</b>	<b>1,023,476</b>	<b>871,886</b>	<b>1,535,541</b>	<b>1,297,532</b>	<b>876,822</b>
<b>Total Cargo</b>	<b>5,038,052</b>	<b>4,901,170</b>	<b>5,190,437</b>	<b>6,210,285</b>	<b>6,133,860</b>	<b>5,372,635</b>
<b>Containers handled at the port of Walvis Bay (Twenty-foot Equivalent Units)</b>						
Landed	47,550	46,746	51,721	66,190	70,987	82,495
Shipped	48,547	44,879	41,734	50,634	60,492	62,153
Transhipped	154,165	156,118	126,723	217,586	170,338	108,404
<b>Total Teu's</b>	<b>250,262</b>	<b>247,743</b>	<b>220,178</b>	<b>334,410</b>	<b>301,817</b>	<b>253,052</b>
<b>Vessel visits</b>	<b>1,601</b>	<b>1,641</b>	<b>1,585</b>	<b>1,625</b>	<b>1,541</b>	<b>1,520</b>

# STATISTICS (CONT)

## Port of Lüderitz

### Cargo handled at the Port of Lüderitz

	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11	Sep/Aug 11/12	Sep/Aug 12/13	Sep/Aug 13/14
<b>Cargo landed</b>						
Fuel	35,331	31,923	30,264	35,936	46,828	44,159
Fish	27,181	30,631	24,490	22,193	22,500	20,694
Sulphur	61,980	74,773	69,540	66,017	79,517	105,888
General Cargo	377	1,325	3,604	3,730	10,522	5,999
<b>Total landed</b>	<b>124,869</b>	<b>138,652</b>	<b>127,898</b>	<b>127,875</b>	<b>159,367</b>	<b>176,740</b>
<b>Cargo shipped</b>						
Fish & Bait	1,401	1,444	256	46	6,199	5,711
Ice	22,398	28,645	23,949	23,630	18,705	17,433
Zinc / Zinc Conc.	-	-	7,541	-	10,996	284,314
Lead & Lead Con	-	-	-	-	-	33,651
Other	2,234	89,984	145,772	131,879	139,949	53,000
<b>Total shipped</b>	<b>26,033</b>	<b>120,073</b>	<b>177,519</b>	<b>155,555</b>	<b>175,849</b>	<b>394,110</b>
<b>Cargo transhipped</b>						
<b>Total transhipped</b>	-	-	-	-	-	-
<b>Total</b>	<b>150,902</b>	<b>258,725</b>	<b>305,416</b>	<b>283,430</b>	<b>335,216</b>	<b>570,850</b>
<b>Containerized Cargo</b>						
Landed	1,760	1,430	1,628	1,760	8,575	8,656
Shipped	193,167	87,656	33,286	26,730	28,277	24,980
Transhipped	-	-	-	-	-	-
<b>Total</b>	<b>194,927</b>	<b>89,086</b>	<b>34,914</b>	<b>28,490</b>	<b>36,852</b>	<b>33,636</b>
<b>Total Cargo</b>	<b>345,829</b>	<b>347,811</b>	<b>340,330</b>	<b>311,920</b>	<b>372,068</b>	<b>604,486</b>
Containers handled at the Port of Lüderitz (Twenty-foot Equivalent Units)						
Landed	7,908	4,663	4,436	1,324	1,460	1,073
Shipped	7,493	3,913	4,140	1,400	1,532	1,121
<b>Total Teu's</b>	<b>15,401</b>	<b>8,576</b>	<b>8,576</b>	<b>2,724</b>	<b>2,992</b>	<b>2,194</b>
<b>Vessel visits</b>	<b>1,115</b>	<b>918</b>	<b>1,021</b>	<b>940</b>	<b>823</b>	<b>724</b>

# STATISTICS *(CONT)*

## Cargo handled at the Ports of Walvis Bay and Lüderitz

	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11	Sep/Aug 11/12	Sep/Aug 12/13	Sep/Aug 13/14
<b>Cargo landed</b>						
Bulk and Breakbulk	564,648	710,409	950,388	998,740	1,013,775	949,583
Containerized	1,294,881	906,845	771,090	981,877	1,051,642	1,209,464
Sulphuric Acid	264,428	245,328	344,545	336,862	216,898	157,869
Petroleum landed	934,950	915,683	1,009,813	1,031,002	1,158,674	1,193,936
	<b>3,058,907</b>	<b>2,778,265</b>	<b>3,075,836</b>	<b>3,348,481</b>	<b>3,440,988</b>	<b>3,510,852</b>
<b>Cargo shipped</b>						
Bulk and Breakbulk	918,281	906,303	1,088,383	1,011,586	1,025,806	855,721
Containerized	520,669	540,937	494,662	626,597	741,601	733,726
	<b>1,438,950</b>	<b>1,447,240</b>	<b>1,583,045</b>	<b>1,638,183</b>	<b>1,767,408</b>	<b>1,589,447</b>
<b>Cargo transhipped</b>						
Bulk and Breakbulk	4,770	10,073	4,066	7,874	41,894	38,941
Containerized	819,274	1,013,403	867,820	1,527,667	1,255,638	837,881
	<b>824,044</b>	<b>1,023,476</b>	<b>871,886</b>	<b>1,535,541</b>	<b>1,297,532</b>	<b>876,822</b>
<b>Total cargo handled</b>	<b>5,321,900</b>	<b>5,248,981</b>	<b>5,530,767</b>	<b>6,522,205</b>	<b>6,505,928</b>	<b>5,977,121</b>
<b>Containers handled at the ports of Walvis Bay and Lüderitz (Twenty-foot Equivalent Units)</b>						
Landed	55,458	51,409	56,157	67,514	72,447	83,568
Shipped	56,040	48,792	45,874	52,034	62,024	63,274
Transhipped	154,165	156,118	126,723	217,586	170,338	108,404
<b>Total Teu's</b>	<b>265,663</b>	<b>256,319</b>	<b>228,754</b>	<b>337,134</b>	<b>304,809</b>	<b>255,246</b>
<b>Vessel visits Walvis Bay and Lüderitz</b>						
Number	2,716	2,559	2,606	2,565	2,364	2,244



GROUP ANNUAL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 AUGUST 2014

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## Authority Key Financial Indicators For The Year Ended 31 August 2014

	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07
Turnover (N\$ '000)	874,533	812,926	755,163	646,792	566,025	615,819	434,213	324,237
Operating profit (N\$ '000)	151,161	166,406	194,203	202,623	165,851	264,303	140,165	92,803
Profit before taxation (N\$ '000)	234,391	217,288	254,996	231,817	192,679	290,032	164,658	113,873
Return on assets	5%	8%	9%	9%	8%	14%	11%	9%
Return on equity	9%	12%	15%	15%	14%	24%	17%	13%
Operating profit margin	17%	20%	26%	31%	29%	43%	32%	29%
Total assets (N\$ '000)	4,871,807	2,801,144	2,878,856	2,605,919	2,287,723	2,031,006	1,502,981	1,296,726
Shareholder's interest (N\$ '000)	2,554,252	1,835,903	1,696,642	1,499,722	1,350,700	1,221,285	963,528	865,403
Long-term borrowings (N\$ '000)	634,971	132,678	364,089	514,097	466,958	367,534	220,549	231,478
Debt: Equity ratio	0.25	0.07	0.21	0.34	0.35	0.31	0.23	0.27
Current ratio	1.67	1.61	1.98	3.14	3.43	3.69	2.07	3.29
Debt-service coverage ratio	3.6	4.1	4.8	2.8	4.9	3.1	2.05	1.97
Training as % of payroll	6%	7%	4%	5%	2%	3%	4%	5%
Number of employees	854	829	825	692	611	601	576	606
Turnover per employee (N\$ '000)	1,024	981	915	935	926	1,025	754	535
Assets per employee (N\$ '000)	5,705	3,379	3,490	3,766	3,744	3,241	2,609	2,140

## Authority Value Added Statement For The Year Ended 31 August 2014

		2014		2013	
		N\$ '000	%	N\$ '000	%
<b>Wealth created</b>					
Revenue		874,533		812,926	
Paid to suppliers for materials and services		(204,786)		(205,476)	
<b>Value added</b>		669,747		607,450	
Income from investments and sale of assets		124,655		91,598	
<b>Total wealth created</b>		794,402		699,048	
<b>Wealth distribution</b>					
Salaries, wages and other employment costs	1	392,418	49%	332,075	48%
Providers of capital					
Dividends to shareholder		-	0%	-	0%
Finance costs on borrowings		41,425	5%	40,716	6%
Government	2	66,155	8%	78,027	11%
Reinvested to maintain and develop operations					
Depreciation		126,168	16%	108,969	15%
Retained earnings		168,236	22%	139,261	20%
<b>Total wealth distributed</b>		794,402	100%	699,048	100%
<b>Notes to the value added statement</b>					
<b>1. Salaries, wages and other employment costs</b>					
Salaries, overtime payments, bonuses and allowances		327,798		273,173	
Training and study assistance		22,207		22,776	
Employer contributions		42,413		36,126	
		392,418		332,075	
<b>2. Central and local governments</b>					
Normal and deferred taxation		66,155		78,027	
Rates and taxes		-		-	
		66,155		78,027	
<b>3. Additional amounts collected on behalf of central and local governments</b>					
VAT collected on revenue		126,549		115,290	
VAT paid on purchases		(66,005)		(35,373)	
VAT paid on imports		(713)		(16,677)	
PAYE deducted from remuneration		54,707		54,818	
		114,538		118,058	





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

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## Statement Of Responsibility By The Board Of Directors

The directors are required in terms of the Namibian Ports Authority Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing, and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Authority's cash flow forecast for the year to 31 August 2015 and, in the light of this review and the current financial position, are satisfied that the Authority has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on page 52.

The annual financial statements and group annual financial statements, which were prepared on a going concern basis were approved by the Board of Directors on 6 December 2014 and are signed on its behalf by:



J Muadinohamba  
Chairman



J Comalie  
Director & Chairperson of the Standing Audit Committee



## Audit Compliance Certificate On The Accounts Of The Ports Authority For The Year Ended 31 August 2014

The documentation as 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, has been examined by officials of the Office of the Auditor-General.

In terms of Section 26 (3) of the Ports Authority Act, 1999, I certify that the above-mentioned audit of the annual financial statements for the year ended 31 August 2014 has been carried out to my satisfaction.

Junias Etuna Kandjeke  
Auditor General  
WINDHOEK, February 2015



## Report Of The Independent Auditors To The Members Of The Namibian Ports Authority

We have audited the accompanying financial statements of the Namibian Ports Authority and group annual financial statements, which comprise of the directors' report, statements of financial position as at 31 August 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flow 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 controls 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.

### Auditors' 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 2014, 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

Per: R Theron  
06 December 2014



## Directors Report

### Nature of business

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

### Ownership

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 its shareholder in compliance with its enabling legislation as well as the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006).

The Authority has been classified as a Tier 3 State-owned enterprise, resorting in the economic and productive enterprises category.

### Subsidiary companies

The Authority holds shares in the following subsidiary companies:

#### Elgin Brown & Hamer Namibia (Pty) Ltd - 52.5%

The main object and business Elgin Brown & Hamer Namibia (Pty) Ltd includes 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% and the remaining 47,5% shareholding in the company is owned by Elgin Brown & Hamer Consortium (Pty) Ltd, which provides technical support to Namibian operations.

The Directors of Elgin Brown & Hamer (Pty) Ltd, are Kosmas Egumbo, Sadike Nepela and Ruusa Shipiki – Kapolo represented the Authority as at 31 August 2013.

#### Namport Property Holdings (Pty) Ltd - 100%

Namport Property Holdings (Pty) Limited is a wholly-owned subsidiary of the Authority, 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.

#### Lüderitz Boatyard (Pty) Ltd - 100%

Lüderitz Boatyard (Pty) Ltd is a wholly-owned subsidiary of Namport and operates a boatyard in all its forms and ramifications, as a going concern, at the Port of Lüderitz.

### Financial Statements

The financial statements on pages 55–59 set out fully the financial position, results of operations and cash flows of the Authority and the Group. Your attention is also drawn to the Chairman's Report, the Chief Executive Officer's Report and the Chief Financial Officer's Report on the financial results.

### Directors Emoluments

Directors' emoluments are disclosed in note 35 to the annual financial statements.

### Dividends declared

No dividends were declared in the period under review.



## Directors report cont

### **Directorate**

The following persons currently serve as Directors on the Board:

Mr. Jeremia L. Muadinohamba (Chairperson) (re-appointed on 7 October 2013)

Mr. Andreas Kanime (Deputy Chairperson) (re-appointed 15 July 2014)

Mr. Otto N. Shikongo (re-appointed 15 July 2014)

Ms. Jennifer J. Comalie (re-appointed 15 July 2014)

Ms. Matilda K. Jankie – Shakwa (re-appointed 15 July 2014)

### **Company secretary**

The Company Secretary is Ms. Ndahambelela Haikali

### **Registered office**

No. 17 Rikumbi Kandanga Road, Walvis Bay, Republic of Namibia.

### **Postal address**

P. O. Box 361, Walvis Bay, Republic of Namibia.

### **Events subsequent to the reporting date**

There are no material events subsequent to the reporting date to report.



## Consolidated Statements Of Financial Position

as at 31 August 2014

	Notes	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant, and equipment	3	2,841,006	1,623,950	2,425,014	1,253,908
Intangible Assets	4	6,686	10,065	6,686	10,065
Investments	5	722,416	799,480	722,416	799,480
Investments in subsidiaries	6	-	-	3,152	3,152
Loan to subsidiaries	7	-	-	2,440	1,926
Prepayments	12	241,809	-	241,809	-
Operating lease asset	8	162,449	137,424	162,449	137,424
Other financial assets	9	-	-	-	-
Channel levy Fund Investment	18	22,088	19,174	22,088	19,174
Deferred tax assets	21	7,682	12,460	7,682	12,460
<b>Total non-current assets</b>		<b>4,004,136</b>	<b>2,602,553</b>	<b>3,593,736</b>	<b>2,237,589</b>
<b>Current assets</b>					
Inventories	10	32,360	11,426	2,168	1,689
Trade and other receivables	11	236,896	191,009	137,398	109,113
Prepayments	12	140,619	34,670	137,480	33,354
Current tax asset	24	22,045	6,577	22,045	6,577
Investments	5	166,478	-	166,478	-
Other financial assets	9	217,381	119,996	217,381	119,996
Cash and cash equivalents	13	596,992	307,474	595,121	292,826
<b>Total current assets</b>		<b>1,412,771</b>	<b>671,152</b>	<b>1,278,071</b>	<b>563,555</b>
<b>TOTAL ASSETS</b>		<b>5,416,907</b>	<b>3,273,705</b>	<b>4,871,807</b>	<b>2,801,144</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Capital account	14	50,344	50,344	50,344	50,344
Revaluation reserve	15	561,683	15,514	561,683	15,514
Retained earnings		2,019,486	1,816,165	1,942,225	1,770,045
<b>Shareholders' interest</b>		<b>2,631,513</b>	<b>1,882,023</b>	<b>2,554,252</b>	<b>1,835,903</b>
Non-controlling interest		74,219	45,562	-	-
<b>Total capital and reserves</b>		<b>2,705,732</b>	<b>1,927,585</b>	<b>2,554,252</b>	<b>1,835,903</b>

## Consolidated Statements Of Financial Position

as at 31 August 2014 (Continued)

	Notes	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>Non-current liabilities</b>					
Long-term borrowings	16	453,837	359,255	244,065	132,678
African Development Bank	17	390,906	-	390,906	-
Special purpose funds	18	24,247	21,239	24,247	21,239
Deferred Income	19	101,440	1,440	101,440	1,440
Severance pay provision	20	2,709	2,689	2,709	2,689
Post retirement medical aid provision	20	4,179	3,703	4,179	3,703
Loans from shareholders		3,219	3,229	-	-
Operating lease liability	8	2,145	3,234	-	-
Deferred tax liabilities	21	857,457	497,607	783,134	453,142
<b>Total non-current liabilities</b>		<b>1,840,139</b>	<b>892,396</b>	<b>1,550,680</b>	<b>614,891</b>
<b>Current liabilities</b>					
Trade and other payables	22	483,634	170,104	402,252	86,918
Short-term portion of long-term borrowings	16	300,660	229,365	277,881	209,177
African Development Bank	17	4,814	-	4,814	-
Special purpose funds	18	7,833	5,846	7,833	5,846
Income received in advance		-	311	-	311
Current tax liabilities		-	-	-	-
Provisions	23	74,095	48,098	74,095	48,098
<b>Total current liabilities</b>		<b>871,036</b>	<b>453,724</b>	<b>766,875</b>	<b>350,350</b>
<b>Total liabilities</b>		<b>2,711,175</b>	<b>1,346,120</b>	<b>2,317,555</b>	<b>965,241</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,416,907</b>	<b>3,273,705</b>	<b>4,871,807</b>	<b>2,801,144</b>





## Consolidated Statements Of Comprehensive Income

for the year ended 31 August 2014

	Notes	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
Revenue	25	1,385,829	1,128,516	874,533	812,926
Other Income		7,139	9,665	1,218	3,703
<b>Total income</b>		<b>1,392,968</b>	<b>1,138,181</b>	<b>875,751</b>	<b>816,629</b>
<b>Operating costs</b>		<b>(1,132,535)</b>	<b>(938,498)</b>	<b>(724,590)</b>	<b>(650,223)</b>
Employee costs		(428,924)	(369,211)	(392,418)	(339,529)
Other costs	26	(508,722)	(409,552)	(155,390)	(162,733)
Depreciation and impairment charges		(142,627)	(120,050)	(126,168)	(108,969)
Maintenance costs		(52,262)	(39,685)	(50,614)	(38,992)
<b>Operating Profit</b>	27	<b>260,433</b>	<b>199,683</b>	<b>151,161</b>	<b>166,406</b>
Fair value adjustments on financial assets	28	99,189	73,291	99,189	73,291
Interest income	29	25,466	19,163	25,466	18,307
Finance costs	30	(61,040)	(48,681)	(41,425)	(40,716)
<b>Profit Before Tax</b>		<b>324,048</b>	<b>243,456</b>	<b>234,391</b>	<b>217,288</b>
Taxation	31	(96,014)	(85,750)	(66,155)	(78,027)
<b>Profit for the year</b>		<b>228,034</b>	<b>157,706</b>	<b>168,236</b>	<b>139,261</b>
Profit for the year		228,034	157,706	168,236	139,261
Other comprehensive income		-	-	-	-
Revaluation surplus net of tax		550,113	-	550,113	-
<b>Total comprehensive income for the year</b>		<b>778,147</b>	<b>157,706</b>	<b>718,349</b>	<b>139,261</b>
<b>Profit for the year attributable to:</b>					
Owners of the parent		199,377	148,771		
Non-controlling interest		28,657	8,935		
		228,034	157,706		
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		749,490	148,771		
Non-controlling interest		28,657	8,935		
		778,147	157,706		

## Consolidated Statements Of Changes In Equity

for the year ended 31 August 2014

	Capital N\$ '000	Revaluation reserve N\$ '000	Retained earnings N\$ '000	Non- controlling interest N\$ '000	Total N\$ '000
<b>Group</b>					
<b>Year ended 31 August 2014</b>					
Balance 1 September 2013	50,344	15,514	1,816,165	45,562	1,927,585
Total comprehensive income for the year	-	550,113	199,377	28,657	778,147
Transfer - revaluation depreciation	-	(3,944)	3,944	-	-
<b>Balance as at 31 August 2014</b>	<b>50,344</b>	<b>561,683</b>	<b>2,019,486</b>	<b>74,219</b>	<b>2,705,732</b>
<b>Year ended 31 August 2013</b>					
Balance 1 September 2012	50,344	19,585	1,663,323	36,627	1,769,879
Total comprehensive income for the year	-	-	148,771	8,935	157,706
Transfer - revaluation depreciation	-	(4,071)	4,071	-	-
<b>Balance as at 31 August 2013</b>	<b>50,344</b>	<b>15,514</b>	<b>1,816,165</b>	<b>45,562</b>	<b>1,927,585</b>

	Capital N\$ '000	Revaluation reserve N\$ '000	Retained earnings N\$ '000	Total N\$ '000
<b>Authority</b>				
<b>Year ended 31 August 2014</b>				
Balance 1 September 2013	50,344	15,514	1,770,045	1,835,903
Total comprehensive income for the year	-	550,113	168,236	718,349
Transfer - revaluation depreciation and impairment	-	(3,944)	3,944	-
<b>Balance as at 31 August 2014</b>	<b>50,344</b>	<b>561,683</b>	<b>1,942,225</b>	<b>2,554,252</b>
<b>Year ended 31 August 2013</b>				
Balance 1 September 2012	50,344	19,585	1,626,713	1,696,642
Total comprehensive income for the year	-	-	139,261	139,261
Transfer - revaluation depreciation and impairment	-	(4,071)	4,071	-
<b>Balance as at 31 August 2013</b>	<b>50,344</b>	<b>15,514</b>	<b>1,770,045</b>	<b>1,835,903</b>



## Consolidated Statements Of Cash Flows

for the year ended 31 August 2014

	Notes	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>Cash flows from operating activities</b>					
Cash receipts from customers		1,490,017	1,044,067	1,165,264	759,710
Cash paid to suppliers and employees		(1,025,848)	(753,461)	(598,422)	(535,834)
<b>Cash generated by operations</b>	32	464,169	290,606	566,842	223,876
Interest received		25,605	19,162	25,466	18,306
Interest paid		(61,040)	(8,771)	(41,425)	(806)
Tax paid		(17,804)	(39,475)	(17,804)	(39,475)
<b>Net cash flow from operating activities</b>		410,930	261,522	533,079	201,901
<b>Cash flows from investment activities</b>					
Additions to property, plant and equipment	3	(351,689)	(403,832)	(474,516)	(228,171)
Additions to intangible assets		(71)	-	(71)	-
Additions to investments		(89,414)	(1,588)	(89,414)	(1,588)
Interest capitalised		-	360	-	360
Movement in channel levy fund investment		(2,914)	2,722	(2,914)	2,722
Proceeds from disposal of property, plant and equipment		530	462	284	424
Movement in prepayment		(344,445)	-	(344,445)	-
Proceeds from maturing investments		-	138,432	-	138,432
Loan extended to subsidiary		-	-	(514)	(544)
<b>Net cash outflow from investing activities</b>		(788,003)	(263,444)	(911,590)	(88,365)
<b>Cash flows from financing activities</b>					
Proceeds from long-term borrowings		718,157	246,464	718,157	633
Repayment of long-term borrowings		(156,561)	(407,952)	(142,346)	(286,480)
Increase in special purpose funds		4,995	(2,041)	4,995	(2,041)
Government grant received		100,000	-	100,000	-
Dividends paid		-	-	-	-
<b>Net cash (outflow)/inflow from financing activities</b>		666,591	(163,529)	680,806	(287,888)
<b>Net increase in cash and cash equivalents</b>		289,518	(165,451)	302,295	(174,352)
<b>Cash and cash equivalents at the beginning of year</b>		307,474	472,925	292,826	467,178
<b>Cash and cash equivalents at the end of year</b>	13	596,992	307,474	595,121	292,826



# Notes To The Annual Financial Statements

for the year ended 31 August 2014

## Accounting Policies

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

It 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.

The Authority and group consolidated financial statements were authorized for issue by the Board of Directors on 06 December 2014

### 1. Statement of compliance

The Authority and Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### 2. Principal accounting policies and presentation of financial statements

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

The financial statements are presented in Namibian Dollars, rounded to the nearest thousand.

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 3 below and the measurement of certain financial instruments at fair value and deferred tax assets that are carried in terms of its individual standard.

#### Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Authority and entities controlled by the Authority (referred together to as the "Group").

Subsidiaries are those entities controlled by the Authority. Control exists when the Authority has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

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.

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 group financial statements, are disclosed.

All transactions, balances, and profits and losses arising from intergroup 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.

#### 2.1 Significant judgements

In preparing the group financial statements, management is required to make estimates and assumptions that affect the amounts presented in the group financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the group financial statements. Significant judgements include:



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

### a) Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions, and other indicators present at the reporting date that correlate with defaults on the portfolio. This means that as soon as the group determines that an individual financial asset is not subject to impairment, it includes this asset in a group of financial assets with similar credit risk characteristics and assesses the group for impairment collectively.

### b) Deferred tax assets

The Group 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 Group 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 Group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

### c) Asset lives

Property, plant, and equipment are depreciated over their useful lives 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.

### d) Residual values

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

### e) Fair value estimations

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the statement of financial position date.

The carrying amounts of financial assets and liabilities with maturities of less than six months are assumed to approximate their fair values.

### f) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 23: Provisions.

### g) Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

### h) Post employment benefit obligations

The cost of post employment severance pay benefits is determined using actuarial valuations. These actuarial valuations involve making assumptions about discount rates, staff turnover, rates of increases in compensation costs and mortality rates. Due to the



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

long-term nature of these plans, such estimates are subject to significant uncertainty.

### 2.2 Property, plant, and equipment

#### Recognition and measurement

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 Group; 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 statement of financial position 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

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 assets are depreciated over the following periods:

Building & structures	5 – 50 years
Machinery & equipment	2 – 15 years
Floating craft	4 – 20 years
Furniture & office equipment	3 – 10 years
Computer equipment	3 – 5 years
Motor vehicles	2 – 5 years
Floating dock	25 – 40 years
Leashold improvement	3 – 5 years

The useful lives, depreciation method and the residual values of assets are reviewed and adjusted annually, if appropriate. Changes from resulting review are accounted for prospectively as changes in estimates. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value exceeds its estimated recoverable value.

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 channel is dredged every five to six years. At the completion of maintenance dredging, the channel has an average service potential of five



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

Maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. On average the channel is dredged 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 disposal or retirement of an item of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### 2.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

#### Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the required criteria are met. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of the relevant overheads. Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously expensed are not recognised as an asset in a subsequent period.

Computer software development costs recognised as an asset are amortised over their estimated useful lives which does not exceed 5 years.

### 2.4 Investments in subsidiaries

Investments in subsidiaries, for the preparation of separate financial statements, 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 entity; plus
- any costs directly attributable to the purchase of the subsidiary.

### 2.5 Financial instruments

The Group classifies financial assets and financial liabilities into the following categories:

Financial assets at fair value through profit or loss – designated (financial instruments which upon initial recognition it is designated by the entity as at fair value through profit or loss).

Loans and receivables (non-derivative financial assets with fixed or determinable payments that are not quoted in an active market).

Financial liabilities are measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is re-assessed on an annual basis.

#### Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

### **Initial recognition and measurement**

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Financial assets and financial liabilities are recognised on the statement of financial position when the Group has become party to the contractual provisions of the instruments.

### **Subsequent Measurement**

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

### **Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

### **Impairment of financial assets**

At each statement of financial position date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset'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 financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. Subsequent recoveries of amounts previously written off are credited against operating expenses.

### **Loans to group companies**

These include loans to subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables





## Notes To The Annual Financial Statements

for the year ended 31 August 2014

### **Loans to managers and employees**

These financial assets are classified as loans and receivables.

### **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.

Trade and other receivables are classified as loans and receivables.

### **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.

### **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 amortised costs.

Cash and cash equivalents are classified as loans and receivables.

### **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.

### **Derivative financial instruments**

The Group uses derivative financial instruments, which include forward exchange contracts, cross currency and interest rate swaps to hedge its exposures arising from operational, financing and investment activities.

The Group does not speculate in the trading of derivative instruments.

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the statement of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of the forward exchange contracts is their quoted market price at the statement of financial position date, being the present value of the quoted forward price. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

### **Hedging activities**

Certain derivatives are classified as either:

- edges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items is documented, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

### **Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### **Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within 'other income'.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss.

### **Derecognition**

A financial asset is derecognised when, and only when:

- the contractual rights to the cash flows arising from the financial asset have expired or been forfeited by the Group or
- it transfers the financial asset including substantially all risks and rewards of ownership of the asset; or
- it transfers the financial asset, neither retaining nor transferring substantially all risks and rewards of ownership of the asset, but no longer retains control of the asset.

A financial liability is derecognised when, and only when, the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

### **Offset**

Financial assets and liabilities are offset against each other only when a legally enforceable right exists to set off the recognised amounts, and the Group intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

## **2.6 Taxation**

Income taxation on the profit or loss for the period comprises current and deferred taxation. Income taxation is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

### **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 statement of financial position 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.



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

### 2.7 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 statement of financial position 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 statement of financial position 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.

#### 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 statement of comprehensive income. The asset is not discounted.

#### Leases

##### 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.

### 2.8 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.

### 2.9 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### 2.10 Impairment of non-financial assets

The Group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group 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.



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

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.

### 2.11 Revenue and revenue recognition

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.

#### Rendering of service

Revenue arising from rendering of service is based on the stage of completion. Under this method, revenue is recognised in the accounting periods in which the services are rendered.

#### Rental income

Revenue arising from the rental of property is recognised on a straight-line basis over the term of the lease in accordance with the substance of the relevant agreements. Lease incentives granted are recognised as an integral part of the total rental income.

#### Finance income

Finance income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

#### Dividends

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

### 2.12 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all suspensive conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset on a straight-line basis.

### 2.13 Borrowing costs

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset, until such time that the asset is subsequently ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the Group capitalises the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of these borrowings.

To the extent that the a qualifying asset is funded via general borrowings, the Group determines the borrowing costs eligible for capitalisation by applying the weighted average cost of borrowings for the period to the expenditures on that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.14 Translation of foreign currencies

The functional currency of the Group was determined based on the currency of the primary economic environment in which the Group operates. The functional currency of the Group 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.



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

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.

### 2.15 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 Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted with sufficient regularity by independent actuaries separately for each plan.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognised in full to profit and loss in the period when it occurs.

### 2.16 Provisions

Provisions are recognised when the Group 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 statement of financial position date.

## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Land, structures & buildings N\$'000	Floating craft & dock N\$'000	Vehicles, machinery, equipment and furniture N\$'000	Leased assets N\$'000	Assets under construction N\$'000	Total N\$'000
<b>Group</b>						
<b>3 Property, plant and equipment</b>						
<b>31 August 2014</b>						
Opening carrying value	742,632	227,965	406,475	40,609	206,270	1,623,950
Revaluation	539,670	48,331	233,063	-	-	821,064
Additions	52	175,487	16,281	23,902	321,359	537,081
Disposals	-	-	(1,912)	-	-	(1,912)
Transfer	42,506	14,059	11,855	-	(68,420)	-
Depreciation	(49,761)	(20,014)	(67,278)	(2,124)	-	(139,177)
<b>Closing carrying value</b>	<b>1,275,099</b>	<b>445,828</b>	<b>598,484</b>	<b>62,387</b>	<b>459,209</b>	<b>2,841,006</b>
Cost or valuation	1,876,694	596,617	959,710	83,051	459,209	3,975,281
Accumulated depreciation	(601,595)	(150,789)	(361,227)	(20,664)	-	(1,134,275)
<b>Carrying value</b>	<b>1,275,099</b>	<b>445,828</b>	<b>598,483</b>	<b>62,387</b>	<b>459,209</b>	<b>2,841,006</b>
<b>31 August 2013</b>						
Opening carrying value	675,644	224,840	327,141	35,491	77,546	1,340,663
Additions	8,540	85	13,355	9,221	372,631	403,832
Re-allocation	-	-	-	-	-	-
Disposals	(248)	(5)	(29)	-	-	(282)
Transfer	101,534	22,955	115,347	-	(243,907)	(4,071)
Depreciation	(42,838)	(19,910)	(49,340)	(4,103)	-	(116,192)
<b>Closing carrying value</b>	<b>742,632</b>	<b>227,965</b>	<b>406,474</b>	<b>40,609</b>	<b>206,270</b>	<b>1,623,950</b>
Cost or valuation	1,231,363	359,562	697,938	59,149	206,270	2,554,282
Accumulated depreciation	(488,731)	(131,597)	(291,464)	(18,540)	-	(930,332)
<b>Carrying value</b>	<b>742,632</b>	<b>227,965</b>	<b>406,474</b>	<b>40,609</b>	<b>206,270</b>	<b>1,623,950</b>

	<b>Group 2014 N\$ '000</b>	<b>Group 2013 N\$ '000</b>
Carrying value of property, plant and equipment pledged as security:		
Vehicles, machinery, equipment and furniture - instalments sales	59,963	67,983
Marine bonds over the floating docks	177,000	177,000
	<b>236,963</b>	<b>244,983</b>



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Land, structures & buildings N\$'000	Floating craft & dock N\$'000	Vehicles, machinery, equipment and furniture N\$'000	Leased assets N\$'000	Assets under construction N\$'000	Total N\$'000
<b>Authority</b>						
<b>3 Property, plant and equipment (Continued)</b>						
<b>31 August 2014</b>						
Opening carrying value	720,503	93,735	397,192	-	42,478	1,253,908
Revaluation	539,670	48,331	233,063	-	-	821,064
Additions	52	4	4,657	-	469,803	474,516
Impairment	-	-	-	-	-	-
Disposals	-	-	(1,756)	-	-	(1,756)
Transfer	42,506	14,059	11,855	-	(68,420)	-
Depreciation	(49,761)	(13,900)	(59,057)	-	-	(122,718)
<b>Closing carrying value</b>	<b>1,252,970</b>	<b>142,229</b>	<b>585,954</b>	<b>-</b>	<b>443,861</b>	<b>2,425,014</b>
Cost or valuation	1,854,565	268,852	914,642	74	443,861	3,481,994
Accumulated depreciation	(601,595)	(126,623)	(328,688)	(74)	-	(1,056,980)
<b>Carrying value</b>	<b>1,252,970</b>	<b>142,229</b>	<b>585,954</b>	<b>-</b>	<b>443,861</b>	<b>2,425,014</b>
<b>31 August 2013</b>						
Opening carrying value	653,514	87,261	323,292	-	71,135	1,135,202
Adjustment	-	-	-	-	-	-
Additions	8,541	85	4,295	-	215,250	228,171
Impairment	-	-	-	-	-	-
Disposals	(248)	(5)	(29)	-	-	(282)
Transfer	101,534	22,955	115,347	-	(243,907)	(4,071)
Depreciation	(42,838)	(16,561)	(45,713)	-	-	(105,112)
<b>Closing carrying value</b>	<b>720,503</b>	<b>93,735</b>	<b>397,192</b>	<b>-</b>	<b>42,478</b>	<b>1,253,908</b>
Cost or valuation	1,209,233	207,280	671,095	74	42,478	2,130,160
Accumulated depreciation	(488,730)	(113,545)	(273,903)	(74)	-	(876,252)
<b>Carrying value</b>	<b>720,503</b>	<b>93,735</b>	<b>397,192</b>	<b>-</b>	<b>42,478</b>	<b>1,253,908</b>

Land structures and buildings, floating crafts, port machinery and equipment were revalued in October 2014 by Nasikama, Property Valuation and Consultants using the depreciated replacement cost method.

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



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>3 Property, plant and equipment (Continued)</b>				
Carrying value of assets pledged as security - instalment sales agreements:				
Vehicles, machinery, equipment and furniture	59,963	67,983	53,193	62,633
<b>4 Intangible assets</b>				
Computer software				
Cost	23,626	23,555	23,626	23,555
Accumulated depreciation	(16,940)	(13,490)	(16,940)	(13,490)
	6,686	10,065	6,686	10,065
Opening carrying value	10,065	9,851	10,065	9,851
Additions	71	-	71	-
Transfer	-	4,072	-	4,072
Amortisation	(3,450)	(3,858)	(3,450)	(3,858)
Closing carrying value	6,686	10,065	6,686	10,065
<b>5 Investments</b>				
At fair value through profit and loss designated:				
Endowment assurance policies	888,894	799,480	888,894	799,480
Disclosed as:				
Non-current assets	722,416	799,480	722,416	799,480
Current assets	166,478	-	166,478	-
	888,894	799,480	888,894	799,480
Carrying value of investments pledged as security to third parties limited to value of loans	376,000	321,000	376,000	321,000
The value of the loans for which this investments are pledged as security	71,908	127,304	71,908	127,304
The fair value of the endowment assurance policies were determined by discounting all future cash flows at the indicative fixed returns on the individual policies.				





## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	2014 % Holding	2013 % Holding	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>6 Investments in subsidiaries</b>				
Elgin Brown & Hamer Namibia (Pty) Ltd.	52.50%	52.50%	3,150	3,150
Namport Property Holdings (Pty) Ltd.	100%	100%	1	1
Lüderitz Boatyard (Pty) Ltd.	100%	100%	1	1
			3,152	3,152
The carrying amounts of subsidiaries are shown at cost net of impairment losses.				
<b>7 Loans to subsidiaries</b>				
Elgin Brown & Hamer Namibia (Pty) Ltd.			640	640
Namport Property Holdings (Pty) Ltd.			12	12
Lüderitz Boatyard (Pty) Ltd.			1,788	1,274
			2,440	1,926
These loans are interest free and have no fixed terms of repayment.				

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>8 Operating lease asset / (liability)</b>				
Non-current assets	162,449	137,424	162,449	137,424
Current assets	-	-	-	-
Non-current liability	(2,145)	(3,234)	-	-
	160,304	134,190	162,449	137,424
Operating lease asset / (liability) resulted from the straight-lining of lease receivables / payables and is not discounted.				
<b>9 Other financial assets</b>	-	-	-	-
Insurance asset	217,381	119,996	217,381	119,996
	217,381	119,996	217,381	119,996
<b>Non-current assets</b>	-	-	-	-
Current assets	217,381	119,996	217,381	119,996
	217,381	119,996	217,381	119,996
The fair value of interest rate swaps and insurance asset is the estimated amounts that the group would receive or pay to terminate the swap and the insurance contracts at the statement of financial position date.				



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	<b>Group 2014 N\$ '000</b>	<b>Group 2013 N\$ '000</b>	<b>Authority 2014 N\$ '000</b>	<b>Authority 2013 N\$ '000</b>
<b>10 Inventories</b>				
Work in progress	27,480	7,953	-	-
Consumable stores, net of impairment provision	4,880	3,473	2,168	1,689
	<b>32,360</b>	<b>11,426</b>	<b>2,168</b>	<b>1,689</b>
<b>11 Trade and other receivables</b>				
Trade debtors	216,880	184,331	137,166	118,924
Provision for impairment for trade debtors	(14,266)	(13,327)	(13,434)	(12,495)
	<b>202,614</b>	<b>171,004</b>	<b>123,732</b>	<b>106,429</b>
Deposits	551	527	16	-
VAT	31,668	15,211	11,587	-
Withholding tax	-	122	-	-
Staff loans	2,063	2,385	2,063	2,269
Sundry receivables	-	1,760	-	415
	<b>236,896</b>	<b>191,009</b>	<b>137,398</b>	<b>109,113</b>
<b>Trade and other receivables past due but not impaired</b>				
The ageing of amounts past due but not impaired is as follows:				
30 days past due	52,358	55,115	12,422	10,881
More than 30 days past due	58,279	26,950	16,433	4,709
	<b>110,637</b>	<b>82,065</b>	<b>28,855</b>	<b>15,590</b>
Account balances outstanding for more than sixty (60) days are considered to be past due. The counterparties whose account balances are neither past due nor impaired do not have any history of defaults on their accounts.				
Reconciliation of provision for impairment for trade and other receivables:				
Opening balance	13,327	7,426	12,495	6,440
Impairment loss recognised	939	7,949	939	7,949
Impairment utilised	-	(2,048)	-	(1,894)
	<b>14,266</b>	<b>13,327</b>	<b>13,434</b>	<b>12,495</b>
<b>12 Prepayments</b>				
Prepayments	382,428	34,670	379,289	33,354
Disclosed as:				
Non-current assets	241,809	-	241,809	-
Current assets	140,619	34,670	137,480	33,354
	<b>382,428</b>	<b>34,670</b>	<b>379,289</b>	<b>33,354</b>



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>13 Cash and cash equivalents</b>				
Cash on hand	51	86	49	49
Bank balances	6,478	17,510	4,609	2,899
Short-term deposits	590,463	289,878	590,463	289,878
	596,992	307,474	595,121	292,826
Disclosed as:				
Current assets	596,992	307,474	595,121	292,826
<b>14 Capital account</b>				
Reflects net value at which assets were transferred from the shareholder in 1994	50,344	50,344	50,344	50,344
<b>15 Revaluation reserve</b>				
Opening balance	15,514	19,585	15,514	19,585
Revaluation	550,113	-	550,113	-
Transfer to retained earnings	(3,944)	(4,071)	(3,944)	(4,071)
	561,683	15,514	561,683	15,514
<b>16 Long-term borrowings</b>				
	453,837	359,255	244,065	132,678
Balance at beginning of the year	588,620	710,221	341,855	587,794
New loans raised	-	241,470	-	470
Repaid	(183,556)	(407,954)	(142,346)	(286,480)
Interest capitalised	57,322	39,910	38,313	39,910
New finance leases	292,111	4,973	284,124	161
Adjustment for swap agreements	-	-	-	-
Current portion of long term borrowing due within one year transferred to short-term borrowings	(300,660)	(229,365)	(277,881)	(209,177)
Capitalised finance leases	331,361	152,197	320,195	146,432
Other long-term loans	423,136	436,423	201,751	195,423
Total long-term borrowings	754,497	588,620	521,946	341,855
Current portion of long term borrowing due within one year transferred to short-term borrowings	(300,660)	(229,365)	(277,881)	(209,177)
	453,837	359,255	244,065	132,678



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>16 Long-term borrowings (Continued)</b>				
Standard Bank loan repayable over 5 years in bi-annual instalments of N\$ 10,700,000 at the "Inclusive Rate" as defined in the loan agreement. The loan is secured by an investment with a carrying value of N\$ 209 million.	41,180	66,108	41,180	66,108
Nedbank loan repayable over 5 years in bi-annual instalments of N\$ 15,187,042 at an interest rate of prime less 3.35% per annum. This loan is secured by an investment with a carrying value of N\$ 167 million.	30,728	61,196	30,728	61,196
Liabilities under finance lease agreements with Corporate Equipment Rentals (Pty) Ltd are repayable over 5 years in bi-annual instalments at interest rates of prime less 2.1% per annum.	-	3,597	-	3,597
Liabilities under two instalments sale agreements with Development Bank of Namibia are repayable over 5 years in bi-annual instalments at a fixed interest rate of 11.20% per annum.	-	6,043	-	6,043
Liabilities under instalments sale agreements with Wesbank are repayable over 5 years in bi-annual instalments at an interest rate of prime less 2.5% per annum.	-	4,888	-	4,888
Liabilities under instalments sale agreements with Veritas Capital are repayable over 5 years in bi-annual instalments at an interest rate of prime less 3.75% per annum.	1	4,599	1	4,599
Kfw loan to Namibian Government loan on-lended to the Authority. The loan is unsecured and bears interest at 10% per annum payable bi-annually in arrears. Repayable in 36 equal bi-annual instalments of N\$ 933,533.	7,468	9,335	7,468	9,335



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>16 Long-term borrowings (Continued)</b>				
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 instalments of N\$ 6,204,934 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.	16,350	22,554	16,350	22,554
Liabilities under instalments sale agreements with Nedbank Namibia are repayable over 5 years in bi-annual instalments of N\$2,200,000 at an interest rate of prime less 3%.	20,287	-	20,287	-
Liabilities under instalments sale agreements with Nedbank Namibia are repayable over 5 years in bi-annual instalments of N\$ 4,980,000 at an interest rate of prime less 3%.	46,031	-	46,031	-
Pointbreak loan bearing interest at 11.25% per annum with the accrued interest payable three monthly. The loan matures on 28 November 2014.	135,693	122,114	135,693	122,114
Nedbank loan is repayable over 5 years in bi-annual installments of N\$ 2,220,000 at an interest rate of 6.25% per annum.	18,500	19,124	18,500	19,124
Veritas Kapital Limited loan bearing interest at 80% of the Namibian prime rate. The loan has no repayment terms and is secured by a contingent policy held by Corporate Guarantee.	23,738	22,297	23,738	22,297
Liabilities under instalments sale agreements with Standard Bank Namibia are repayable over 3 years in bi-annual instalments of N\$ 3,455,948 at an interest rate of prime less 2%.	31,375	-	31,375	-
Liabilities under instalments sale agreements with Standard Bank Namibia are repayable over 3 years in bi-annual instalments of N\$ 3,455,948 at an interest rate of prime less 2%.	31,375	-	31,375	-



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	<b>Group 2014 N\$ '000</b>	<b>Group 2013 N\$ '000</b>	<b>Authority 2014 N\$ '000</b>	<b>Authority 2013 N\$ '000</b>
<b>16 Long-term borrowings (Continued)</b>				
Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of	34,652	35,913	-	-
Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of	93,868	107,614	-	-
Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 1,009,517.	92,865	97,473	-	-
Liabilities under instalments sale agreements with Futeni are repayable in bi-annually installments of N\$ 6,030,742 at an interest rate of prime less 2% per annum.	46,405	-	46,405	-
Liabilities under instalments sale agreements with First National Bank Namibia are repayable over 3 years with quarterly installments of N\$ 4,852,151 at an interest rate of prime less 2.25%.	40,041	-	40,041	-
Liabilities under instalments sale agreements with Development Bank of Namibia are repayable over 5 years quarterly installments of N\$ 2,133,888 each year at an interest rate of prime less 2%.	32,774	-	32,774	-
Liabilities under instalments sale agreements are repayable in monthly instalments between N\$ 3,271 to N\$ 33,497 at an effective interest rate ranging from prime less 1% to prime less 2% per annum.	11,166	5,765	-	-
<b>Total borrowings</b>	<b>754,497</b>	<b>588,620</b>	<b>521,946</b>	<b>341,855</b>



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>17 African Development Bank</b>				
Balance at beginning of the year	-	-	-	-
New loans raised	390,906	-	390,906	-
Interest capitalised	5,878	-	5,878	-
Interest repaid	(1,064)	-	(1,064)	-
Current portion of African Development Bank loan	(4,814)	-	(4,814)	-
<b>Total loan</b>	<b>390,906</b>	<b>-</b>	<b>390,906</b>	<b>-</b>
Disclosed under:				
Non-current liabilities	390,906	-	390,906	-
Current liabilities	4,814	-	4,814	-
	<b>395,720</b>	<b>-</b>	<b>395,720</b>	<b>-</b>
<p>African Development Bank loan repayable over 15 years in semi-annual instalments, following a 5 year grace period commencing from the date of signature of the Agreement. The loan bears an interest equivalent to the JIBAR floating base rate less 0.6%. Interest are paid semi-annually from inception of loan. This loan is fully guaranteed by the Government of the Republic of Namibia.</p>				
<b>18 Special purpose funds</b>				
Channel levy Fund	22,088	19,174	22,088	19,174
Navigational Aids Fund	2,159	2,065	2,159	2,065
Namport Social Investment Fund	7,833	5,846	7,833	5,846
	<b>32,080</b>	<b>27,085</b>	<b>32,080</b>	<b>27,085</b>
Disclosed under:				
Non-current liabilities	24,247	21,239	24,247	21,239
Current liabilities	7,833	5,846	7,833	5,846
	<b>32,080</b>	<b>27,085</b>	<b>32,080</b>	<b>27,085</b>
<p>The Group manages and administers these funds on behalf of third parties. Utilisation of available resources is restricted in terms of the rules of such Funds.</p>				
<b>19 Deferred income</b>				
Closing balance	101,440	1,440	101,440	1,440
Capital grant:				
Namibian Government	100,000	-	100,000	-
Japanese Government	1,440	1,440	1,440	1,440
	<b>101,440</b>	<b>1,440</b>	<b>101,440</b>	<b>1,440</b>



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>19 Deferred income (Continued)</b>				
Capital grant consists of the fair value of professional services rendered by a Japanese Government Agency towards the Port Expansion Project. The balance remaining at the end of the current financial year represent the portion relating to geotechnical work carried out by this Agency.				
Capital grant received from the Namibian Government are funds received towards the New Container Terminal, Walvis Bay SADC Gateway Port and Communication system. These funds may only be used for this projects. No funds were used during this year.				
<b>20 Severance pay provision and post retirement medical aid obligation</b>				
<b>20.1 Severance pay provision</b>				
Present value of the defined benefit obligation-wholly unfunded	2,709	3,495	2,709	2,689
<b>Movement for the year:</b>				
Opening balance	2,689	3,495	2,689	3,495
Net amount recognised in the statement of comprehensive income	20	(806)	20	(806)
	2,709	2,689	2,709	2,689
<b>Net amount recognised in the statement of comprehensive income</b>				
Current service cost	181	279	181	279
Interest cost	134	259	134	259
Benefit payments	(295)	(247)	(295)	(247)
Actuarial (gains) losses	-	(1,097)	-	(1,097)
	20	(806)	20	(806)
<b>Key assumptions used:</b>				
Investment return	9.30%	9.30%	9.30%	9.30%
Salary inflation rate	7.80%	7.80%	7.80%	7.80%





## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>20.2 Post retirement medical aid obligation</b>				
Present value of the defined benefit obligation-wholly unfunded	4,179	3,703	4,179	3,703
<b>Movement for the year:</b>				
Opening balance	3,703	-	3,703	-
Net amount recognised in the statement of comprehensive income	476	3,703	476	3,703
	4,179	3,703	4,179	3,703
<b>Net amount recognised in the statement of comprehensive income</b>				
Current service cost	290	226	290	226
Past service cost	-	-	-	-
Interest cost	207	-	207	-
Benefit payments	(21)	-	(21)	-
Actuarial (gains) losses	-	3,477	-	3,477
	476	3,703	476	3,703
<b>Key assumptions used:</b>				
Investment return	9.62%	9.62%	9.62%	9.62%
Medical inflation rate	8.53%	8.53%	8.53%	8.53%
<b>21 Deferred tax</b>				
Balances at beginning of the year	485,147	449,406	440,682	412,665
Decrease/(increase) in tax losses available for set off	-	-	-	-
Revaluation	269,008	(2,097)	269,008	(2,097)
Rate change	(4,407)	(1,080)	(4,407)	-
Net taxable temporary differences	100,027	38,918	70,169	30,114
Balances at the year end	849,775	485,147	775,452	440,682
<b>Comprising of liabilities / (assets):</b>				
Work in progress and consumables	10,889	3,582	925	775
Endowment investments	322,921	296,378	322,921	296,378
Operating lease asset / (liability)	52,866	44,706	53,573	45,773
Capital allowances	129,757	113,946	51,936	56,656
Revaluation of property, plant and equipment	274,675	5,724	274,675	5,724
Provisions	(9,701)	(13,487)	(6,984)	(11,651)
Prepayments	9,948	9,614	9,141	8,955
Income received in advance	(698)	(809)	(698)	(809)
Insurance asset	69,963	38,881	69,963	38,881
Foreign exchange contracts	(4,597)	(6,818)	-	-
Tax loss	(6,248)	(6,570)	-	-
	849,775	485,147	775,452	440,682
Disclosed as:				
Deferred tax assets	(7,682)	(12,460)	(7,682)	(12,460)
Deferred tax liabilities	857,457	497,607	783,134	453,142
	849,775	485,147	775,452	440,682



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>22 Trade and other payables</b>				
Trade payables	347,361	90,961	333,728	65,379
Other payables	136,273	79,143	68,524	21,539
Sundry accruals	136,176	73,869	68,440	16,265
Receiver of Revenue - VAT	13	5,232	-	5,232
Outstanding cheques	84	42	84	42
	<b>483,634</b>	<b>170,104</b>	<b>402,252</b>	<b>86,918</b>

	Opening Balance	Additions	Utilised	Closing Balance
<b>23 Provisions</b>				
<b>Group</b>				
<b>31 August 2014</b>				
Provision for leave pay	22,315	4,985	(774)	26,397
Provision for bonuses	25,198	33,702	(17,547)	41,482
Provision for customer rebates	585	7,819	(2,188)	6,216
	<b>48,098</b>	<b>46,506</b>	<b>(20,509)</b>	<b>74,095</b>
<b>31 August 2013</b>				
Provision for leave pay	24,920	-	(2,605)	22,315
Provision for bonuses	32,955	19,273	(27,030)	25,198
Provision for customer rebates	5,322	-	(4,737)	585
	<b>63,197</b>	<b>19,273</b>	<b>(34,372)</b>	<b>48,098</b>
<b>Authority</b>				
<b>31 August 2014</b>				
Provision for leave pay	22,186	4,985	(774)	26,397
Provision for bonuses	25,327	33,702	(17,547)	41,482
Provision for customer rebates	585	7,819	(2,188)	6,216
	<b>48,098</b>	<b>46,506</b>	<b>(20,509)</b>	<b>74,095</b>
<b>31 August 2013</b>				
Provision for leave pay	24,791	-	(2,605)	22,186
Provision for bonuses	33,084	19,273	(27,030)	25,327
Provision for customer rebates	5,322	-	(4,737)	585
	<b>63,197</b>	<b>19,273</b>	<b>(34,372)</b>	<b>48,098</b>



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>23 Provisions (Continued)</b>				
The carrying value of provisions that are recognised in terms of requirements of IAS 37: Provisions, Contingent Liabilities and Contingent Assets.				
<b>Leave pay</b>				
This is a provision for unutilised leave at year-end. The leave is expected to be taken over the next one year and its calculated based on the employees' remuneration.				
<b>Bonuses</b>				
Provisions for bonuses is the 13th cheque payable in December each year. This forms part of basic conditions of employment. This provision also includes incentive bonuses for employees in terms of a performance management policy of the Authority.				
<b>Customer rebates</b>				
Provision for rebates to customers based on cargo and container handling volumes exceeded per agreements between customers and the Authority.				
<b>24 Current tax</b>				
Balance at beginning of the year	(6,577)	(17,113)	(6,577)	(17,113)
Taxation charge for the year	96,014	85,750	66,155	78,027
Adjustment to deferred tax	(93,678)	(35,740)	(63,819)	(28,017)
Net payments made during the year	(17,804)	(39,474)	(17,804)	(39,474)
	(22,045)	(6,577)	(22,045)	(6,577)
Disclosed as:				
Current assets	22,045	6,577	22,045	6,577
<b>25 Revenue</b>				
Rendering of services:				
Cargo services	314,857	313,477	314,857	313,477
Marine services	105,222	114,893	105,222	114,893
Port Authority services	426,152	356,388	426,152	356,388
Synchrolift services - dry dock	32,927	30,813	32,927	30,813
Ship repairs - floating dock	510,714	314,972	-	-
Rebates and discounts	(4,625)	(2,814)	(4,625)	(2,645)
Rendering of services	582	787	-	-
	1,385,829	1,128,516	874,533	812,926



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>26 Other costs by nature</b>				
Abnormal losses	168	-	-	-
Advertising, promotions and marketing	13,199	18,280	10,618	17,475
Administration costs	7,340	2,354	-	-
Audit fees	1,083	1,000	410	398
Bad debts	940	7,949	940	7,949
Bank Charges	720	560	417	323
Claims	3,229	679	3,229	679
Commissions paid	11,097	7,749	-	-
Computer expenses	5,936	6,342	5,133	5,567
Consulting fees	12,447	13,100	9,138	11,579
Consumables and materials	313,710	208,199	6,532	4,410
Diesel, petrol, lubricants and tyres	31,075	33,996	31,075	33,994
Directors emoluments	2,653	2,950	2,653	2,950
Donations	4,657	3,955	4,365	3,819
Entertainment and refreshments	5,844	5,219	5,541	4,950
Foreign exchange losses	(3,113)	14,162	174	3,521
Insurance	13,258	10,763	7,567	6,881
Legal fees	6,954	1,114	6,573	874
Licenses	131	233	131	233
Memberships and subscriptions	1,536	707	363	496
Municipal charges	3,661	3,208	3,661	3,208
Process improvements	1,048	2,840	-	-
Purchases	419	462	-	-
Rental	11,819	10,006	6,810	5,669
Safety, health, and environmental	3,939	4,545	3,939	4,545
Security	8,896	8,405	5,243	5,430
Stationery and photocopying	1,000	1,950	1,000	1,073
Sundry	4,646	1,056	1,516	851
Telephone, postage, and courier	2,983	3,133	2,124	2,310
Traveling and accommodation	6,538	8,603	5,329	7,516
Water and electricity	30,909	26,033	30,909	26,033
	508,722	409,552	155,390	162,733
<b>27 Operating profit</b>				
Operating profit is stated after taking account of the following items:				
Auditors' remuneration	1,083	1,000	410	398
Operating lease charges	11,819	10,006	6,810	5,669
Consulting fees	12,447	13,100	9,138	11,579
Loss on sale of property, plant and equipment	1,472	33	1,472	33
Depreciation of property, plant and equipment	139,177	116,192	122,718	105,112
Amortisation on intangible assets	3,450	3,858	3,450	3,858



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>28 Fair value adjustments</b>				
Endowment investments	93,460	67,510	93,460	67,510
Insurance assets	5,729	5,781	5,729	5,781
	99,189	73,291	99,189	73,291
<b>29 Interest income</b>				
Bank balances and short-term deposits	24,337	17,101	24,337	16,247
Trade debtors	1,129	2,062	1,129	2,060
	25,466	19,163	25,466	18,307
<b>30 Finance costs</b>				
Long-term borrowings	61,040	48,681	41,425	40,716
<b>31 Taxation</b>				
Namibian normal tax				
Current taxation	2,336	50,010	2,336	50,010
Deferred taxation	93,678	35,740	63,819	28,017
	96,014	85,750	66,155	78,027
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				
Tax calculated at the statutory rate	106,936	82,775	77,349	73,878
Tax effects revaluation	(1,943)	(2,096)	(1,943)	(2,096)
Rate change	(4,407)	-	(4,407)	-
Income not subject to tax	(16,416)	(7,222)	(16,416)	(7,222)
Expenses not deductible for tax	11,844	12,293	11,572	13,467
Utilised assessed loss	-	-	-	-
	96,014	85,750	66,155	78,027
<b>32 Cash generated by operations</b>				
Profit before tax	324,048	243,456	234,391	217,288
<b>Adjustments for:</b>				
Depreciation	139,177	116,192	122,718	105,112
Impairment-intercompany loans	-	311	-	311
Amortisation of intangible assets	3,450	3,858	3,450	3,858
Severance pay provision	20	(806)	20	(806)
Operating lease rentals straight lining	(26,114)	(26,227)	(25,025)	(25,929)
Loss on sale of property, plant and equipment	175	(5)	1,472	33
Investment revenue	(124,655)	(91,598)	(124,655)	(91,598)
Interest received	(141)	(856)	-	-
Finance costs	61,040	48,681	41,425	40,716

## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>32 Cash generated by operations (Continued)</b>				
Finance costs capitalised to long term borrowings	-	-	-	-
Post retirement medical aid provision	476	3,703	476	3,703
Unrealised loss on exchange difference	13,931	18,394	-	-
Adjustment	-	-	-	-
	391,407	315,103	254,272	252,688
Changes in working capital				
Trade and other receivables	(30,882)	(72,523)	(28,285)	(31,302)
Prepayments	(4,629)	-	(1,490)	-
Inventories	(20,934)	9,533	(479)	(65)
Payables and provisions	129,207	38,493	342,824	2,555
	464,169	290,606	566,842	223,876
<b>33 Commitments</b>				
<b>Authorised capital expenditure:</b>				
Authorised and contracted for	3,077,387	789,413	3,024,177	789,413
Authorised, but not yet contracted for	383,656	234,850	382,620	234,850
	3,461,043	1,024,263	3,406,797	1,024,263
This committed expenditure relates to property, plant, and equipment and will be financed by available bank facilities, retained profits, mortgage facilities, existing cash resources, funds internally generated, Government grants, and by the African Development Bank. Approximately 97% of authorised and contracted for relates to port expansion project contracted to China Harbour Engineering Company Ltd (CHEC).				
<b>34 Contingent liabilities</b>				
Provision of suretyship on financing facilities to EBH Namibia (Pty) Ltd.	151,150	186,150	151,150	186,150
The bank overdraft of EBH Namibia Ltd and other long-term borrowings are secured by first marine bonds for N\$ 47,000,000 and N\$ 30,000,000 over the Floating Dock I and Floating Dock II respectively, registered cession of marine policies of N\$ 36,000,000 and N\$ 55,000,000 respectively and unlimited cession of its call account.				
The Group might be liable for an amount of N\$ 1.9 million for a feasibility study and geotechnical work carried out at the Port under a memorandum of agreement entered into with a fellow State Owned Entity.				



## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>35 Related parties</b>				
The Authority is wholly owned by the Namibian Government. There were no significant transactions, individually or in aggregate, entered into between the Group and the Namibian Government or any other entity controlled by this Government.				
Remuneration to key management personnel	20,988	17,552	12,116	10,349
Directors' emoluments				
Non-executive: For services as directors:	2,248	2,556	2,001	2,338
A Kanime	357	413	357	413
J Muadinohamba	742	813	742	813
J Comalie	401	414	401	414
M Jankie-Shakwa	320	458	320	458
O Shikongo	181	240	181	240
Subsidiary directors	247	218	-	-
Non-executive: Travel & subsistence	652	796	652	796
	2,900	3,352	2,653	3,134
<b>36 Financial instruments and risk management</b>				
<b>36.1 Significant Accounting Policies</b>				
Details of the significant accounting policies adopted, including the criteria for recognition, basis for measurement and the basis on which income(gains) and expenses (losses) are recognised, in respect of each class of financial asset and liability are disclosed in note 2.5 in the financial statements.				

	Fair value Hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
<b>36.2 Classification of financial assets and liabilities</b>				
<b>Group</b>				
<b>Financial assets</b>				
<b>31 August 2014</b>				
Investments	Level 2	-	888,894	888,894
Other financial assets	Level 2	-	217,381	217,381
Channel levy fund investment	Level 2	-	22,088	22,088
Trade and other receivables		619,324	-	619,324
Cash and cash equivalents		596,992	-	596,992
		1,216,316	1,128,363	2,344,679

## Notes To The Annual Financial Statements

for the year ended 31 August 2014

	Fair value hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
<b>36.2 Financial assets (Continued)</b>				
<b>31 August 2013</b>				
Investments	Level 2	-	799,480	799,480
Other financial assets	Level 2	-	119,996	119,996
Channel levy fund investment	Level 2	-	19,174	19,174
Trade and other receivables		225,679	-	225,679
Cash and cash equivalents		307,474	-	307,474
		533,153	938,650	1,471,803

	Other financial liabilities at amortised cost N\$ '000	Finance lease obligations N\$ '000	Special purpose funds N\$ '000	Total N\$ '000
<b>Group</b>				
<b>Financial liabilities</b>				
<b>31 August 2014</b>				
Long-term borrowings	818,856	331,361	-	1,150,217
Special purpose funds	-	-	32,080	32,080
Other financial liabilities	3,219	-	-	3,219
Operating lease liability	2,145	-	-	2,145
Trade and other payables	483,634	-	-	483,634
	1,307,854	331,361	32,080	1,671,295
<b>31 August 2013</b>				
Long-term borrowings	436,423	152,197	-	588,620
Special purpose funds	-	-	27,085	27,085
Other financial liabilities	3,229	-	-	3,229
Operating lease liability	3,234	-	-	3,234
Trade and other payables	170,104	-	-	170,104
	612,990	152,197	27,085	792,272





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	Fair value Hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
<b>36.2 Classification of financial assets and liabilities</b>				
<b>Authority</b>				
<b>Financial assets</b>				
<b>31 August 2014</b>				
Investments	Level 2	-	888,894	888,894
Loans to subsidiaries		2,440	-	2,440
Other financial assets	Level 2	-	217,381	217,381
Channel levy fund investment	Level 2	-	22,088	22,088
Trade and other receivables		516,687	-	516,687
Cash and cash equivalents		595,121	-	595,121
		1,114,248	1,128,363	2,242,611
<b>31 August 2013</b>				
Investments	Level 2	-	799,480	799,480
Loans to subsidiaries		1,926	-	1,926
Other financial assets	Level 2	-	119,996	119,996
Channel levy fund investment	Level 2	-	19,174	19,174
Trade and other receivables		142,467	-	142,467
Cash and cash equivalents		292,826	-	292,826
		437,219	938,650	1,375,869

	Other financial liabilities at amortised cost N\$ '000	Finance lease obligations N\$ '000	Special purpose funds N\$ '000	Total N\$ '000
<b>Financial liabilities</b>				
<b>31 August 2014</b>				
Long-term borrowings	201,751	320,195	-	521,946
African development bank	395,720	-	-	395,720
Special purpose funds			32,080	32,080
Trade and other payables	402,252	-	-	402,252
	999,723	320,195	32,080	1,351,998
<b>31 August 2013</b>				
Long-term borrowings	195,423	146,432	-	341,855
Instalment sales obligations	-	-	27,085	27,085
Special purpose funds	86,918	-	-	86,918
Trade and other payables	282,341	146,432	27,085	455,858

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for the year ended 31 August 2014

### 36.3 Financial risk management

The Group does not trade in financial instruments, but in the normal course of operations it is exposed to credit risk, liquidity risk, and market risk. These risks are managed by the group through formal documented policies and procedures as approved by its Board of Directors. These policies are continuously reviewed and updated as and when the need arises.

The Group's overall risk management focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group uses derivative financial instruments on an adhoc basis to hedge certain risk exposures. Risk management is carried out by the group's Risk Committee under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### 36.4 Liquidity risk

Liquidity risk refers to the risk that the group will encounter difficulty in meeting its obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities 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 Group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year N\$ '000	Between 1 and 5 years N\$ '000	More than 5 years N\$ '000
<b>Group</b>			
<b>31 August 2014</b>			
Long-term borrowings	305,474	453,837	390,906
Special purpose funds	7,833	24,247	-
Trade and other payables	483,634	-	-
Other financial liabilities	-	-	3,219
Operating lease liability	-	-	2,145
	<b>796,941</b>	<b>478,084</b>	<b>396,270</b>
<b>31 August 2013</b>			
Long-term borrowings	229,365	359,255	-
Special purpose funds	5,846	21,239	-
Trade and other payables	170,104	-	-
Other financial liabilities	-	-	3,229
Operating lease liability	-	-	3,234
	<b>405,315</b>	<b>380,494</b>	<b>6,463</b>



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	Less than 1 year N\$ '000	Between 1 and 5 years N\$ '000	More than 5 years N\$ '000
<b>36.4 Liquidity risk (Continued)</b>			
<b>Authority</b>			
<b>31 August 2014</b>			
Long-term borrowings	277,881	244,065	-
African development bank	4,814		390,906
Special purpose funds	7,833	24,247	-
Trade and other payables	402,252	-	-
	<b>692,780</b>	<b>268,312</b>	<b>390,906</b>
<b>31 August 2013</b>			
Long-term borrowings	209,177	132,678	-
Instalment sales obligations	5,846	21,239	-
Special purpose funds	5,846	-	-
Trade and other payables	86,918	153,917	-
	<b>307,787</b>	<b>307,834</b>	<b>-</b>

The credit facilities of the Group are reviewed annually and consists of the following bank overdraft facilities:

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>Overdraft facilities:</b>				
Total facilities	43,000	43,000	23,000	23,000
Utilised	(24,773)	(19,123)	(18,500)	(19,123)
	<b>18,227</b>	<b>23,877</b>	<b>4,500</b>	<b>3,877</b>

### 36.5 Credit risk

The credit risk refers to the risk that a counterparty will cause financial loss to the Group by defaulting on its contractual obligations.

Credit risk arises from cash and cash equivalents, short- and long-term deposits with banks and financial institutions, as well as credit exposures to outstanding receivables.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. The maximum exposure to credit risk, without taking into account any collateral held, at the reporting date was:

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	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>36.5 Credit Risk (Continued)</b>				
Investments	888,894	799,480	888,894	799,480
Loans to subsidiaries	-	-	2,440	3,152
Other financial assets	217,381	119,996	217,381	119,996
Channel levy fund investment	22,088	19,174	22,088	19,174
Trade and other receivables	619,324	225,679	516,687	144,687
Cash and cash equivalents	596,992	307,474	595,121	292,826
	<b>2,344,679</b>	<b>1,471,803</b>	<b>2,242,611</b>	<b>1,379,315</b>

The Group holds bank guarantees and cash deposits as security in the event of defaults on its outstanding receivables. The Group has also taken out a contingency insurance plan covering it against losses suffered as a result of defaults from its trade debtors.

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
Total value of bank guarantees and cash deposits held by the Group at the reporting date	52,695	51,367	52,695	51,367

Credit risk pertaining to receivables are not concentrated to a few customers as trade receivables comprise a widespread customer base. The Group has guidelines in place to ensure that services are rendered to customers with an appropriate credit history. Management evaluates credit risk relating to customers on an ongoing basis.

Whilst credit limits were exceeded during the reporting period, management does not expect any losses from non-performance by these counterparties. The Group has not renegotiated the terms of its receivables.

The Group only deposits cash with major banks and financial institutions with high quality credit standing and its investment policy limits exposure to any one counter-party.

### 36.6 Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates and foreign exchange rates.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk results mainly from its exposure to floating interest bearing long- and short-term funds invested as well as floating interest rates on long-term borrowings.



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	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>36.6 Market risk (Continued)</b>				
The table below sets out the extent to which the group's financial instruments is exposed to interest rate fluctuations:				
<b>Financial assets:</b>				
Floating interest bearing	1,341,412	977,470	1,339,541	962,822
Fixed and non-interest bearing	1,003,183	494,333	890,225	413,047
	<b>2,344,595</b>	<b>1,471,803</b>	<b>2,229,766</b>	<b>1,375,869</b>
<b>Financial liabilities:</b>				
Floating interest bearing	985,892	419,785	753,341	173,021
Fixed and non-interest bearing	481,916	366,024	365,719	276,992
	<b>1,467,808</b>	<b>785,809</b>	<b>1,119,060</b>	<b>450,013</b>

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Group's profits and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
Financial assets	5,312	3,871	5,305	3,813
Financial liabilities	(6,507)	(2,771)	(4,972)	(1,142)
Net effect on equity	<b>(1,195)</b>	<b>1,100</b>	<b>333</b>	<b>2,671</b>

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group consider the need to take out cover on outstanding foreign currency transactions on an ad hoc basis, as and when such transactions occur. Upon the discretion of management, cover is taken out from time to time.

At the reporting date, the Group's cumulative exposure to foreign receivables, foreign cash and cash equivalents and foreign long-term borrowings were not material and as such changes to the foreign exchange rates would not significantly impact on the equity of the Group.

### Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the statement of financial position as at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set in its investment policy.

A change of 10% in equity prices at the reporting date would have increased or decreased the Group's profits and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

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	Group 2014 N\$ '000	Group 2013 N\$ '000	Authority 2014 N\$ '000	Authority 2013 N\$ '000
<b>36.7 Capital risk management</b>				
Net effect on equity	35,413	25,805	35,364	25,419

### 36.7 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

### 36.8 Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments.

	Carrying values		Fair values	
	2014 N\$ '000	2013 N\$ '000	2014 N\$ '000	2013 N\$ '000
<b>Group</b>				
<b>Financial assets</b>				
Investments	888,894	799,480	888,894	799,480
Other financial assets	217,381	119,996	217,381	119,996
Channel levy fund investment	22,088	19,174	22,088	19,174
Trade and other receivables	619,324	225,679	619,324	225,679
Cash and cash equivalents	596,992	307,474	596,992	307,474
	2,344,679	1,471,803	2,344,679	1,471,803
<b>Financial liabilities</b>				
Long-term borrowings	754,497	588,620	754,497	588,620
African development bank	395,720	-	395,720	-
Special purpose funds	32,080	27,085	32,080	27,085
Other financial liabilities	3,219	3,229	-	-
Operating lease liability	2,145	3,234	-	-
Trade and other payables	483,634	170,104	483,634	170,104
	1,671,295	792,272	1,665,931	785,809
<b>Authority</b>				
<b>Financial assets</b>				
Investments	888,894	799,480	888,894	799,480
Loans to subsidiaries	2,440	1,907	2,440	1,907
Other financial assets	217,381	119,996	217,381	119,996
Channel levy fund investment	22,088	19,174	22,088	19,174
Trade and other receivables	516,687	144,687	516,687	144,687
Cash and cash equivalents	595,121	292,826	595,121	292,826
	2,242,611	1,378,070	2,242,611	1,378,070



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for the year ended 31 August 2014

	Carrying values		Fair values	
	2014 N\$ '000	2013 N\$ '000	2014 N\$ '000	2013 N\$ '000
<b>36.8 Fair values (Continued)</b>				
<b>Financial liabilities</b>				
Long-term borrowings	521,946	341,855	521,946	341,855
African development bank	395,720	-	395,720	-
Special purpose funds	32,080	27,085	32,080	27,085
Trade and other payables	402,252	86,918	402,252	86,918
	<b>1,351,998</b>	<b>455,858</b>	<b>1,351,998</b>	<b>455,858</b>

The fair value of cash and cash equivalents, trade and other receivables as well as trade and other payables approximate their carrying value due to its short-term nature. The effects of discounting loans to subsidiaries and the channel levy investment to determine its fair value are immaterial.

The fair value of long-term borrowings and instalment sales obligations were calculated by discounting future cash flows at a fair rate of return. The effects of discounting future cash flows or the special purpose funds are immaterial.

### 37 Standards and interpretations not yet effective

At the date of authorisation of the financial statements of Namport and the Group for the year ended 31 August 2014, the following new or revised financial reporting standards, amendments and interpretations of those standards were in issue but not yet effective. On review of these amendments and interpretations, the impact (if any) has not yet been estimated, or is not expected to have a material impact on the Group's financial statements.

Standard or interpretation	Title and details	Effective Date
IAS 16 (amendment)	<b>Property, plant, and equipment</b> Amendments to the revaluation method - proportionate restatement of accumulated depreciation	Annual periods beginning on or after 1 July 2014
IAS 19 (amendment)	<b>Employee benefits</b> Amendments to Defined Benefit Plans: Employee contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended.	Annual periods beginning on or after 1 July 2014
IAS 24 (amendment)	<b>Related party disclosure</b> Amendments to the definitions and disclosure requirements for key management personnel.	Annual periods beginning on or after 1 July 2014
IAS 27 (revised)	<b>Separate Financial Statements</b> Requirements to account for interest in "Investment Entities at fair value under IFRS 9 or IAS 32 in the separate financial statements of the parent.	Annual periods beginning on or after 1 January 2014
IAS 28 (amendment)	<b>Investments in associates</b> These are consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013
IAS 36	<b>Impairment of assets</b> Amendments to the revaluation method - proportionate restatement of accumulated depreciation.	Annual periods beginning on or after 1 July 2014

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### 37 Standards and interpretations not yet effective (Continued)

Standard or interpretation	Title and details	Effective Date
IAS 40	<b>Investment property</b> Amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.	Annual periods beginning on or after 1 July 2014
IFRS 1 (amendment)	<b>First time adoption</b> Amendments to the Basis of Conclusion clarifying the meaning of “effective IFRSs”	Annual periods beginning on or after 1 July 2014
IFRS 2	<b>Share-based payments</b> Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions	Annual periods beginning on or after 1 July 2014
IFRS 3	<b>Business combinations</b> Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9. Amendments to the scope paragraph for the formation of a joint arrangement.	Annual periods beginning on or after 1 July 2014
IFRS 8	<b>Operating segments</b> Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations.	Annual periods beginning on or after 1 July 2014
IFRS 9	<b>Financial Instruments</b> Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9.	Annual periods beginning on or after 1 July 2014
IFRS 10	<b>Consolidated Financial Statements</b> IFRS 10 exception to the principle that subsidiaries must be consolidated Entities meeting the definition of “Investment Entities” must account for investments in subsidiaries at fair value under IFRS 9 or IAS 39.	Annual periods beginning on or after 1 January 2014
IFRS 12	<b>Disclosure of Interests in Other Entities</b> New disclosure requirements for Investment Entities (as defined in IFRS 10).	Annual periods beginning on or after 1 January 2014
IFRS 13	<b>Fair Value Measurement</b> Amendments to clarify the measurement requirements for those short-term receivables and payables. Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with IAS 39 or IFRS 9.	Annual periods beginning on or after 1 July 2014









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