annual report

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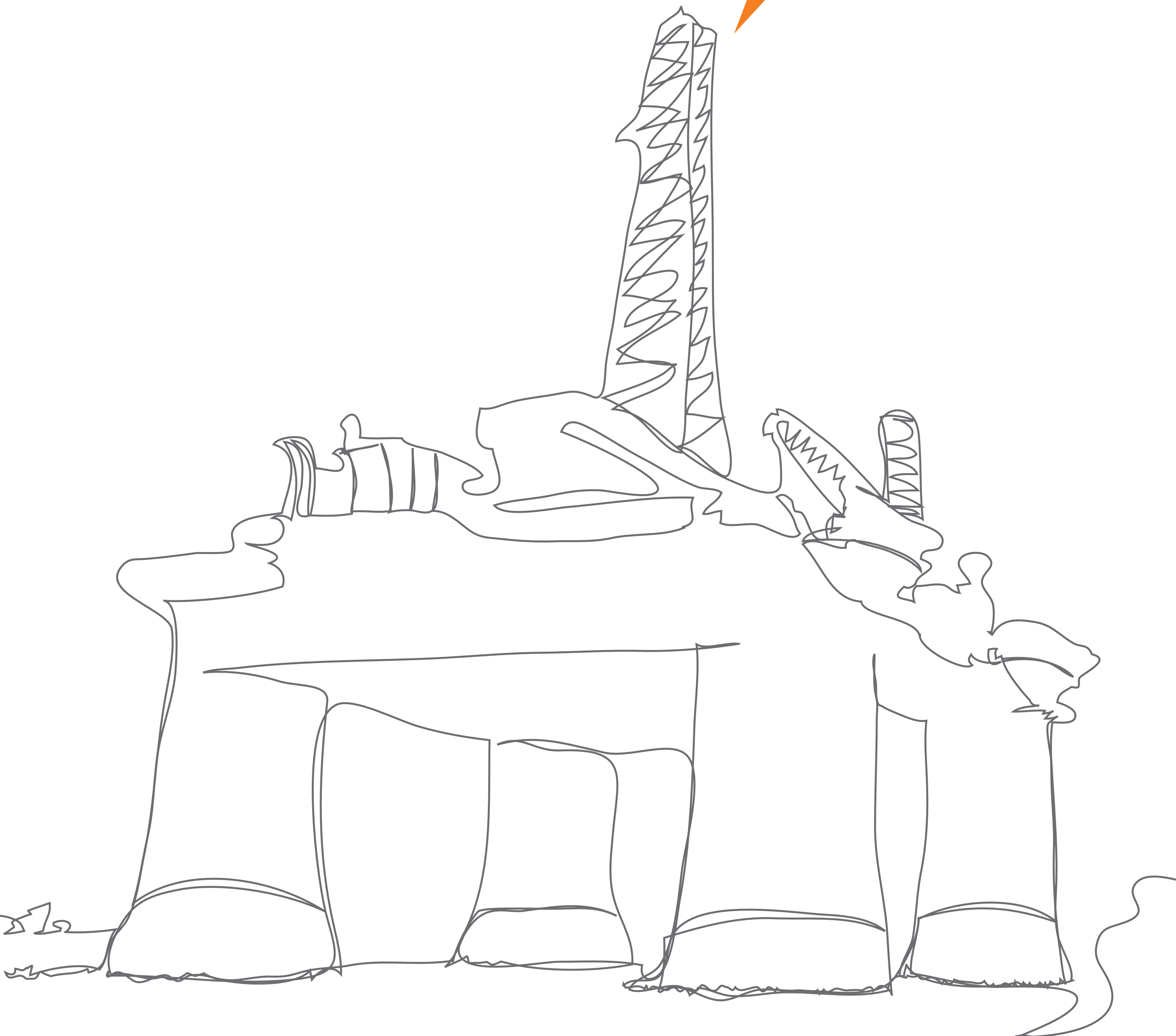
2009



NAMPORT

Namibian Ports Authority

Annual Report
Contents

Mission

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

Vision

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

Values

Discipline, Integrity, Sense of urgency, Honesty, Safety.

Chairman's Review 2008/09

I am pleased to present this 14th annual report. This was a landmark year for the Namibian Ports Authority group (Namport, Lüderitz Boat Yard and EBH Namibia (Pty) Limited). During the year under review, the group experienced extraordinary growth in business, revenue and operating profit. Our investment portfolio did not perform well but remained positive despite the negative investment environment we found ourselves in. The nucleus of our success remains an unrelenting emphasis on meeting the needs of our stakeholders, who are our customers (efficiency levels), employees (employee satisfaction/training), shareholders (Corporate governance, job creation and dividends), the environment (international standards compliance) and the community (corporate citizenship) within which we operate.

This year also provided for a change in leadership with the departure of the Chief Executive Officer, Mr. Sebby Kankondi to the private sector. He is replaced in the capacity of Chief Executive Officer by Mr. Bisey Uirab who is a seasoned executive from the telecommunications and banking industry. I am confident that Namport will continue to perform well under his leadership.

There has been no change in the Board of Directors and I am confident that the board will continue to direct Namport along its strategic mission.

The Board members are:
Capt. Mike van der Meer - **Director/Chairman**
Ms. Ruusa Shipiki-Kapolo - **Director/Vice Chairperson**
Ms. Maria Gaomas - **Director**
Mr. Andrew Kanime - **Director**
Mr. Jerome Mutumba - **Director**

Market environment

The past year has been the most tumultuous internationally with a global economic crisis the worst the world has seen since the Second World War. Prior to the financial crisis, the shipping industry was at its most prosperous ever with record prices being paid for container vessels. Rates demanded by shipping lines were indicative of the insatiable demand for trade in international goods and commodities.

All this changed overnight and the industry is now faced with unprecedented layups in ports all over the world. Shipping rates have plummeted as owners seek to recover costs by any means. Rationalisation of the industry has necessitated that all entities associated with the industry be prepared to be flexible with the demands of the time.

Some sectors of the Namibian economy have been drastically affected by the global recession but fortunately Namport has not experienced any drop in cargo throughput. This can be attributed to Namibia and Southern Africa being largely cash customers and consumers of basic products. However, it appears that the recession has bottomed out and is making a recovery. Petroleum imports have increased by 19% on last year. This is a positive indication of a growing economy.

Capt. M J van der Meer
Chairman

Growth

Building on the previous year's 24% increase in containers handled, this year saw an increase of 45% in containers handled through the ports of Walvis Bay and Lüderitz. The Ports combined handled 264,224 containers (last year: 183,605) with overall volume of cargo increasing to almost 5.4 million tons (last year: 4.7m). Of the total cargo moving through the ports, 58% imports; 27% exports and 15% transhipment.

Containerisation continues to dominate the port's activities with transhipment containers showing a 47% year on year increase through the port of Walvis Bay. New shipping lines have identified Walvis Bay as being their port of choice on the west coast of Africa. There are 6 dedicated shipping lines making scheduled calls at the port. This makes for a healthier operating environment and conducive for investment in port expansion. Maersk Line continues to dominate the industry having 59% of the container throughput. Following on are OACL; CMA/CGM; Macs; Safmarine; MSC; and MOL. This brings Walvis Bay closer to achieving its objective of becoming the gateway to the hinterland from the west coast of Southern Africa.

The Walvis Bay Corridor Group (WBCG), which represents the public and private stakeholders in the transport sector, has to be continually supported and grown as this is Namibia's footprint into SADC. Efforts on the Zambian and DRC routes are showing gains in the mining sector and the Angolan route continues to grow.

The increased throughput volumes have increased the pressure on port services and the personnel are to be commended for their commitment to uphold service efficiency levels. Two new mobile harbour cranes have been commissioned, making the targeted container moves per hour achievable. The Port of Walvis Bay container stacking areas are saturated and this emphasises the need for port expansion.

The port of Lüderitz has shown an operating profit again this year. This achievement is especially remarkable considering the depressed state of the economy of southern Namibia. The port is deprived of a rail link that is crucial for port operations and growth. The main contributor to its profitability is the containerisation of the export zinc products and import of sulphur for the mining industry. The fishing industry is making a recovery.

Strategic direction

The major port expansion project is underway with the feasibility studies being completed and showing no major obstacles for the project. While the project is underway the existing port is being developed to make optimal use for container handling and storage in order to remain ahead of the demand on the port services by the increasing number of shipping lines coming to Walvis Bay. Our port expansion plan is critical to the continued realisation of our strategy of being the first-choice gateway port to Southern Africa. Appropriate equipment and personnel are essential for handling cargo at the required efficiency levels, and Namport has made contingency plans for increasing cargo handling equipment and training/recruiting personnel as the need requires, bearing in mind the time frame required for purchasing and receiving this equipment as well as the training of personnel.

The governments of the Republic of Zambia and the Republic of Botswana have leased land in the port of Walvis Bay for their strategic port requirements making their landlocked status less prohibitive. We are positive that this strategic development will enhance and strengthen trade between Namibia and these countries.

Namport cares

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

Our people

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

The relationship with the employees and Union is at an all time high. This has resulted in better service deliveries to our clients and the resultant attraction to the ports by the international shipping industry. It should be mentioned that it is the shipping lines that decide whether or not to use a port for transhipment purposes. The overriding parameters they consider are efficiency, pricing and location. Efficiency is provided by a well motivated work force, modern equipment and sound IT infrastructure and systems.

Financial results

Once again Namport has performed exceptionally well, showing significant increases in turnover and profitability. The year under review represents the best to date in Namport's 15 year history and Group revenue has exceeded the N$ 1 billion mark for the first time. All aspects of the company's deliverables have shown excellent improvement with operating profit for the Authority up 57% and Group Revenue increasing by 67%.

EBH Namibia Pty Limited, of which Namport owns 52.5% shareholding, has performed equally well and is making Walvis Bay a preferred rig repair and maintenance centre for the west coast of Africa. The impact on the local economy is significant and influences most activities in the harbour town. The two floating docks are fully occupied with ship repairs. I would say that this is the fastest growing industry in Namibia. During rig repair contracts up to 2000 Namibians are employed directly. Skills training enjoys a high priority in the industry and its success is evident with the success of the repair contracts.

Conclusion & Appreciation

The 2008/9 results bear testament to the successful implementation of a carefully crafted strategy, built on strong fundamentals. While we celebrate the achievements of the past year we are mindful of the impact that the port expansion project will have on future profitability. The necessary and extremely costly, expansion plans will necessitate aggressive marketing and business growth in order to maintain the financial results obtained over the last couple of years. This should however not deter us from shaping an even more impressive future for this great company. Vision 2030 cannot become Reality 2030 if we do not invest now for its eventual realisation.

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

Capt. M J van der Meer
Chairman

Chief Executive Officer Review 2008 / 2009

I am delighted to report that during my first year at Namport, we have posted a very impressive operational and financial performance. We have once again exceeded our targets by far during the 2008/9 financial year.

- Group revenue has increase to **N$1.1 billion**, up from **N$681 million** in the previous year.
- Group operating profit increased to **N$353 million**, a huge jump from **N$162 million** in the previous year.
- Group return on assets was **14.8%**, up from **9.67%** the previous year against a target of **9.3%**.
- We handled **5.4 million tons**, 690,000 more than the previous year.
- We reached the 250,000 TEU mark.
- A total of **N$4.5 million** was spent on training, and
- We managed to retain our certification of ISO 14001, ISO 9001 and OSHAS 18001.

Given the international financial crunch that was experienced over the past 12 months, the above results are no small achievements. All over the world, most of the ports have reported a decline of up to 30% in their revenues. These extraordinarily great results were only possible to achieve with a dedicated, committed and a hardworking team. Our valued customers also had a significant contribution to these achievements, and I would like to express our gratitude to them for believing in us, and bringing business to our two ports.

In order to increase our corridor volumes, and also in answering to the President's undertaking to allocate Dry Port facilities to our land-locked neighbouring countries within the port boundaries, we have successfully concluded the handing over of dry port facilities to the Republic of Zambia and the Republic of Botswana. The negotiations with the Republic of Zimbabwe are expected to be concluded during the 2009/2010 financial year. This development will enhance stronger commercial ties amongst the businesses within the neighbouring countries, thus contributing to increased trade within the SADC countries.

The work on the container terminal expansion has reached critical levels during the past year. While the final results of the feasibility study are yet to be concluded, all the indications are that this is indeed a highly bankable project. We are moving in full swing to ensure that this project is implemented within the time limits, and it is expected that the contract will be awarded in mid 2010, while the commissioning date is still expected to be December 2012. As they say in the port business, through this expansion project, we are getting ourselves ready to be ahead of the demand, so that we are not caught "unprepared" when the volumes are at our door step.

Bisey Uirab
Chief Executive Officer

Namport strives to become the first-choice world-class port service provider in Africa. This requires us to adhere to international operating standards and quality in all our activities. I am therefore happy to report that we have retained our certification of ISO 9001, ISO 14001 and OSHAS 18001. Through this achievement, I believe that our customers can be rest assured that we are fully committed to ensuring that we will maintain internationally acceptable high standards within our ports.

Finally, I wish to thank the committed and dedicated members of the Namport team for all their hard work during the past year. The challenge lying ahead is to significantly enhance the customer service in all respects, and to ensure that we provide efficient and timely service to our customers.

I trust that you find the information in this report useful.

Bisey Uirab
Chief Executive Officer

Namport Social Investment Fund

The Namport Social Investment Fund entrenches Namport's reputation as a responsible corporate citizen who makes a meaningful contribution to the development and upliftment of the people of Namibia. Our main focus at this stage is funding projects which are aimed at education, entrepreneurial skills development and health care. During the current financial year we continued to fund and support deserving organisations based on the above-mentioned guidelines.

Major Projects

Haindongo Kindergarten

The fund remitted N$240,000 during the current financial year for the construction of a school building at Nkurenkuru. Now our most precious resource, the minds of young Namibians, can be developed and nurtured in an enabling environment.

Tulongeni Community Garden Project

Further support was provided to this deserving project in Henties Bay, focusing on the overhaul of the irrigation system. Our involvement in this project was motivated by a desire to assist struggling community members to become self-supporting.

Flood Relief Assistance

Character is revealed when unplanned and unexpected events occur. The Fund combined forces with Elgin Brown and Hamer, Namibia to donate N$150,000 to the National Emergency Disaster Fund for flood relief assistance.

Afrisam Entrepreneurship Development Program

The fund partnered with Afrisam to extend their already successful program to the Erongo region. Providing the youth with entrepreneurial skills and encouraging them to become job creators instead of job seekers is exactly the kind of project the fund wishes to sponsor. Graduation of the first batch of young entrepreneurs took place during October 2009.

Epukiro Primary School

The fund donated five computers with software to the Epukiro Primary School in Gobabis. Illiterate, in this day and age, has a new meaning linked to the computer and could in future be linked to unemployment. The fund, through this donation, wishes to assist in securing employment skills for the young ones in Gobabis.

Usakos Youth Brick Making Project

This project benefitted from a donation by the fund to the tune of N$39,000 for a mixer to improve operational capability. It is a pleasure to assist those who get up and try to help themselves by any means possible. This project already made a huge impact on the youth in Usakos and should continue to grow from strength to strength.

Walvis Bay TB Isolation Ward

The fund learned with dismay about the unpleasant conditions prevailing at the Kondja Isolation Ward. Effective treatment of this disease often requires life-changing isolation for extended periods of time. The fund assisted the ward by donating various items such as fridges, microwaves, toys and bookcases. In addition we sponsored a make-over of the kitchen, including new cupboards. But we will not stop here.

Future Major Projects

Grade 1 Classrooms

As part of our long-term goal to assist with the elimination of classroom shortages in Namibia the Fund will build two new classrooms at Tutaleni Primary School in Kuisebmund. The expected amount of donation to be around N$350,000. This will hopefully be done before schools reopen for 2010. Similar projects will be initiated during the next financial year.

Walvis Bay TB Isolation Ward

The fund intends to do its part to eradicate this disease from Namibia. However, every long journey starts with a single step and we will start off with infrastructural improvements to the Kondja TB isolation ward in Walvis Bay. Our intention is to upgrade the facility to an acceptable level, whatever it takes and however long it takes.

The last statement sums up our commitment to plough back into our beloved country.

Company Overview

Marketing and Strategic Business Development

The year under review has graphically illustrated the long-term nature of the ports industry and the decisions that need to be made to prepare for future changes.

The year provided Namport with a 40% growth in container volumes during a year in which the International crisis saw some ports' volumes declining by up to 30%. The fact that we were able to weather the immediate storm was a result of a few factors:

- The lag time between international economies and any impact on African countries;
- The fact that products going into Namibia and neighbouring countries are of a basic nature and are not subject to the vagaries of the market;
- The concerted and long-term effort of the Walvis Bay Corridor Group in marketing the various corridors into Southern Africa;
- The investment and commitment that Namport has undertaken ahead of demand.

Strategic focus

Namport's strategic focus remains in marketing the ports as a gateway to the hinterland of Southern Africa by offering world-class infrastructure coupled with rapid transits to those countries served by the ports.

The New Container Terminal is designed to cater for the demands of the major shipping lines. In particular, this includes the need for transhipment hubs that these lines require to achieve cost savings in their operations. Transhipment volumes – by themselves – also stimulate further demand for conventional cargo volumes thus further validating these investments.

Local economy

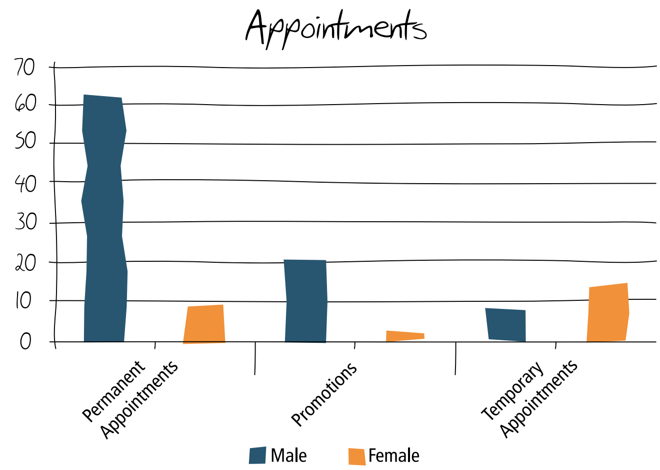
Namport is cognisant of the role it plays in stimulating economic growth and the responsibility that this brings. All decisions pertaining to development and new opportunities are taken with this in mind. The growing business of servicing oil rigs and petroleum-related shipping is receiving greater attention and will be detailed in the new financial year.

Customer service

Namport's bi-annual Customer Satisfaction Survey revealed disappointing results with an overall satisfaction index declining from 68% to 53%. Namport is deeply concerned by this trend and this is receiving the highest priority.

Human Resources

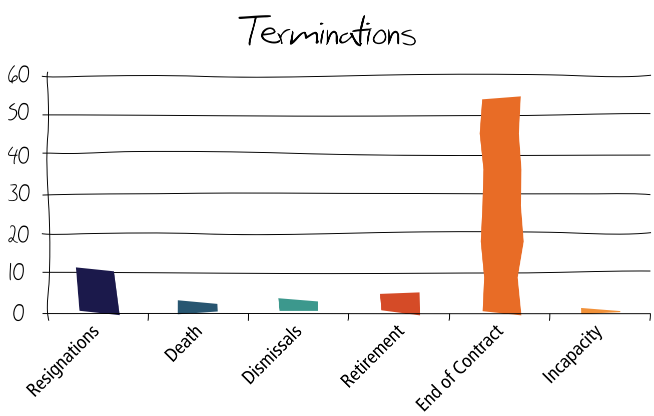
Namport is an equal opportunity employer and supports the government in its initiative to achieve equity in the workplace. It aims to continuously comply with the Labour Act and other relevant legislation. Our policies are designed to ensure that the organisation attracts and retains talented employees as well as continuously develop its workforce. On a periodic basis, the policies are reviewed and updated to ensure that they remain aligned to the overall group strategy and changes in legislation. The provisions of the new Labour Act became effective during the course of the year and we are updating our policies to align them to the new provisions. On a group level, the year under review was mainly dominated by the port expansion program. The developments towards port expansion has resulted in the increase of new positions and Human Resources is putting priority to recruitment and selection.



Training & Development

Namport is committed to continuous training and development of the human capital and continuously align training policies to employees' needs and also organisational requirements. Namport has a number of training and development programmes such as the Bursary Scheme, Apprenticeship, the Seafarer Training and recently the Commercial Advancement Training programme. These programmes lay the foundation for prospective employees and ensure that Namibia has a skilled work force for the future. Namport committed $4,486,702.00 which is 2.85% of the Total Employment costs towards training during the year.

Regardless of manpower shortage, the department recorded a number of successes. Amongst them the creation of the electronic link to staff training records and matrixes and the closure of the ISO major finding. This has seen the department effectively implementing the organization's training needs.



Bursaries

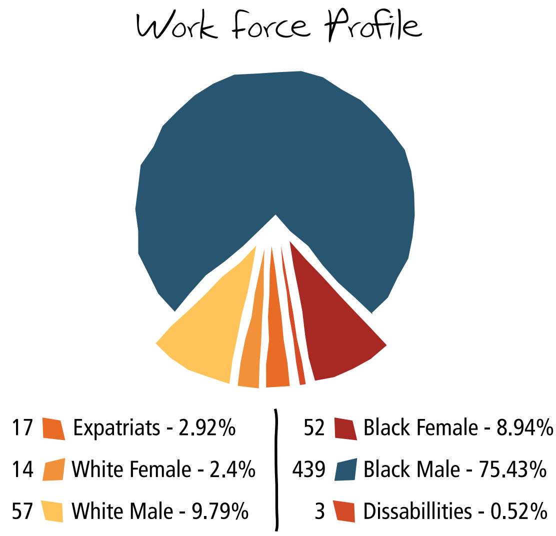
The Namport Bursary scheme was first introduced in 2002. The scheme gives selected Namibian students the opportunity to receive education to enable them to fill positions within Namport where higher education is a pre-requisite. The bursaries are awarded in the fields of Engineering (Electrical and Mechanical), Information Technology and Medicine. These are directly linked to Namport's Human Resources plan.

During the year under review two bursaries were awarded to Namibians in the field of Engineering and IT. This brings the total number of students under bursaries to 18 since its inception of which 5 have graduated and one is currently in the employment of Namport.

Apprenticeship Training

Namport does not operate an apprentice training school, however it recognizes the importance of the training of apprentices in order to conform to its own Human Resources Plan as well as a social responsibility to Namibia.

Under this scheme, Namport assists the Government of Namibia, in conjunction with the Namibian Institute of Mining and Technology (NIMT) in the training of apprentices in various fields of expertise, including Welding, Mechanical, Electric and Electronics.



Industrial Relations

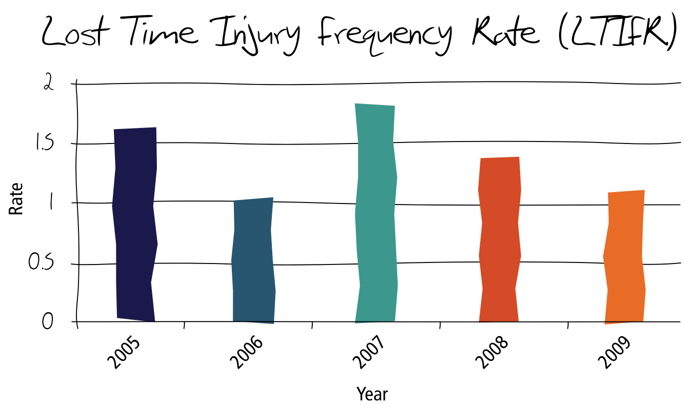
This financial year was a milestone for Namport with regard to employee relations compared to the previous years as a number of issues including the transport-performance management and communication grievances were resolved amicably between management and the Union. During the first half of the year there were a lot of burning issues that extremely affected the relationship between the two parties. The wage negotiation for the year under review was concluded within a record of two days in a positive spirit.

Communication has greatly improved between the stakeholders and bi-monthly meetings were revived. It is the commitment of both parties to continue to resolve issues amicably and maintain industrial peace.

Safety, Health, Environment and Security

ISO & OHSAS Certification

The Namibian Ports Authority once again successfully retained its ISO 9001: (Quality Management), ISO 14001 (Environmental Management) and OSHAS 18001 (Health & Safety) external surveillance audits for the 2008/9 financial year. The year ahead will be challenging considering the fact that our next round of external audits will be for recertification. The company remains committed to pass the forthcoming audits.



The LTI frequency rate is the number of work-related LTI's per 200,000 hours.

Safety

The 2009 Lost Time Injury Rate reduced from 1.48 to 1.19 and represents a decrease of 20% compared to the same period in 2008; however the targeted reduction of 20% for strategic mobile equipment and property damages was not achieved.

The pilot project on Behaviour Based Safety launched at our Cargo Department have produced positive results and based on the success achieved this project will be rolled out to the rest of the organisation in 2010.

The company's past five year performance in respect of Lost Time Injuries and Strategic Mobile Equipment and Property damages are depicted on the next page.

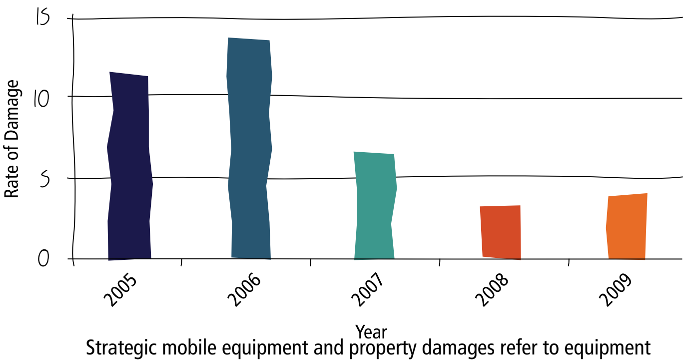
Environmental Management

In line with the best trends internationally, Namport remains committed to sound environmental practices including the meticulous stewardship of its services. The company has embarked upon an expansion project of its container terminal operations with potential significant impacts on the environment. To this end, Namport have appointed experienced internationally renowned EIA consultants to conduct the EIA study and other technical studies to determine the feasibility of this project.

Dust emission monitoring from the privately operated bulk terminal is monitored on a continuous basis. The average annual dust concentration for commodities currently stored in bulk were all below their threshold limit values and are depicted on the next page. Average dust concentration for Carbon has been reduced with 37%, Manganese with 63%, Copper with 28% and Lead with 33% when compared to average dust levels measured in 2008.

Focus areas for 2009/2010 amongst others include the implementation of a waste segregation programme, review and update of Namport's corporate EIA and the establishment of the company's carbon footprint.

Rate of Strategic Mobile Equipment & Property Damage per ton of Cargo Handled

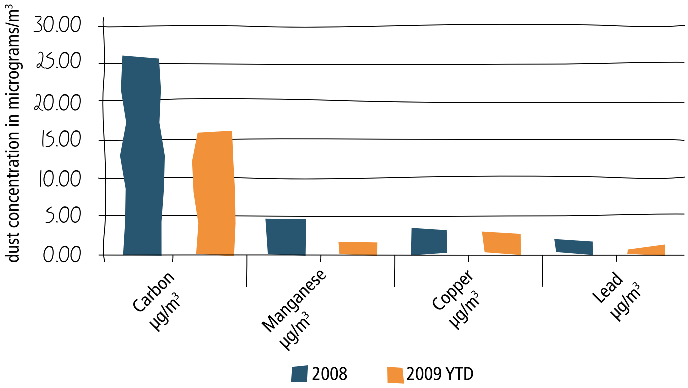


Strategic mobile equipment and property damages refer to equipment and infrastructure most essential to our daily cargo handling operations.

Health & Wellness

Workplace wellness screening e.g. cholesterol test, blood glucose levels, blood pressure and weight monitoring is offered to employees at no cost. These tests are done to detect health conditions as early as possible and to prevent complications.

Namport conducted its second HIV/AIDS Voluntary Counseling and Testing (VCT) campaign on 31st August 2009 till 4th September 2009. The objectives of the survey was to determine the current status of HIV/AIDS prevalence in the company and to measure the success of the "Namport Cares" programme. Although participation in the survey has reduced from 86% in 2004 to 75% in 2009, the prevalence of the infection have reduced 15.5 % in 2004 to 9.7% in 2009. This results bears testimony to the success of the "Namport Cares" programme which will continue to form the backbone of our HIV/AID prevention strategy.

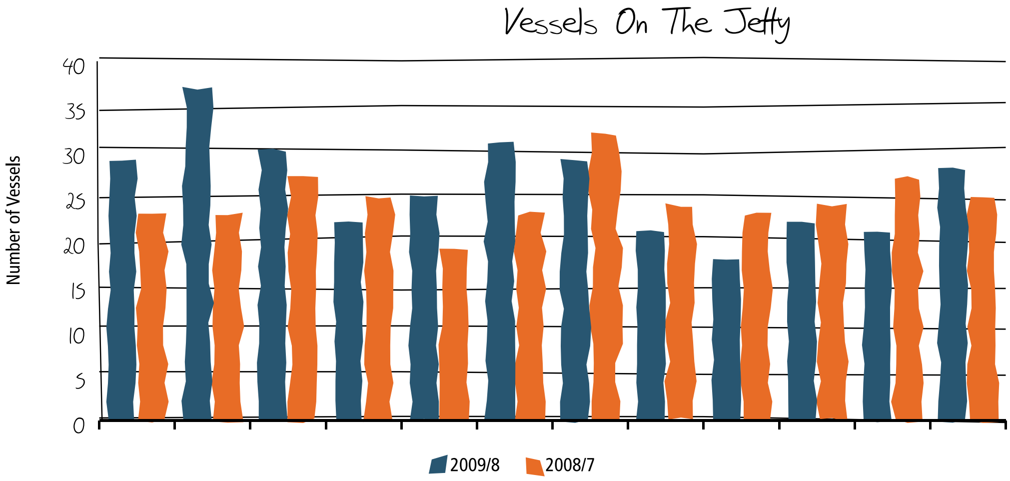


Port Security

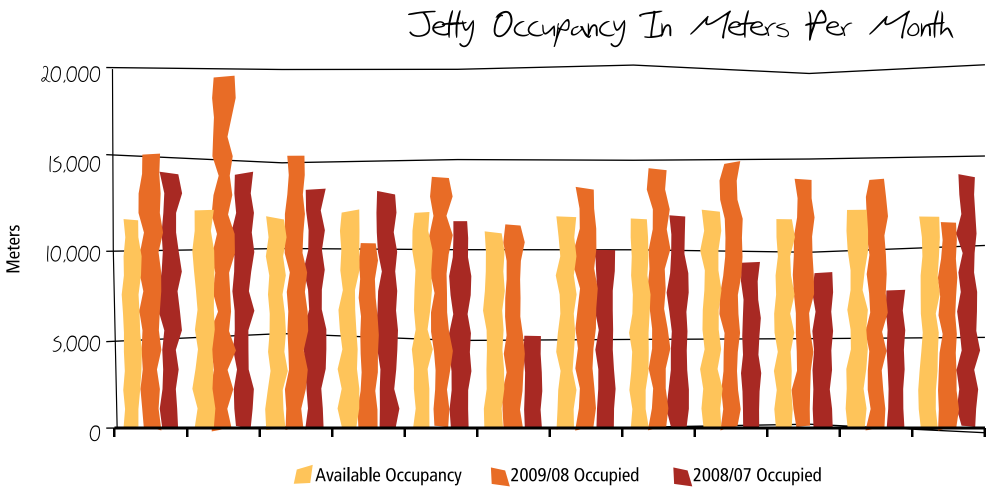
During the year under review a port and port facilities security assessment with respect to the requirements of the IMO SOLAS Convention and the ISPS Code was conducted by external maritime specialists. The assessment found that both ports have substantially satisfied the requirements of the ISPS Code and SOLAS Convention.

In accordance with SOLAS, resubmission of updated and revised port and port facility security plans was submitted and approved by the Ministry of Works and Transport and the International Maritime Organisation before the June 2009 deadline.

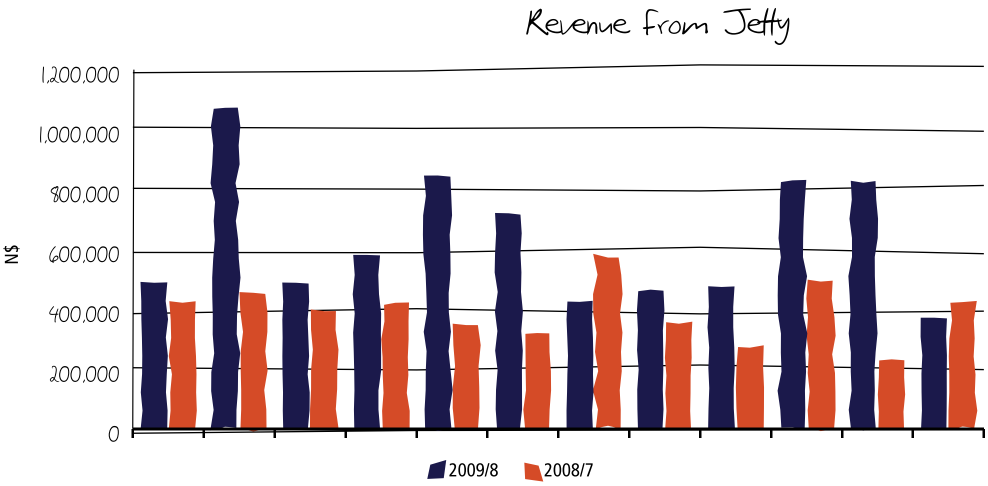
Syncrolift Jetty Utilisation (2009 vs 2008)



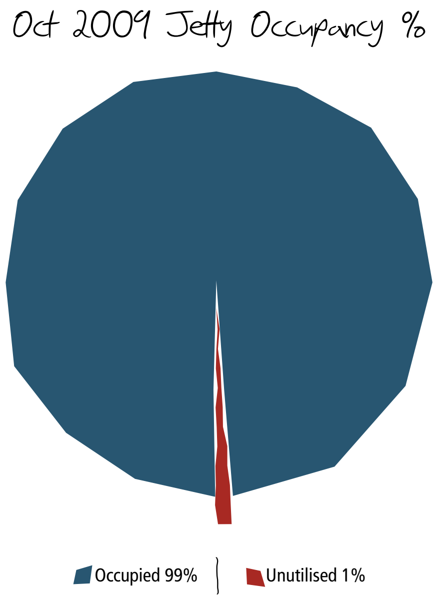
	2009/08	2008/07
Sep	29	23
Oct	37	23
Nov	30	27
Dec	22	25
Jan	25	19
Feb	31	23
Mar	29	32
Apr	21	24
May	18	23
Jun	22	24
Jul	21	27
Aug	28	25
	313	**295**

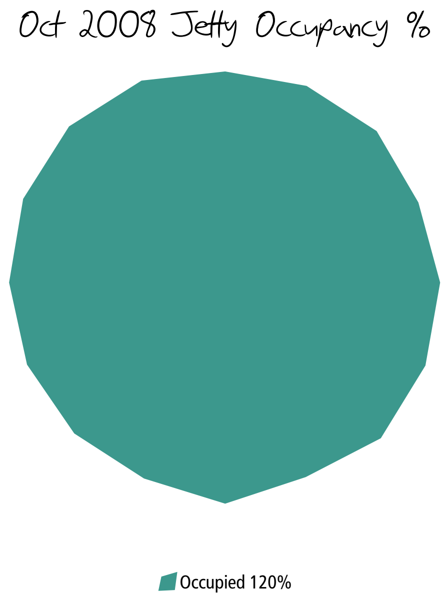


	Available Occupancy	09/08 Occupied	08/07 Occupied
Sep	11,700	15,255	14,171
Oct	12,090	19,473	14,171
Nov	11,700	15,182	13,230
Dec	12,090	10,381	13,098
Jan	12,090	13,979	11,646
Feb	10,920	11,393	5,170
Mar	11,700	13,342	9,848
Apr	11,700	14,406	11,871
May	12,090	14,843	9,203
Jun	11,700	13,873	8,656
Jul	12,090	13,948	7,645
Aug	11,700	11,532	14,092
	141,570	**167,607**	**132,801**



	2009/08	2008/07
Sep	488,160	425,130
Oct	1,073,402	453,472
Nov	485,824	396,900
Dec	578,362	419,136
Jan	842,995	349,380
Feb	718,561	320,508
Mar	426,944	578,672
Apr	460,992	356,130
May	474,976	276,090
Jun	828,267	497,504
Jul	829,426	229,350
Aug	369,024	422,760
	7,576,933	**4,725,032**





		2009/08		2008/07	
	Available Occupancy	Occupancy	Unutilised	Occupancy	Unutilised
Sep	11,700	15,255	(3,555)	14,171	(2,471)
Oct	12,090	19,473	(7,383)	14,171	(2,081)
Nov	11,700	15,182	(3,482)	13,230	(1,530)
Dec	12,090	10,381	1,709	13,098	(1,008)
Jan	12,090	13,979	(1,889)	11,646	444
Feb	10,920	11,393	(473)	5,170	5,750
Mar	11,700	13,342	(1,642)	9,848	1,852
Apr	11,700	14,406	(2,706)	11,871	(171)
May	12,090	14,843	(2,753)	9,203	2,887
Jun	11,700	13,873	(2,173)	8,656	3,044
Jul	12,090	13,948	(1,858)	7,645	4,445
Aug	11,700	11,532	168	14,092	(2,392)
	141,570	**167,607**	**(26,037)**	**132,801**	**8,769**

Cargo Services

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

	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09
Landed						
Petroleum	682,281	791,300	815,687	735,956	756,108	899,618
Coal	55,493	30,495	98,260	117,252	113,178	118,316
Fish Products	116,464	126,092	129,807	131,645	80,470	106,559
Wheat	42,463	37,398	45,911	47,083	30,344	37,900
Sugar	36,543	35,086	56,928	59,835	58,515	92,495
Cement	220	18,120	36,066	104,694	162,024	104,782
Wine/ Beverages	40,670	40,827	37,214	16,845	11,905	7,480
Copper / Lead	7,226	-	-	5 401	39 793	97 484
Sulphuric Acid	220,954	206,520	177,512	290,047	381,839	264,428
Sulphur	-	-	-	-	-	-
Manganese Ore	19,945	44,223	22,116	19,176	22,798	18,079
Malt	21,910	25,058	22,241	31,702	29,876	35,134
Vehicles	36,898	29,306	87,571	131,305	224,924	332,115
Lubricating Oil	1,625	264	242	286	22	506
General Cargo	241,093	215,052	348,404	607,699	790,624	879,362
Total	**1,523,785**	**1,599,741**	**1,877,959**	**2,298,926**	**2,702,420**	**2,994,258**
Shipped						
Salt	683,139	651,820	571,949	617,529	685,405	686,635
Fish Products	113,823	128,306	128,424	134,246	140,211	138,392
Fluorspar	93,994	106,926	117,337	128,624	111,746	93,351
Copper / Lead & Conc.	40,794	59,348	44,225	82,610	39,877	62,205
Manganese Ore	-	26,017	-	36,006	41,115	86,962
Flat Cartons	17,914	11,367	6,792	6,343	3,007	19,304
Marble & Granite	24,039	18,718	30,773	38,992	41,742	17,709
Skins & Hides	5,613	4,729	5,962	4,840	1,914	5,500
Fertilizer (Guano)	1,900	1,229	1,518	990	1,012	1,034
Charcoal	8,521	12,827	15,664	22,286	34,056	42,658
General Cargo	78,039	82,530	78,310	84,434	151,230	65,999
Total	**1,067,776**	**1,103,817**	**1,000,954**	**1,156,900**	**1,251,315**	**1,219,749**
Transhipped						
General Cargo	171,886	327,800	329,078	507,304	439,001	824,044
Total	**2,763,447**	**3,031,358**	**3,207,991**	**3,963,130**	**4,392,736**	**5,038,051**

Main Commodities handled at the Port of Lüderitz (Freight tonnes)

	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09
Breakbulk Cargo landed						
Fuel	32,849	39,998	50,953	30,494	28,518	35,331
Fish	82,978	73,056	50,524	21,637	21,691	27,181
Sulphur	57,372	67,131	68,784	45,568	72,154	61,980
General Cargo	2,883	3,943	1,086	6,566	4,135	377
Total landed	**176,082**	**184,128**	**171,347**	**104,265**	**126,498**	**124,869**
Cargo shipped						
Fish & Bait	5,953	1,823	465	248	2,607	1,401
Ice	67,651	44,453	29,145	21,451	23,948	22,398
Zinc / Zinc Conc.	82,711	88,600	15,591	106,236	15,333	-
Other	1,160	999	29,264	822	14,902	2,234
Total shipped	**157,475**	**135,875**	**74,465**	**128,757**	**56,791**	**26,033**
Cargo transhipped						
Fish	228	-	45	-	29	-
Other	-	100	-	30	-	-
Total transhipped	228	100	45	30	29	-
Total	**333,784**	**320,104**	**245,855**	**233,052**	**183,317**	**150,902**
Containerised Cargo						
Landed	260	266	1,289	3,020	1,562	1,760
Shipped	34,332	60,027	147,950	37,278	112,726	193,167
Transhipped	-	-	44	-	-	-
Total	**34,592**	**60,293**	**149,283**	**40,298**	**114,288**	**194,927**
Total Cargo	**368,376**	**380,397**	**395,138**	**273,350**	**297,605**	**345,829**

Containers handled at the Port of Lüderitz (Twenty-foot Equivalent Units)

Landed	2,294	3,121	5,762	1,868	6,393	7,179
Shipped	2,355	3,033	5,160	1,373	6,626	6,783
Total TEU's	**4,649**	**6,154**	**10,922**	**3,241**	**13,019**	**13,962**
Vessel visits	2,020	1,347	1,373	1,168	1,258	1,115

Cargo handled at the Port of Walvis Bay

	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09
Cargo landed						
Bulk and Breakbulk	306,298	270,373	368,062	494,887	497,136	537,091
Containerised	314,252	331,548	516,698	778,037	1,067,337	1,293,121
Sulphuric Acid	220,954	206,520	177,512	290,047	381,839	264,428
Petroleum landed	682,281	791,300	815,687	735,956	756,108	899,618
Total	**1,523,785**	**1,599,741**	**1,877,959**	**2,298,927**	**2,702,419**	**2,702,420**
Cargo shipped						
Bulk and Breakbulk	880,002	855,007	735,860	866,512	933,878	892,248
Containerised	187,774	248,810	265,094	290,387	317,438	327,502
Total	**1,067,776**	**1,103,817**	**1,000,954**	**1,156,899**	**1,251,316**	**1,219,750**
Cargo transhipped						
Bulk and Breakbulk	33,650	19,941	11,937	4,991	6,818	4,770
Containerised	138,236	307,859	317,141	502,314	432,183	819,274
Total	**171,886**	**327,800**	**329,078**	**507,305**	**439,001**	**824,044**
Total Cargo	**2,763,447**	**3,031,358**	**3,207,991**	**3,963,131**	**4,392,737**	**5,038,052**

Containers handled at the Port of Walvis Bay (Twenty-foot Equivalent Units)

Landed	19,665	21,312	23,720	26,295	35,669	47,550
Shipped	17,625	20,585	22,766	26,728	29,892	48,547
Transhipped	13,073	29,559	36,777	91,970	105,025	154,165
Total TEU's	**50,363**	**71,456**	**83,263**	**144,993**	**170,586**	**250,262**

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

Vessel Type						
Container	178	185	227	279	280	431
Reefer	62	41	27	30	39	45
Foreign fishing vessels	414	322	337	266	209	207
Namibian fishing vessels	188	166	148	94	86	66
Petroleum	30	38	38	38	55	56
General cargo vessels	146	130	120	162	179	188
Other	149	170	169	347	403	608
Total	**1,167**	**1,052**	**1,066**	**1,216**	**1,251**	**1,601**

Cargo handled at the Ports of Walvis Bay and Lüderitz

	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09
Cargo landed						
Bulk and Breakbulk	392,159	414,503	488,456	568,658	595,116	626,628
Containerised	314,512	331,814	517,987	781,057	1,068,899	1,294,881
Sulphuric Acid	220,954	206,520	177,512	290,047	381,839	264,428
Petroleum landed	715,129	831,298	866,640	766,450	784,625	934,950
Total	**1,642,754**	**1,784,135**	**2,050,595**	**2,406,212**	**2,830,479**	**3,120,887**
Cargo shipped						
Bulk and Breakbulk	1,037,475	990,883	810,324	995,269	990,669	918,281
Containerised	222,106	308,837	413,044	327,665	430,164	520,669
Total	**1,259,581**	**1,299,720**	**1,223,368**	**1,322,934**	**1,420,833**	**1,438,950**
Cargo transhipped						
Bulk and Breakbulk	33,879	20,041	11,982	5,021	6,847	4,770
Containerised	138,236	307,859	317,185	502,314	432,183	819,274
Total	**172,115**	**327,900**	**329,167**	**507,335**	**439,030**	**824,044**
Total cargo handled	**3,074,450**	**3,411,755**	**3,603,130**	**4,236,481**	**4,690,342**	**5,383,881**

Containers handled at the Ports of Walvis Bay and Lüderitz (Twenty-foot Equivalent Units)

Landed	21,959	24,433	29,482	28,163	42,062	54,729
Shipped	19,980	23,618	27,926	28,101	36,518	55,330
Transhipped	13,073	29,559	36,777	91,970	105,025	154,165
Total Teu's	**55,012**	**77,610**	**94,185**	**148,234**	**183,605**	**264,224**

Vessel visits Walvis Bay and Lüderitz

Number	3,187	2,399	2,439	2,384	2,509	2,716

Port Engineering

Engineering Project Categories: Growth, Statutory & Maintenance Projects Capitalized

The 2008/2009 Financial Year

Port of Walvis Bay

Projects undertaken in the category: Growth

Project Description	Project Value
Upgrades:	
Container Terminal upgrade of empty stack to full stack	6,324,032.00
Surfacing for Containers at Rubbhall farm	2,500,000.00
Port Security Fencing	3,299,728.00
Break Bulk:	
New rail siding to Break Bulk Terminal	777,796.00
Container Terminal Expansion:	
Container Terminal Expansion: Perm Surfacing in front of B-shed (phase 7)	1,705,374.00
Container Terminal Expansion: Perm Surfacing in front of B-shed (phase 8)	3,223,640.00
Port Development Expansion Projects:	
The Strategic expansion of the Walvis Bay Container Terminal:	
Prefeasibility study	60,000.00
Technical and Financial feasibility study - ongoing	11,020,231.00
Environmental impact Assessment study - ongoing	2,319,404.00
Geotechnical Investigation - ongoing	305,000.00
Geophysical Surveys - ongoing	1,450,000.00
Total:	**32,985,205.00**

Projects undertaken in the category: Maintenance

Project Description	Project Value
Expenditure on Maintenance of Fixed Infrastructure	5,292,531.00
Total:	**5,292,531.00**

Of the maintenance programme some N$ 1,6 million was allocated and spent in Namport's SME programme with 0,65 million specifically spent with Informal Contractor's on maintenance works.

Port Engineering

Engineering Project Categories:
Growth, Statutory & Maintenance Projects Capitalized

The 2008/2009 Financial Year

Port of Lüderitz

Projects undertaken in the category: Growth

Project Description	Project Value
Container Facilities	
Construction of Dry Stack Container= Terminal	3,085,499.00
Total:	**3,085,499.00**

Projects undertaken in the category: Maintenance

Project Description	Project Value
Expenditure on Fixed Infrastructure	4,347,000.00
Total:	**4,347,000.00**

Of the maintenance programme some N$ 1,3 million was allocated and spent on Namport's SME programme for maintenance works.

Namibian Ports Authority
Company Key Financial Indicators

for the year ended 31 August 2009

	12 months 2008/2009	12 months 2007/2008	12 months 2006/2007	12 months 2005/2006	12 months 2004/2005
Turnover (N$'000)	**615,819**	434,213	324,237	252,671	220,858
Operating Profit (N$'000)	**234,303**	140,165	91,992	37,418	36,638
Profit before taxation (N$'000)	**257,352**	164,658	113,062	45,638	33,520
Return on assets	**13.21%**	11%	9%	4%	3%
Return on equity	**22%**	17%	13%	6%	4%
Operating profit margin	**38%**	32%	28%	15%	17%
Total assets (N$'000)	**1,948,201**	1,517,499	1,296,725	1,135,511	1,060,495
Shareholder's interest (N$'000)	**1,167,462**	963,528	866,002	782,566	755,578
Borrowings (N$'000)	**367,534**	220,549	231,478	184,808	154,119
Debt : Equity ratio	**0.31**	0.23	0.27	0.24	0.20
Liquidity ratio	**2.07**	2.07	3.29	2.06	2.21
Debt-service ratio	**3.13**	2.05	1.97	0.63	0.59
Training as % of payroll	**2.85%**	4.14%	5.3%	4.72%	3.21%
Number of employees	**601**	576	606	592	569
Turnover per employee (N$1000)	**1,025**	754	535	427	388
Assets per employee (N$1000)	**3,241**	2,609	2,140	1,918	1,864

Company Value Added Statement

for the year ended 31 August 2009

	Notes	2009 N$'000	%	2008 N$'000	%
Wealth Created					
Revenue`		**615,819**		434,213	
Paid to suppliers of materials and services		**(162,944)**		(113,450)	
Value Added		**452,875**		320,763	
Income from investments and sale of assets		**70,913**		67,623	
Total Wealth Created		**523,788**	**100**	**388,386**	**100**
Wealth Distribution					
Salaries, wages & other employment costs	1	**148,377**	28	119,595	31
Providers of capital:					
Dividends to shareholder		**17,000**	3	15,000	4
Finance cost on borrowings		**47,859**	9	31,446	8
Government	2	**64,560**	12	53,717	14
Reinvested to maintain and develop operations:					
Depreciation		**61,076**	12	56,102	14
Retained Earnings		**184,916**	36	112,526	29
Total Wealth Distributed		**523,788**	**100**	**388,386**	**100**

Notes to Value Added Statements

1. Salaries, wages and other employment costs

	2009	2008
Salaries, overtime payments, bonuses and allowances	**127,284**	99,005
Training and study assistance	**3,489**	5,072
Employer contributions	**17,604**	15,518
	148,377	**119,595**

2. Central and local governments

	2009	2008
Normal and deferred taxation	**63,005**	52,132
Rates and taxes	**1,555**	1,585
	64,560	**53,717**

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

	2009	2008
VAT collected on revenue	**96,649**	57,321
VAT paid on purchases	**(14,701)**	(12,177)
VAT paid on imports	**(10,936)**	(800)
PAYE deducted from remuneration	**26,679**	18,350
	97,691	**62,694**

Group Annual Financial Statements

for the year ended 31 August 2009

Contents

The reports and statements set out below comprise of the Annual Financial Statements and Group Annual Financial Statements presented to the member:

Corporate Governance Statement

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

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

Board Of Directors

The Authority is managed by a board of directors which has overall responsibility and accountability for the affairs and performance of the Authority. The Board gives strategic direction and monitors Executive Management closely in implementing Board Strategies and Plans.

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

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

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

Executive Management

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 Chief Executive Officer is assisted in his executive management responsibilities by members of the Executive Committee of Management.

Secretary Of The Board

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

Board Committees

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

The Board is well informed about proceedings of Board Committees by reports from the Chairpersons of the Committees tabled at each board meeting.

Audit Committee

The Audit Committee is responsible for independently reviewing, on behalf of the board, the Authority's framework of control and its internal and external audit processes. The Audit Committee comprises three members who are all independent non-executive directors and the Executive Director. The members of the Audit Committee are Ms M Nakale (Chairperson), Capt M J van der Meer and Mr J Mutumba.

The chairperson of the Committee is an independent non-executive Director and is not the chairperson of the Board. Both the internal and external auditors have unrestricted access to the Audit Committee which ensures that their independence is in no way impaired.

Three meetings of the Audit Committee are planned to take place annually and representatives of the internal and external auditors, the Group Executive : Finance and the Executive : SHREQ attend the meetings.

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

Risk Committee

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

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

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board regarding the determination of the remuneration of Directors, Executive and Senior Management. The Remuneration Committee comprises three non-executive directors and the chairperson of the Committee is an independent non-executive director. The members of the Remuneration Committee are Mr A Kanime (Chairperson), Ms Ruusa Shipiki-Kapolo and Capt M J van der Meer. The committee is scheduled to meet twice per annum.

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

Internal Control Systems

The Authority maintains systems of internal control over financial reporting and safeguarding of assets against unauthorised acquisition, use or disposition, which are designed to provide reasonable assurance to the Authority's management and board regarding the preparation of reliable published financial statements and the safeguarding of the Authority's assets. The system includes a documented organization structure and division of responsibility, established policies and procedures, which are communicated throughout the Authority and the proper training and the development of its personnel. Internal auditors were appointed to monitor the operation of the internal control systems and report findings and recommendations to Management and the Board.

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

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

The Authority maintains its internal control system on a continuous basis to ensure effective internal control over financial reporting. The Authority believes that for the period ended 31 August 2009, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, was adequate.

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

Code Of Ethics

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

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

The agenda of each meeting of the Board and its Committees, Executive Committee and Tender Committee provides for attendees to disclose interests in any matters which will be discussed at the meeting.

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

Induction

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

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

Directors Report

The Directors hereby present their annual report, which forms part of the audited financial statements of the Authority and the Group for the year ended 31 August 2009.

Nature of business

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

Ownership of company

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

Financial results

The financial results are set out in the financial statements.

Ownership of Land

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

Auditors

Grand Namibia has been appointed as external auditors, in accordance with guidelines agreed with the Auditor-General, for a period of three financial years terminating with the 2009 financial year. Tenders have been invited for the provision of external auditing services for the ensuing three financial years and the tender will be awarded at the November 2009 board meeting.

PricewaterhouseCoopers provides independent internal audit services to the Authority and their period of office terminates on 31 December 2009. A Chief Internal Auditor has been appointed and that position will be responsible for oversight of the internal audit function at the Authority.

Directors

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

Name	Period of Office
Capt M J van der Meer	15 July 2008 to 14 July 2011
Ms R Shipiki-Kapolo	15 July 2008 to 14 July 2011
Mr A Kanime	15 July 2008 to 14 July 2011
Mr J Mutumba	15 July 2008 to 14 July 2011
Ms M Nakale	15 July 2008 to 14 July 2011

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

Nine meetings of the Board of Directors took place during the past financial year. In addition the Members of the Board met for the following purposes :

- Interviews and appointment of the Chief Executive Officer
- Interviews and appointment : Human Resources Executive
- Interviews and appointment : Executive : Marketing and Strategic Business Development
- Strategic and Governance Workshops, including Director Development

Name	Schedule / Ordinary Meetings	Meetings re Executive Positions Interviews and appointment	Strategic Governance workshops (including director development)
Number of meetings	9	13	3
MJ van der Meer	8	10	3
A Kanime	8	13	3
R Shipiki-Kapolo	8	12	3
J Mutumba	9	13	2
M Nakale	8	13	3

Directors and Key Management Remuneration per annum

Non-executive Directors	**N$ 1,062,000**	(2008: N$ 540,973.54)
Executive Management	**N$ 6,717,014.26**	(2008: N$ 6,121,434.52)

Changes in accounting policies

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

Board Committees

- **Audit committee**

  Four meetings of the standing Audit Committee took place during the past financial year, with one meeting comprising interviews for the position of Chief Internal Auditor, as follows:

Name	No of Meetings
M Nakale (Chairperson)	4
M van der Meer	3
J Mutumba	4

- **Risk committee**

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

Name	Designation	No of Meetings
R Visagie	Executive SHREQ	2
JL van der Merwe	Group Executive Finance	2
K van Heerden	Group Company Secretary	2
M Polster	Manager Cargo Services	2
Various	Union Representative	0

- **Remuneration committee**

  Two meetings of the Remuneration Committee took place during the past financial year with attendance as follows:

Name	No of Meetings
A. Kanime (Chairperson)	2
M van der Meer	2
R Shipiki-Kapolo	1

Secretary and Registered Office

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

Subsidiary Companies

The following are subsidiary companies of the Namibian Ports Authority :

Elgin Brown & Hamer Namibia (Pty) Ltd : 52.5%

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

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

There are seven members of the Board of Directors of the company, of which B Uirab, J L van der Merwe, F Shimuafeni and W Feris represent the Authority.

Namport Property Holdings (Pty) Ltd : 100%

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

The main objective 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.

One member of management serves ex-officio as a director on the Board of Directors of the company, namely J L van der Merwe.

Lüderitz Boatyard (Pty) Ltd : 100%

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

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

Strategic Planning

The Authority has a Strategic and Business Plan which is reviewed annually by the Board and Management.

Performance

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

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

Risk Management

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

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

Judicial Proceedings

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

- Ardea Investments (Pty) Ltd instituted action against the Namibian Ports Authority claiming N$5,346,000 relating to loss of bags of cement. The Authority is defending this action.

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

Statement of Responsibility by the Board of Directors

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Namibian Ports Authority and Group Annual Financial Statements . The financial statements, presented on pages 31 to page 64 have been prepared in accordance with and comply with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") and include amounts based on judgments and estimates made by Management. The Directors also prepared the other information included in the Annual Report and are responsible for both its accuracy and its consistency with the Financial Statements.

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

The Financial Statements have been audited by the independent auditing firm, Grand Namibia, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. The Directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The audit report of Grand Namibia is presented on page 30.

The Financial Statements and Group Annual Financial Statements were approved by the Board of Directors on 7 November 2009 and are signed on its behalf by:

Capt. M J van der Meer
Chairman

M. Nakale
Director & Chairperson of the Standing Audit Committee

Report of the Auditor-General

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

I therefore report that the abovementioned audit of the Annual Financial Statements for the year ended 31 August 2009 has been carried out to my satisfaction.

Junias Etuna Kandjeke
Auditor General

Report of the Independent Auditors to the member of the Namibian Ports Authority

We have audited the accompanying financial statements of the Namibian Ports Authority and Group Annual Financial Statements , which comprise the Directors' Report, balance sheet as at 31 August 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors Responsibility for the Financial Statements

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

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 2009, 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

07 November 2009

Grand Namibia
Chartered Accountants (Namibia)
Registered Accountants & Auditors

Balance Sheet

as at 31 August 2009

	Notes	Group 2009 N$'000	Group 2008 N$'000	Company 2009 N$'000	Company 2008 N$'000
Assets					
Non-current assets					
Property, plant and equipment	3	**1,045,135**	878,717	**852,033**	721,934
Intangible Assets	4	**4,255**	3,441	**4,255**	3,441
Investments	5	**532,755**	392,246	**532,755**	392,247
Investments in Subsidiaries	6	**-**	-	**3,152**	3,152
Loan to Subsidiaries	7	**-**	-	**1,828**	1,691
Operating lease asset	8	**26,143**	-	**26,143**	-
Other financial assets	9	**9,602**	12,581	**9,602**	12,581
Channel levy Fund Investment		**9,763**	7,519	**9,763**	7,519
Deferred tax assets	19	**39,381**	36,303	**659**	-
		1,667,034	**1,330,807**	**1,440,190**	**1,142,565**
Current assets					
Inventories	10	**137,548**	38,581	**880**	1,605
Trade and other receivables	11	**149,828**	142,820	**66,418**	82,439
Operating lease asset	8	**802**	-	**802**	-
Other financial assets	9	**1,935**	1,936	**1,935**	1,936
Cash and cash equivalents	12	**438,429**	289,761	**437,976**	288,954
		728,542	473,098	**508,011**	374,934
Total assets		**2,395,576**	**1,803,905**	**1,948,201**	**1,517,499**
Equity and Liabilities					
Capital and reserves					
Capital account	13	**50,344**	50,344	**50,344**	50,344
Revaluation and other reserves	14	**36,018**	-	**36,018**	-
Retained earnings		**1,116,245**	914,314	**1,081,100**	913,184
Shareholders' interest		**1,202,607**	964,658	**1,167,462**	963,528
Minority interest		**37,295**	5,780	**-**	-
Total capital and reserves		**1,239,902**	**970,438**	**1,167,462**	**963,528**
Non-current liabilities					
Long-term borrowings	15	**512,809**	390,359	**367,534**	235,066
Special purpose funds	16	**13,054**	10,664	**13,054**	10,664
Deferred Income	17	**11,681**	-	**11,681**	-
Severance pay provision	18	**3,987**	-	**1,882**	-
Loan from shareholder		**3,228**	3,228	**-**	-
Operating lease liability	8	**2,735**	2,211	**-**	-
Deferred tax liabilities	19	**304,499**	193,968	**226,654**	154,345
		851,993	**600,430**	**620,805**	**400,075**
Current liabilities					
Trade and other payables	20	**172,475**	138,448	**46,561**	77,903
Short-term portion of long-term borrowings	15	**58,909**	39,042	**49,111**	36,084
Special purpose funds	16	**3,435**	3,344	**3,435**	3,344
Provisions	21	**37,684**	20,994	**37,684**	20,994
Current tax liabilities	22	**23,143**	15,571	**23,143**	15,571
Bank overdraft	12	**8,035**	15,638	**-**	-
		303,681	233,037	**159,934**	153,896
Total liabilities		**1,155,674**	833,467	**780,739**	553,971
Total equity and liabilities		**2,395,576**	**1,803,905**	**1,948,201**	**1,517,499**

Income Statement

for the year ended 31 August 2009

		Group		Company	
		2009	2008	**2009**	2008
	Notes	**N$'000**	N$'000	**N$'000**	N$'000
Revenue	23	**1,138,144**	681,101	**615,819**	434,213
Other Income		**9,466**	9,371	**6,056**	4,467
		1,147,610	690,472	**621,875**	438,680
Staff cost		**(303,640)**	(204,850)	**(156,863)**	(130,075)
Variable operational costs		**(225,110)**	(142,671)	**(34,303)**	(25,026)
Direct overhead costs		**(17,948)**	(15,320)	**(4,408)**	(4,324)
Indirect overhead costs		**(131,485)**	(81,673)	**(90,581)**	(67,128)
Depreciation and impairment charges		**(82,097)**	(59,763)	**(77,766)**	(56,102)
Maintenance		**(34,155)**	(24,223)	**(23,651)**	(15,860)
Operating Profit	24	**353,175**	161,972	**234,303**	140,165
Investment revenue	25	**71,298**	67,672	**70,908**	67,613
Finance costs	26	**(65,788)**	(55,065)	**(47,859)**	(43,120)
Profit Before Tax		**358,685**	174,579	**257,352**	164,658
Taxation	27	**(108,239)**	(55,579)	**(72,436)**	(52,132)
Profit for the year		**250,446**	**119,000**	**184,916**	**112,526**
Attributable to:					
Minority interest		**(31,515)**	(3,040)		
Equity holders of the parent		**218,931**	**115,960**		

Statements of Changes in Equity

for the year ended 31 August 2009

Group

	Capital N$ 000	Revaluation Reserve N$'000	Retained Earnings N$'000	Minority Interest N$'000	Total N$'000
Balance 1 September 2007	50,344	-	813,494	2,740	866,578
Dividend paid	-	-	(15,000)	-	(15,000)
Net profit for the year	-	-	115,960	3,040	119,000
Subsidiary acquired	-	-	(140)	-	(140)
Balance as at 31 August 2008	**50,344**	**-**	**914,314**	**5,780**	**970,438**
Balance 1 September 2008	50,344	-	914,314	5,780	970,438
Revaluation of property, plant and equipment	-	36,018	-	-	36,018
Dividend paid	-	-	(17,000)		(17,000)
Net profit for the year	-	-	218,931	31,515	250,446
Balance as at 31 August 2009	**50,344**	**36,018**	**1,116,245**	**37,295**	**1,239,902**

Company

	Capital N$'000	Revaluation Reserve N$'000	Retained Earnings N$'000	Total N$'000
Balance 1 September 2007	50,344	-	815,658	866,002
Dividend paid	-	-	(15,000)	(15,000)
Net profit for the year	-	-	112,526	112,526
Balance as at 31 August 2008	**50,344**	**-**	**913,184**	**963,528**
Balance 1 September 2008		-	913,184	963,528
Revaluation of property, plant and equipment	50,344	36,018	-	36,018
Dividend paid	-	-	(17,000)	(17,000)
Net profit for the year	-	-	184,916	184,916
Balance as at 31 August 2009	**50,344**	**36,018**	**1,081,100**	**1,167,462**

Cash flow statements

for the year ended 31 August 2009

	Notes	Group 2009 N$'000	Group 2008 N$'000	Company 2009 N$'000	Company 2008 N$'000
Cash flows from operating activities					
Cash receipts from customers		**1,095,948**	579,948	**592,718**	437,950
Cash paid to suppliers and employees		**(756,051)**	(394,225)	**(321,301)**	(251,048)
Cash generated by operations	28	**339,897**	185,723	**271,417**	186,902
Interest received		**71,298**	67,672	**70,908**	67,613
Interest paid		**(65,788)**	(55,065)	**(47,859)**	(31,446)
Tax paid		**(12,609)**	(680)	**(12,609)**	(680)
Net cash flow from operating activities		**332,798**	**197,650**	**281,857**	**222,389**
Cash flows from investment activities					
Additions to property, plant and equipment		(192,665)	(132,200)	(152,014)	(50,329)
Additions to intangible assets		**(1,807)**	(3,560)	**(1,807)**	(3,560)
Additions to investments		**(200,000)**	(116,300)	**(200,000)**	(116,300)
Additions to channel levy fund investment		**(2,244)**	(2,158)	**(2,244)**	(2,158)
Proceeds from disposal of property, plant and equipment		**6**	10	**5**	10
Proceeds from maturing investments		**77,725**	19,561	**77,725**	19,561
Reclassified from investments		**-**	55,209	**-**	55,209
Loan extended to subsidiary		**-**	-	**(137)**	(357)
Net cash outflow from investing activities		**(318,985)**	**(179,438)**	**(278,472)**	**(97,924)**
Cash flows from financing activities					
Proceeds from long-term borrowings		**203,580**	111,143	**175,531**	10,958
Repayment of long-term borrowings		**(58,284)**	(29,336)	**(27,056)**	(25,149)
Increase in special purpose funds		**2,481**	2,158	**2,481**	2,158
Increase in deferred income		**11,681**	-	**11,681**	-
Dividends paid		**(17,000)**	(15,000)	**(17,000)**	(15,000)
Net cash (outflow)/inflow from financing activities		**142,458**	**68,965**	**145,637**	**(27,033)**
Net increase in cash and cash equivalents		**156,271**	87,177	**149,022**	97,432
Cash and cash equivalents at the beginning of year		**274,123**	186,946	**288,954**	191,522
Cash and cash equivalents at the end of year	12	**430,394**	**274,123**	**437,976**	**288,954**

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 Directors on 7 November 2009.

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

Basis of consolidation

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

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

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.

1.01 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:

a) Trade receivables and Loans and receivables

The group assesses its trade receivables, loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, 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 , 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 balance sheet date could be impacted.

c) Asset lives

Property, plant and equipment are depreciated over its useful life taking 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 balance sheet 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 balance sheet 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 balance sheet date.

The carrying value less impairment provision of trade receivables and payables 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 21: 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 long-term nature of these plans, such estimates are subject to significant uncertainty.

1.02 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 valuators at regular intervals to ensure that the carrying amount of the asset does not differ materially from the fair value at balance sheet date.

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

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

Depreciation

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 – 10 years**
Floating craft	**4 - 15 years**
Furniture & Office Equipment	**3 – 10 years**
Computer Equipment	**3 – 5 years**
Motor Vehicles	**2 – 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 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.

1.03 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.

1.04 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.

1.05 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 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.

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 balance sheet 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 balance sheet 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

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.

Derivatives

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 balance sheet 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 balance sheet 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

The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);
- the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, 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;
- the fair values of various derivative instruments used for hedging purposes are disclosed in note 6;
- 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 income statement, 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 income statement within 'other income'.

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

1.06 Tax

Income taxation on the profit or loss for the period comprises current and deferred taxation. Income taxation is recognised in the income statement 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 balance sheet date.

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

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

1.07 Leases

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

Finance leases – lessee
Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value on the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term.

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

1.08 Inventories

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

1.09 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 balance sheet 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.

1.10 Impairment of non-financial assets

The Group assesses at each balance sheet 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.

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

1.11 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 recognised, in profit and loss, when the Group's right to receive payment has been established.

1.12 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 income statement over the expected useful life of the relevant asset on a straight-line basis.

1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 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 Namibian Dollars.

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

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

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

1.15 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.

1.16 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 balance sheet date.

2.00 New Standards, Amendments and Interpretations

2.1 Standards, Amendments and Interpretations

Effective for the year ended 31 August 2009:

- IFRIC 12, Service Concession Arrangements (effective from 1 January 2008);
- IFRIC 14, IAS 19, IAS 19 - The Limitation on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2008);
- IFRIC 13, Customer Loyalty Programmes (effective from 1 July 2008).

Management assessed the relevance of these amendments and interpretations with respect to the operations of the Group and concluded that they are not relevant.

2.2 Standards, Amendments and Interpretations not yet effective:

Standards, amendments and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 September 2009 or later periods. None of these standards, amendments or interpretations has been early adopted. The Group will assess the relevance thereof with respect to its operations.

- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective from 1 October 2008);
- IAS 1 (Revised), Presentation of Financial Statements (effective from 1 January 2009);
- IAS 23 (Revised), Borrowing Costs (effective from 1 January 2009);
- IFRS 8, Operating segments (effective from 1 January 2009);
- IFRIC 15, Agreements for the Construction of Real Estates (effective from 1 January 2009);
- IFRS 2: Amendment: IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations (effective from 1 January 2009);
- IAS 32 and IAS 1 Financial Instruments: Presentation and Presentation of Financial Statements Amendment: Puttable Financial Instruments and obligations Arising on Liquidation (effective from 1 January 2009);
- IFRS 1 and IAS 27: IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27: Consolidated and Separate Financial Statements: Amendment for determining cost of investment in the separate financial statements on first time adoption (effective from 1 January 2009);
- IFRS 3 (Revised), Business Combinations (effective from 1 July 2009);
- IAS 27 (Amended), Consolidated and Separate Financial Statements (effective from 1 July 2009);
- IAS 28, Investments in Associates: Amendments due to IAS 27 (Amended), Consolidated and Separate Financial Statements (effective from 1 July 2009);
- IAS 31, Interests in Joint Ventures, Amendments due to IAS 27 (Amended), Consolidated and Separate Financial Statements (effective from 1 July 2009);
- IAS 39, Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items (effective from 1 July 2009);
- IAS 39 and IFRS 7, Amendment to IAS 39 and IFRS 7: Reclassification of Financial Assets (effective from 1 July 2009).

Notes to the financial statements

3. Property, Plant & Equipment

Group	Land, Structures, and 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
Year ended 31 August 2009						
Opening carrying value	584,711	74,033	114,282	18,953	86,738	878,717
Revaluation	-	27,573	27,840	-	-	55,413
Additions	4,923	1,502	4,078	1,951	180,211	192,665
Impairment	-	(214)	(16,533)	-	-	(16,747)
Disposals	-	-	(556)	-	-	(556)
Transfer	5,763	63,042	124,678	10,117	(203,600)	-
Depreciation	(37,551)	(3,633)	(22,199)	(974)	-	(64,357)
Closing carrying value	**557,846**	**162,303**	**231,590**	**30,047**	**63,349**	**1,045,135**
Cost or valuation	903,718	238,149	395,987	32,512	63,349	1,633,715
Accumulated depreciation	(345,872)	(75,846)	(164,397)	(2,465)	-	(588,580)
Carrying value	**557,846**	**162,303**	**231,590**	**30,047.00**	**63,349**	**1,045,135**
Year ended 31 August 2008						
Opening carrying value	598,596	78,336	106,534	18,478	4,351	806,295
Reclassify	-	-	-	-	-	-
Additions	3 781	578	978	84	126,779	132,200
Disposals	-	-	(134)	-	-	(134)
Transfer	19,426	4	23,884	1,078	(44 392)	-
Depreciation	(37,092)	(4,885)	(16,980)	(687)	-	(59,644)
Closing carrying value	**584,711**	**74,033**	**114,282**	**18,953**	**86,738**	**878,717**
Cost or valuation	893,035	143,992	262,733	21,319	86,738	1,407,817
Accumulated depreciation	(308,324)	(69,959)	148,451)	(2,366)	-	(529,100)
Carrying value	**584,711**	**74,033**	**114,282**	**18,953**	**86,738**	**878,717**

	Group	
	2009	2008
	N$'000	N$'000
Carrying value of assets pledged as security:		
Vehicles, machinery, equipment and furniture - installment sales	**117,362**	43,608
Ship mortgage over the floating docks	**108,740**	46,632

3. Property, Plant & Equipment (Continued)

Company	Land, structures, and 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
Year ended 31 August 2009						
Opening carrying value	571,474	29,441	109,498	-	11,521	721,934
Revaluation	-	27,573	27,840	-	-	55,413
Additions	228	48	1,521	-	150,217	152,014
Impairment	-	(214)	(16,477)	-	-	(16,691)
Disposals	-	-	(555)	-	-	(555)
Transfer	5,208	301	122,874	-	(128,383)	-
Depreciation	(35,655)	(3,587)	(20,840)	-	-	(60,082)
Closing carrying value	**541,255**	**53,562**	**223,861**	**-**	**33,355**	**852,033**
Cost or valuation	882,191	124,471	385,453	695	33,355	1,426,165
Accumulated depreciation	(340,936)	(70,909)	(161,592)	(695)	-	(574,132)
Carrying value	**541,255**	**53,562**	**223,861**	**-**	**33,355**	**852,033**
Year ended 31 August 2008						
Opening carrying value	588,022	32,892	103,535	-	3,273	727,722
Reclassify	-	-	-	-	-	-
Additions	16	270	2,041	-	48,002	50,329
Disposals	-	-	(134)	-	-	(134)
Transfer	19,426	4	20,324	-	(39,754)	-
Depreciation	(35,990)	(3,725)	(16,268)	-	-	(55,983)
Closing carrying value	**571,474**	**29,441**	**109,498**	**-**	**11,521**	**721,934**
Cost or valuation	876,756	96,549	256,561	1,570	11,521	1,242,957
Accumulated depreciation	(305,282)	(67,108)	(147,063)	(1,570)	-	(521,023)
Carrying value	**571,474**	**29,441**	**109,498**	**-**	**11,521**	**721,934**

Floating craft and port machinery and equipment were revalued in July 2009 by CB Richard Ellis, qualified property, plant and machinery valuers, 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.

	Company	
	2009	2008
	N$ 000	N$ 000
Carrying value of assets pledged as security - installment sales agreements:		
Vehicles, machinery, equipment and furniture	**116,807**	41,455

4. Intangible Assets

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Computer software				
Cost	**5,367**	3,560	**5,367**	3,560
Accumulated depreciation	**(1,112)**	(119)	**(1,112)**	(119)
	4,255	**3,441**	**4,255**	**3,441**
Opening carrying value	**3,441**	-	**3,441**	-
Additions	**1,807**	3,560	**1,807**	3,560
Amortisation	**(993)**	(119)	**(993)**	(119)
Closing carrying value	**4,255**	**3,441**	**4,255**	**3,441**

5. Investments

At fair value through profit and loss designated:				
Endowment assurance policies	**532,755**	**392,247**	**532,755**	**392,247**

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.

6. Investments in subsidiaries

	Group		Company	
	% Holding	% Holding	**2009**	2008
	2009	2008	**N$'000**	N$'000
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 net of impairment losses.

7. Loans to subsidiaries

Elgin Brown & Hamer Namibia (Pty) Ltd.	**640**	640
Namport Property Holdings (Pty) Ltd.	**2**	-
Lüderitz Boatyard (Pty) Ltd.	**1,186**	1,051
	1,828	**1,691**

These loans are interest free and have no fixed terms of repayment.

8. Operating lease asset / (liability)

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Non-current assets	**26,143**	-	**26,143**	-
Current assets	**802**	-	**802**	-
Non-current liability	**(2,735)**	(2,211)	**-**	-
	24,210	**(2,211)**	**26,945**	**-**

Operating lease asset / (liability) resulted from the straight lining of lease receivables / payables and is not discounted.

9. Other financial asset

Swap agreement EIB loan	**11,203**	14,195	**11,203**	14,195
Swap agreement Danida loan	**334**	322	**334**	322
	11,537	**14,517**	**11,537**	**14,517**
Non-current assets	**9,602**	12,581	**9,602**	12,581
Current assets	**1,935**	1,936	**1,935**	1,936
	11,537	**14,517**	**11,537**	**14,517**

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date. The fair value of the forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

10. Inventories

Work in progress	**132,090**	36,014	**-**	-
Consumable stores	**5,458**	2,567	**880**	1,605
	137,548	**38,581**	**880**	**1,605**

11. Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Trade debtors	**136,783**	125,282	**69,453**	82,690
Provision for impairment for trade debtors	**(6,104)**	(2,328)	**(4,510)**	(1,693)
	130,679	122,954	**64,943**	80,997
Prepayments	**1,069**	936	**128**	91
Staff loans	**100**	97	**100**	97
Sundry receivables	**17,980**	18,833	**1,247**	1,254
	149,828	**142,820**	**66,418**	**82,439**
Trade and other receivables past due but not impaired				
The ageing of amounts past due but not impaired is as follows:				
31 - 60 days past due	**19,618**	33,994	**4,491**	19,866
61 to 90 days past due	**3,269**	4,210	**1,086**	698
More than 91 days past due	**24,895**	4,911	**303**	1,676
	47,782	**43,115**	**5,880**	**22,240**
Reconciliation of provision for impairment for trade debtors:				
Opening balance	**2,328**	1,693	**1,693**	2,317
Reversal of impairment	**-**	(624)	**-**	(624)
Provision for impairment	**3,776**	1,259	**2,817**	-
	6,104	**2,328**	**4,510**	**1,693**

12. Cash and cash equivalents

Cash on hand	**144**	49	**43**	42
Bank balances	**3,316**	3,016	**2,964**	2,216
Short-term deposits	**434,969**	286,696	**434,969**	286,696
Bank overdraft	**(8,035)**	(15,638)	**-**	-
	430,394	**274,123**	**437,976**	**288,954**
Disclosed as:				
Current assets	**438,429**	289,761	**437,976**	288,954
Current liabilities	**(8,035)**	(15,638)	**-**	-

13. Capital account

Reflects net value at which assets were transferred from the shareholder in 1994	**50,344**	50,344	**50,344**	50,344

14. Revaluation reserve

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Opening balance	**-**	-	**-**	-
Revaluation of property, plant and equipment	**55,413**	-	**55,413**	-
Deferred tax	**(19,395)**	-	**(19,395)**	-
	36,018	-	**36,018**	-

15. Long-term borrowings

	Group 2009	Group 2008	Company 2009	Company 2008
	512,809	390,359	**367,534**	235,066
Balance at beginning of the year	**429,401**	333,076	**271,150**	259,149
Raised	**116,908**	91,192	**88,858**	2,681
Repaid	**(58,284)**	(29,336)	**(27,056)**	(25,149)
Interest capitalised	**2,993**	11,674	**2,993**	11,674
Finance lease	**83,679**	8,277	**83,679**	8,277
Adjustment for swap agreements	**(2,979)**	14,518	**(2,979)**	14,518
Current portion of long-term borrowing due within one year transferred to short-term borrowings	**(58,909)**	(39,042)	**(49,111)**	(36,084)
Capitalised finance leases	**119,053**	40,667	**118,521**	38,560
Other long-term loans	**452,665**	388,734	**298,124**	232,590
Total borrowings	**571,718**	**429,401**	**416,645**	**271,150**
Current portion of long-term borrowing due within one year transferred to short-term borrowings	**(58,909)**	(39,042)	**(49,111)**	(36,084)
Total long-term borrowings	**512,809**	**390,359**	**367,534**	**235,066**
Liabilities under installment sales agreements with Wesbank repayable over 5 years in bi-annual installments at interest rates of prime less 2.75% per annum.	**4,311**	6,168	**4,311**	6,168
Liabilities under installment sales agreements with Wesbank repayable over 5 years in bi-annual installments at a fixed interest rate of 11.49% per annum.	**18,541**	23,437	**18,541**	23,437
Liabilities under two installment sales agreements with Development Bank of Namibia repayable over 5 years in bi-annual installments at a fixed interest rate of 11.20% per annum.	**51,309**	8,955	**51,309**	8,955
Liabilities under installment sales agreements with Wesbank repayable over 5 years in bi-annual installments at an interest rate of prime less 2.5% per annum.	**21,051**	-	**21,051**	-
Liabilities under installments sale agreements with Veritas Capital repayable over 5 years in bi-annual installments at an interest rate of prime less 3.75% fully repayable on 31 August 2014.	**23,309**	-	**23,309**	-

15. Long-term borrowings (Continued)

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
KfW Government to Government loan on-lended to the Authority. The loan is unsecured and bears interest at 10% per annum payable bi-annually in arrears. Repayable in 36 equal bi-annual installments.	**16,804**	18,671	**16,804**	18,671
Foreign loan by the European Investment Bank (EIB), secured by government guarantee, bearing interest at the greatest of 3% per annum or the interest rate applicable to comparative loans made by the lender, subsidised by 3.84%. Currently the loan bears interest at 3% per annum. Repayment will be in 30 bi-annual installments in arrear and commenced on 15 April 2002. The total foreign facility was swapped to a South African financial institution on a Rand basis. The same terms and conditions set out in the foreign agreement apply to this swap agreement.	**56,804**	65,139	**56,804**	65,139
Soft loan by DANIDA, swapped to local financial institution secured by cession of endowment policies. The loan is bearing interest at 8% and is repayable in twenty bi-annual installments that commenced on 29 September 2000.	**1,951**	3,555	**1,951**	3,555
Pointbreak loan bearing interest at 12.48% with the accrued interest payable three monthly. The full loan is repayable on 31 August 2012.	**57,618**	51,982	**57,618**	51,982
Pointbreak loan bearing interest at 10.95% with the accrued interest payable three monthly.	**38,539**	34,570	**38,539**	34,570
A Pointbreak interest bearing loan which has been set-off against a redeemable preference share investment with a market value of N$107,511,166. The loan bears interest at a fixed effective rate of 15.50% per annum and is repayable on 2 May 2011.	**1,808**	2,491	**1,808**	2,491
A Pointbreak unsecured interest bearing loan which bears interest at a floating rate of 65% of the Namibian prime rate, which at year end was equivalent to an effective rate of 7.74% per annum. The loan is repayable in two semi-annual installments of N$5,393,173 with the final repayment on 31 March 2010.	**10,956**	22,022	**10,956**	22,022

15. Long-term borrowings (Continued)

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Pointbreak loan bearing interest at 11.25% with the accrued interest payable three monthly. The full loan is repayable on 31 August 2014.	**80,000**	-	**80,000**	-
A thirteen-month Evergreen overdraft facility with Nedbank of Namibia Ltd. The loan is bearing interest at 78% of the current Nedbank Namibia Ltd prime rate. Next review date is in April 2010.	**16,662**	18,734	**16,662**	18,734
A two-tier finance agreement with Veritas Kapital Limited. Loan 1 bears interest at the prime rate minus 5%, whilst Loan 2 bears interest at the prime rate minus 2.55%.	**16,982**	15,426	**16,982**	15,426
Bank Windhoek loan bearing interest at prime less 2.9% per annum repayable in monthly installments of N$ 684 898. This loan is secured as detailed in note 30.	**54,538**	26,488	**-**	-
Bank Windhoek loan bearing interest at prime less 2.6% per annum repayable in monthly installments of N$ 1 261 384. This loan is secured as detailed in note 30.	**100,003**	129,656	**-**	-
Liabilities under installment sales agreements with repayable over 60 months at an effective interest rate of prime less 2% per annum.	**532**	2,107	**-**	-
Total borrowings	**571,718**	**429,401**	**416,645**	**271,150**

16. Special purpose funds

Channel levy Fund	**9,763**	7,519	**9,763**	7,519
Navigational Aids Fund	**3,291**	3,145	**3,291**	3,145
Namport Social Investment Fund	**1,701**	2,199	**1,701**	2,199
Namport Solidarity Fund	**113**	58	**113**	58
Namport Employees Savings Plan	**1,621**	1,087	**1,621**	1,087
	16,489	**14,008**	**16,489**	**14,008**
Disclosed under:				
Non-current liabilities	**13,054**	10,664	**13,054**	10,664
Current liabilities	**3,435**	3,344	**3,435**	3,344
	16,489	**14,008**	**16,489**	**14,008**

The Group manage and administer these funds on behalf of third parties. Utilisation of available resources are restricted in terms of the rules of such Funds.

17. Deferred income

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Capital grant:				
Japanese Government	**11,681**	-	**11,681**	-

Capital grant consists of the fair value of professional services rendered by a Japanese Government Agency towards the Port expansion project.

18. Severance pay provision

Present value of the defined benefit obligation	**3,987**	-	**1,882**	-
Movement for the year:				
Opening balance	**-**	-	**-**	-
Net amount recognised in the income statement	**3,987**	-	**1,882**	-
	3,987	-	**1,882**	-
Net amount recognised in the income statement				
Current service cost	**96**	-	**96**	-
Past service cost	**3,781**	-	**1,676**	-
Interest cost	**170**	-	**170**	-
Actuarial (gains) losses	**(60)**	-	**(60)**	-
	3,987	-	**1,882**	-
Key assumptions used:				
Investment return	**10.02%**	-	**10.02%**	-
Salary inflation rate	**8.52%**	-	**8.52%**	-

The severance pay liability arises as a result of the new definition of severance pay introduced in the Namibian labour Act. The valuation has been carried out using the Projected Unit Credit Method as required by IAS 19. For all employees as at 31 August 2009, the past service liability is determined as the present value of their expected future severance pay benefit based on service up to 31 August 2009. This liability is expected to increase over the next year by the service cost and the interest cost.

19. Deferred tax

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Balances at beginning of the year	**157,665**	120,052	**154,345**	120,178
Increase in tax losses available for set off	**(2,940)**	(14,983)	**-**	-
Revaluation of property, plant and equipment	**19,395**	-	**19,395**	-
Net taxable temporary differences	**90,998**	52,596	**52,255**	34,167
Balances at the year end	**265,118**	**157,665**	**225,995**	**154,345**
Comprising of liabilities / (assets):				
Work in progress and consumables	**48,142**	18,022	**308**	562
Endowment investments	**171,420**	132,831	**171,420**	132,831
Operating lease asset / (liability)	**8,474**	(774)	**9,431**	-
Capital allowances	**56,738**	42,715	**26,100**	20,952
Revaluation of property, plant and equipment	**19,395**	-	**19,395**	-
Provisions	**(5,596)**	(4,685)	**(659)**	-
Prepayments	**330**	296	**-**	-
Foreign exchange contracts fair value adjustments	**-**	104	**-**	-
Tax loss	**(33,785)**	(30,844)	**-**	-
	265,118	**157,665**	**225,995**	**154,345**
Disclosed as:				
Deferred tax assets	**(39,381)**	(36,303)	**(659)**	
Deferred tax liabilities	**304,499**	193,194	**226,654**	154,345
	265,118	156,891	**225,995**	154,345

20. Trade and other payables

	Group 2009	Group 2008	Company 2009	Company 2008
Trade payables	**67,501**	63,274	**25,090**	19,484
Other payables	**104,974**	75,174	**21,471**	58,419
Sundry accruals	**91,157**	63,135	**7,654**	46,380
Receiver of Revenue - VAT	**13,491**	11,180	**13,491**	11,180
Outstanding cheques	**326**	859	**326**	859
	172,475	**138,448**	**46,561**	**77,903**

21. Provisions

Group	Opening Balance	Additions	Utilised	Reversals	Closing Balance
31 August 2009					
Provision for leave pay	6,324	1,000	-	-	7,324
Provision for bonuses	9,794	13,711	(9,794)	-	13,711
Provision for customer rebates	4,876	16,649	(4,876)	-	16,649
	20,994	**31,360**	**(14,670)**	**-**	**37,684**
31 August 2008					
Provision for leave pay	5,635	689	-	-	6,324
Provision for bonuses	7,493	9,794	(7,493)	-	9,794
Provision for customer rebates	-	4,876	-	-	4,876
	13,128	**15,359**	**(7,493)**	**-**	**20,994**

Company					
31 August 2009	6,324	1,000	-	-	7,324
Provision for leave pay	9,794	13,711	(9,794)	-	13,711
Provision for bonuses	4,876	16,649	(4,876)	-	16,649
Provision for customer rebates	**20,994**	**31,360**	**(14,670)**	**-**	**37,684**
31 August 2008	5,635	689	-	-	6,324
Provision for leave pay	7,493	9,794	(7,493)	-	9,794
Provision for bonuses	-	4,876	-	-	4,876
Provision for customer rebates	**13,128**	**15,359**	**(7,493)**	**-**	**20,994**

Various assumptions are applied in arriving at the carrying value of provisions that are recognised in terms of requirements of IAS 37: Provisions, Contingent Liabilities and Contingent assets.

Leave pay

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' basic salary.

Bonuses

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.

Customer rebates

Provision for rebates to customers based on cargo and container handling volumes exceeded per agreements between customers and the Authority.

22. Current tax liabilities

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Balance at beginning of the year	**15,571**	(1,714)	**15,571**	(1,714)
Taxation charge for the year	**108,239**	55,579	**72,436**	52,132
Adjustment to deferred tax	**(88,058)**	(45,544)	**(52,255)**	(42,097)
Net payments made during the year	**(12,609)**	(680)	**(12,609)**	(680)
Adjustment in prior year	**-**	7,930	**-**	7,930
	23,143	**15,571**	**23,143**	**15,571**

23. Revenue

Rendering of services:				
Cargo services	**311,183**	212,604	**311,183**	212,604
Marine services	**73,498**	53,859	**73,498**	53,859
Port Authority services	**229,400**	162,437	**229,400**	162,437
Syncrolift services	**26,297**	19,619	**26,297**	19,619
Ship repairs	**522,325**	246,888	**-**	-
Rebates and discounts	**(24,559)**	(14,306)	**(24,559)**	(14,306)
	1,138,144	**681,101**	**615,819**	**434,213**

24. Operating profit

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

Auditors' remuneration	**577**	505	**313**	251
Operating lease charges	**18,081**	20,127	**14,988**	15,559
Consulting fees	**3,431**	1,614	**3,213**	1,601
Loss on sale of property, plant and equipment	**550**	129	**550**	129
Impairment on property, plant and equipment	**16,747**	-	**16,691**	-
Impairment charges - other	**12,909**	-	**-**	-
Depreciation of property, plant and equipment	**64,357**	59,644	**60,082**	55,983
Amortisation on intangible assets	**993**	119	**993**	119
Foreign exchange losses / (gains)	**(2,303)**	(4,305)	**1,809**	(23)

25. Investment revenue

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Endowment investments	**18,232**	25,328	**18,232**	25,328
Bank balances and short-term deposits	**51,851**	41,811	**51,461**	41,752
Trade debtors	**1,215**	533	**1,215**	533
	71,298	**67,672**	**70,908**	**67,613**

26. Finance costs

Long-term borrowings	**55,504**	49,822	**38,430**	40,771
Trade and other payables	**532**	1,508	**-**	-
Bank overdraft	**2,286**	3,735	**1,963**	2,349
Hedging losses	**7,466**	-	**7,466**	-
	65,788	**55,065**	**47,859**	**43,120**

27. Taxation

Namibian normal tax				
Current taxation	**20,181**	10,035	**20,181**	10,035
Deferred taxation	**88,058**	45,544	**52,255**	42,097
	108,239	**55,579**	**72,436**	**52,132**

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 a tax rate of 35%	**125,540**	61,103	**90,073**	57,630
Income not subject to tax	**(17,637)**	(13,454)	**(17,637)**	(13,428)
Expenses not deductible for tax	**336**	-	**-**	-
Under provision prior year	**-**	7,930	**-**	7,930
	108,239	**55,579**	**72,436**	**52,132**

28. Cash generated by operations

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Profit before tax	**358,685**	174,579	**257,352**	164,658
Adjustments for:				
Depreciation and impairment charges	**81,104**	59,644	**76,773**	55,983
Amortisation of intangible assets	**993**	119	**993**	119
Severance pay provision	**3,987**	-	**1,882**	-
Operating lease rentals straight-lining	**(26,421)**	2,211	**(26,945)**	-
Loss on sale of property, plant and equipment	**550**	125	**550**	124
Investment revenue	**(71,298)**	(67,672)	**(70,908)**	(67,613)
Investment income capitalised to investments	**(18,233)**	(30,691)	**(18,233)**	(30,691)
Finance costs	**65,788**	55,065	**47,859**	43,120
	395,155	**193,380**	**269,323**	**165,700**
Changes in working capital				
Trade and other receivables	**(7,008)**	(79,833)	**16,021**	(37,427)
Inventories	**(98,967)**	(33,818)	**725**	(722)
Payables and provisions	**50,717**	105,994	**(14,652)**	59,351
	339,897	**185,723**	**271,417**	**186,902**

29. Commitments

Authorised capital expenditure:				
Authorised and contracted for	**214,279**	44,292	**209,187**	42,775
Authorised, but not yet contracted for	**413,566**	334,761	**413,566**	328,270
	627,845	**379,053**	**622,753**	**371,045**

This committed expenditure relates to property and will be financed by available bank facilities, retained profits, mortgage facilities, existing cash resources and funds internally generated.

30. Contingent liabilities

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Provision of suretyship on financing facilities to EBH Namibia (Pty) Ltd.	**186,150**	186,150	**186,150**	186,150

31. Related parties

The Authority is wholly owned by the Namibian Government. Its subsidiaries, government ministries, agencies and fellow state owned enterprises and business enterprises that the Board of Directors and Executive Management are involved with are seen as related parties.

The following related party transactions have been entered into:

Revenue and interest income:

Entity:	**Relationship;**	**3,500**	**1,159**	**14,728**	**1,746**
Various ministries	Owned by shareholder	**2,053**	299	**2 053**	299
EBH Namibia (Pty) Ltd.	Subsidiary	**-**	-	**11,228**	587
Road Fund Administration	State owned enterprise	**636**	240	**636**	240
Namibia Post Ltd.	State owned enterprise & Former CEO - Chairperson of Board of related party	**737**	377	**737**	377
Transnamib	State owned enterprise	**74**	243	**74**	243

Purchases of goods and services:

Entity:	**Relationship;**	**30,445**	**16,588**	**30,580**	**16,588**
Various entities	State owned enterprises	**20,893**	14,239	**20,893**	14,239
EBH Namibia (Pty) Ltd.	Subsidiary	**-**	-	**135**	-
Namib Off-Road Centre	Control by member of key management (renounced in June 2009)	**123**	-	**123**	-
Nedbank Namibia Ltd.	Former CEO - Serve on Board of related party	**9,429**	2,349	**9,429**	2,349

Balances due from related parties:

Entity:	**Relationship;**	**4,078**	**8,308**	**5,801**	**8,895**
Various ministries	Owned by shareholder	**858**	362	**858**	362
EBH Namibia (Pty) Ltd.	Subsidiary	**-**	-	**1,723**	587
RFA	State owned enterprise	**352**	240	**352**	240
Namibia Post Ltd.	State owned enterprise & Former CEO Chairperson of Board of Related Party	**2,551**	7,463	**2,551**	7,463
Transnamib Holdings	State owned enterprise	**317**	243	**317**	243

31. Related parties (Continued)

		Group		Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
Balances due to related parties:					
Entity:	**Relationship;**	**18,715**	**20,317**	**18,774**	**20,317**
Various entities	State owned enterprises	**1,972**	1,583	**1,972**	1,583
EBH Namibia (Pty) Ltd.	Subsidiary	**-**	-	**59**	-
Namib Off-Road Centre	Control by member of key management (renounced in June 2009)	**81**	-	**81**	-
Nedbank Namibia Ltd.	Former CEO - Serve on Board of related party	**16,662**	18,734	**16,662**	18,734
Remuneration to key management personnel		**8,512**	8,084	**6,717**	6,653
Directors' emoluments					
Executive		**1,795**	1,431	**-**	-
Non-executive:	Sitting fees	**1,062**	241	**1,062**	241
	Bonuses	**-**	300	**-**	300
		2,857	**1,972**	**1,062**	**541**

32. Financial instruments and risk management

32.1 Significant Accounting Policies

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 1.5 in the financial statements.

32.2 Classification of financial assets and liabilities

Group

Financial assets

	Loans & Receivables N$'000	Fair Value Through Profit & Loss Designated N$'000	Total N$'000
31 August 2009			
Investments	-	532,755	532,755
Other financial assets	-	11,537	11,537
Channel levy fund investment	-	9,763	9,763
Trade and other receivables	149,828	-	149,828
Cash and cash equivalents	438,429	-	438,429
	588,257	**554,055**	**1,142,312**
31 August 2008			
Investments	-	392,246	392,246
Other financial assets	-	14,517	14,517
Channel levy fund investment	-	7,519	7,519
Trade and other receivables	142,820	-	142,820
Cash and cash equivalents	289,761	-	289,761
	432,581	**414,282**	**846,863**

Group

Financial liabilities

	Other Financial Liabilities at Amortised Cost N$'000	Finance Lease Obligations N$'000	Special Purpose Funds N$'000	Total N$'000
31 August 2009				
Long-term borrowings	452,665	-	-	452,665
Installment sales obligations	-	119,053	-	119,053
Special purpose funds	-	-	16,489	16,489
Trade and other payables	172,475	-	-	172,475
Bank overdraft	8,035	-	-	8,035
	633,175	**119,053**	**16,489**	**768,717**
31 August 2008				
Long-term borrowings	388,734	-	-	388,734
Installment sales obligations	-	40,667	-	40,667
Special purpose funds	-	-	14,007	14,007
Trade and other payables	138,448	-	-	138,448
Bank overdraft	15,638			15,638
	542,820	**40,667**	**14,007**	**597,494**

32.2 Classification of financial assets and liabilities (Continued)

Company

Financial assets	Loans & Receivables N$'000	Fair Value Through Profit & Loss Designated N$'000	Total N$'000
31 August 2009			
Investments	-	532,755	532,755
Loans to subsidiaries	1,829	-	1,829
Other financial assets	-	11,537	11,537
Channel levy fund investment		9,763	9,763
Trade and other receivables	66,418	-	66,418
Cash and cash equivalents	437,976	-	437,976
	506,223	**554,055**	**1,060,278**
31 August 2008			
Investments	-	392,246	392,246
Loans to subsidiaries	1,691	-	1,691
Other financial assets	-	-	-
Channel levy fund investment	-	7,519	7,519
Trade and other receivables	82,439	-	82,439
Cash and cash equivalents	288,954	-	288,954
	373,084	**399,765**	**772,849**

Company

Financial liabilities	Other Financial Liabilities at Amortised Cost N$'000	Finance Lease Obligations N$'000	Special Purpose Funds N$'000	Total N$'000
31 August 2009				
Long-term borrowings	298,124	-	-	298,124
Installment sales obligations	-	118,521	-	118,521
Special purpose funds	-	-	16,489	16,489
Trade and other payables	46,561	-	-	46,561
	344,685	**118,521**	**16,489**	**479,695**
31 August 2008				
Long-term borrowings	232,590	-	-	232,590
Installment sales obligations	-	38,560	-	38,560
Special purpose funds	-	-	14,007	14,007
Trade and other payables	77,903	-	-	77,903
	310,493	**38,560**	**14,007**	**363,060**

32.3 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.

32.4 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 balance sheet 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.

Group

	Less Than 1 Year N$'000	Between 1 and 5 Years N$'000	More Than 5 years N$'000
31 August 2009			
Long-term borrowings	58,908	384,007	128,803
Trade and other payables	3,435	13,054	-
Bank overdraft	172,475	-	-
Cash and cash equivalents	8,035	-	-
	242,853	**397,061**	**128,803**
31 August 2008			
Long-term borrowings	39,042	249,500	126,339
Special purpose funds	3,344	10,664	
Trade and other payables	138,448	-	-
Bank overdraft	15,638		
	196,472	**260,164**	**126,339**

32.4 Liquidity risk (Continued)

Authority

	Less Than 1 Year N$'000	Between 1 and 5 Years N$'000	More Than 5 years N$'000
31 August 2009			
Long-term borrowings	29,840	241,189	27,096
Installment sales obligations	19,270	99,250	-
Special purpose funds	3,435	13,054	-
Trade and other payables	46,561	-	-
	99,106	**353,493**	**27,096**
31 August 2008			
Long-term borrowings	30,352	163,905	38,332
Installment sales obligations	5,732	32,828	
Special purpose funds	3,344	10,664	
Trade and other payables	77,903	-	-
	117,331	**207,397**	**38,332**

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

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Overdraft facilities: Total facilities	**40,000**	40,000	**20,000**	20,000
Utilised	**(24,697)**	(34,372)	**(16,662)**	(18,734)
	15,303	**5,628**	**3,338**	**1,266**

32.5 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 financials 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:

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Investments	**532,755**	392,246	**532,755**	392,246
Loans to subsidiaries	**-**	-	**1,829**	1,693
Other financial assets	**11,537**	-	**11,537**	-
Channel levy fund investment	**9,763**	7,519	**9,763**	7,519
Trade and other receivables	**149,828**	142,820	**66,418**	82,439
Cash and cash equivalents	**438,429**	289,761	**437,976**	288,955
	1,142,312	**832,346**	**1,060,278**	**772,852**

32.5 Credit risk (Continued)

The Group holds bank guarantees 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		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Total value of bank guarantees held by the Group at the reporting date	**30,298**	**25,069**	**30,298**	**25,069**

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.

32.6 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.

The table below sets out the extent to which the Group's financial instruments are exposed to interest rate fluctuations:

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Financial assets: Floating interest bearing	**637,401**	506,854	**637,049**	506,054
Fixed and non-interest bearing	**504,911**	340,009	**423,229**	266,795
	1,142,312	**846,863**	**1,060,278**	**772,849**
Financial liabilities: Floating interest bearing	**261,996**	237,625	**98,723**	63,702
Fixed and non-interest bearing	**506,721**	359,869	**380,972**	299,358
	768,717	**597,494**	**479,695**	**363,060**

32.6 Market risk (Continued)

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 2008.

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Financial assets	**4,143**	3,295	**4,141**	3,289
Financial liabilities	**(1,703)**	(1,544)	**(642)**	(414)
Net effect on equity	**2,440**	**1,751**	**3,499**	**2,875**

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 considers 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 balance sheet 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 2008.

	Group		Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
Net effect on equity	**14,890**	**7,394**	**14,890**	**7,394**

32.7 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 Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

33. Comparatives

Certain comparative figures were reclassified for better presentation. The impact of these reclassifications were as follow:

	Group Increase/ (Decrease) in Assets 2008 N$'000	Group (Increase) / Decrease in Liabilities 2008 N$'000	Company Increase / (Decrease) in Assets 2008 N$'000	Company (Increase) / Decrease in Liabilities 2008 N$'000
Intangible assets	3,441	-	3,441	-
Property, plant and equipment	(3,441)	-	(3,441)	-
Other financial assets	14,517	-	14,517	-
Long-term borrowings	-	14,517	-	14,517
Cash and cash equivalents	55,209	-	55,209	-
Investments	(55,209)	-	(55,209)	-
Navigational Aids Funds	-	3,145	-	3,145
Namport Social Investment Fund	-	2,199	-	2,199
Namport Solidarity Fund	-	58	-	58
Channel levy fund	-	7,519	-	7,519
Provisions	-	1,087	-	1,087
Special purpose funds	-	(14,008)	-	(14,008)
Total net effect	**14,517**	**14,517**	**14,517**	**14,517**

Notes:

Notes:

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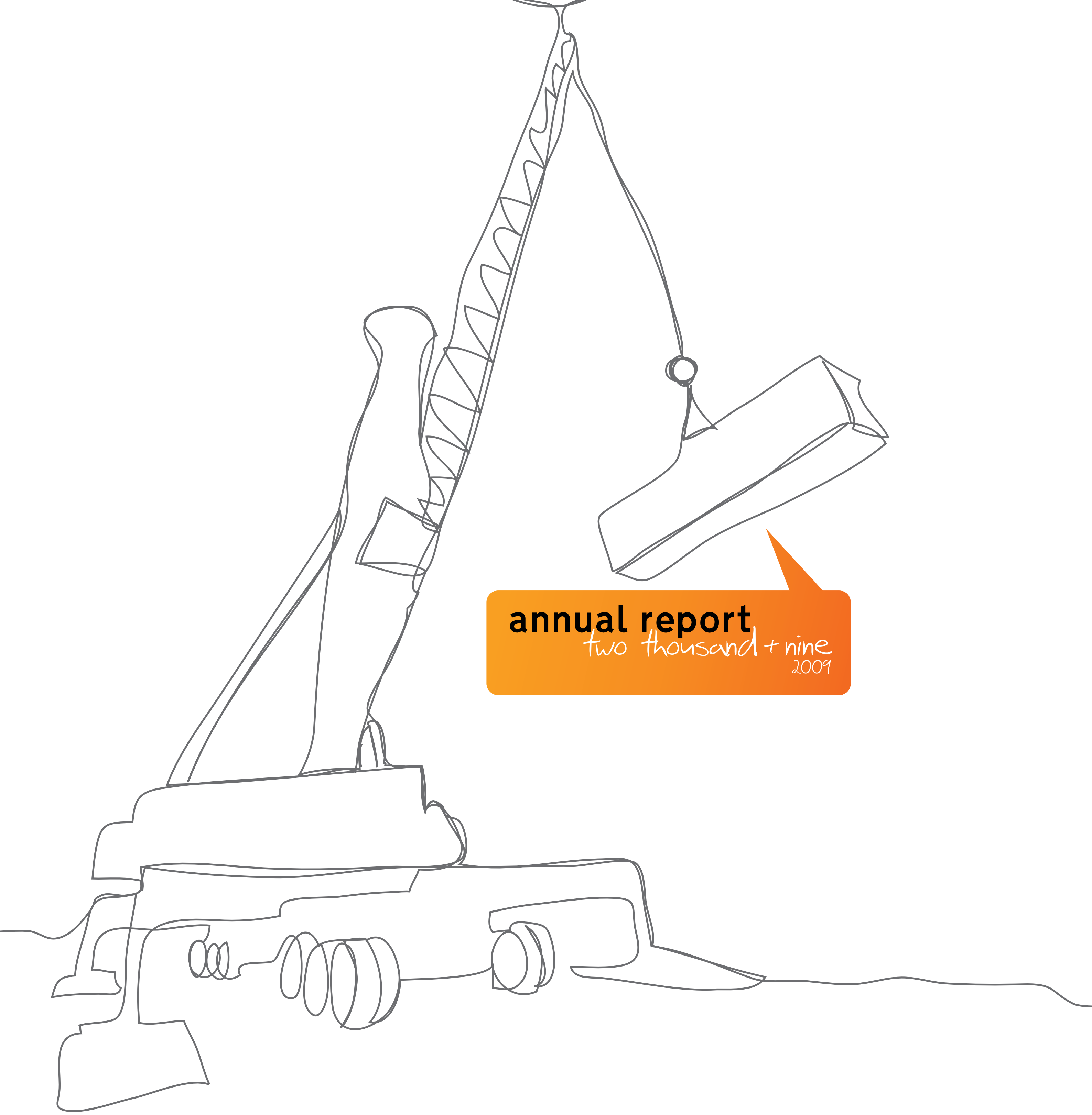

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