Annual Report

2012

NAMPORT

Vision

To be the best performing world-class Port in Africa

Mission

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


KONECRANES

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Jerry Muadinohamba
Chairman

"I am pleased to present an excellent set of results for the year 2011 – 2012."

CHAIRMAN'S REVIEW

I am pleased to present an excellent set of results for the year 2011 – 2012.

We at Namport have a vision to be the Best Performing World-Class Port in Africa and we will achieve this Vision by focusing on our ports becoming world-class gateways to cater for transhipment and transit of cargo to and from neighbouring countries. This will not only entail increasing container volumes, but also becoming the preferred point of call.

In order to achieve our Vision, we are managing three key realities, namely –

- *Focused Maritime Route and Hinterland Integration to secure cargo and other opportunities;*
- *Ensuring adequate ports infrastructure and superstructure to meet forecasted growth in cargo shipments; and*
- *Delivering Best in Class African Operations and Cost Efficiencies.*

Our customer focused Strategy commits us to achieving the following Five Key Strategic Outcomes over the next five years, which will at the same time contribute to achieving the outcomes in Namibia's 4th National Development Plan (NDP4):

1. Increase throughput capacity
2. Diversify and grow customer base
3. Improve port efficiency
4. Ensure good corporate governance
5. Pursue 5 key transformations

Economic conditions

Economic growth for regular international trade has remained stagnant during this period and prospects in the shipping industry remain uncertain at best. The industry has vessel over-capacity as a result of the decline in world trade, larger capacity vessels coming on-stream and measures such as slow steaming. International freight rates have recovered somewhat but they remain under pressure.

The notable exception is the positive growth rates experienced by countries in the SADC region, a market that Namport serves ideally. Excluding South Africa, which accounts for over a third of the region's GDP, growth in the rest of Sub-Saharan Africa was stronger at 5.9% in 2011. Indeed, growth in 2011 was more than a percentage point higher than the developing country average excluding China (4.8%), making it one of the fastest growing developing regions in 2011. Overall, more than a third of countries in our region attained growth rates of at least 6%.

This has led to the strong performances for Namport for the period under review. Namport's positioning both as a transhipment hub for West Africa and preferred access point for goods travelling into this region has enabled the volume throughput to reach record levels. Namport – through the Walvis Bay Corridor Group – has expanded its International presence by opening offices in Lubumbashi (DRC) and Sao Paulo (Brazil) to further complement existing branches in Johannesburg (South Africa) and Lusaka (Zambia).

Namport transformation program

Namport's NDP4 training and development program I referred to previously is gaining momentum and measureable success. Of the total workforce of 825 employees, only 7 (22: 2010-11) are now non-Namibian and 43 (5.3%) previously advantaged. Our investments in Namport bursary students will still take a few years to materialise yet I am confident that we have undertaken the correct approach to capacity building and skills development.

In the new financial year, 66 job opportunities will be made available and these job opportunities may be further increased should Namport implement a fully-fledged 24 hour port services, with concomitant shift increases. Moreover, three of our key infrastructure projects will create just over 4000 direct and indirect job opportunities.

The Executive Management of Namport has been further strengthened by the appointment of Mr Immanuel Hanabeb as Executive: Projects.

Infrastructure development and improving Port efficiency

I reported on the large scale Terminal Optimisation Project in the previous period. I am pleased to note that this had the desired effect and reached full utilisation almost immediately.

We have two main thrusts for improving port efficiency, namely a "paper-free" and automated environment, including automation of critical processes, as well as improvement in physical and factor productivity. In the latter regard, an international container terminal operations' expert has been co-opted to assist Namport in identifying more efficient and productive behaviours, processes and systems in container terminal operations.

The Board will continue to deliver on investing in infrastructure as long as the market demands it. Our industry is characterised by long lead times and we are cognisant of our duty to invest for the future. I would like to note that all infrastructure investments to date have been done under Namport auspices without requiring our Shareholder to invest.

I am pleased to note that the development of the final phase of the railway between the towns of Aus and Lüderitz in the South of our country is now continuing. This will unlock the development of this region and that of the Port of Lüderitz, exposing us to new markets.

Increasing throughput capacity

The new EPC Container Terminal Project has now been placed on Tender again with the evaluation process to be complete early 2013. It is crucial that this project be completed in time to ensure that Namport and Namibia is able to take advantage of developing trade once the current world economic difficulties subside.

The Namport projects previously identified will continue. The North Port concept is also receiving fast-track attention. Major new commercial and industrial projects in Namibia necessitate that Namport provide timeous infrastructure to deal with that demand. The port expansion project will contribute to the NDP4 strategy of doubling cargo volumes through maintaining and expanding critical infrastructure, read together with the outcome to provide modern and reliable infrastructure. The establishment of a new Tanker Berth will also contribute to the latter NPD4 infrastructure related outcomes as well as the strategy to ensure the baseload of energy for Namibia.

In addition, by providing necessary port infrastructure, we can contribute to the NDP4 strategy of ensuring market access for Namibian products in support of Namibia's focus on an increase in manufacturing value added.

The process of exploration for oil and gas continues despite some initial poor results in the Northern drill areas and the Luderitz basin. Namport remains committed to preparing for this industry by availing land and facilities where possible. The next phase of drilling will be off the coast of Walvis Bay.

Diversifying customer base

One of our initiatives to achieve this outcome is to expand our customer product and service offering by building a Service Capability for Ships and Rigs. A further initiative is to empower the customer for self-help through enabling customer query resolutioning, without human intervention, through a web interface. Namport, on a continuous basis, proactively endeavours to source new clients and its marketing drive is targeting not only shipping lines, but also cargo owners.

New business in vehicle trade, passenger vessels, LPG gas, zinc exports and coastwise ferry services is welcomed and Namport is preparing the necessary facilities for this in both the Ports of Walvis Bay and Lüderitz.

Ensure good corporate governance

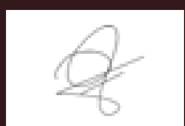
We have commenced with preliminary investigations into reforming the port legal framework with a view to implementing a more competitive structure based on best practice, which may ultimately culminate into the separation of the authority and operations' functions of Namport.

We are committed to increasing our corporate social responsibility footprint through participation in the development of a Marina in Walvis Bay, as well as through various Namport Social Investment Fund projects. The Marina Development enables Namport to contribute towards the NDP4 goal of Namibia being the most competitive tourist destination in Sub-Saharan Africa.

In addition, Namport is expanding its occupational health counselling services through the establishment of a Clinic building which is in support of the NDP4 drive to provide a quality health system.

Conclusion

I am most thankful for the experienced and competent Board of Directors who have offered their time and insights this past year. Their expert and concise contributions are validated by the excellent results that I am able to present here.



Jerry Muadinohamba
Chairman

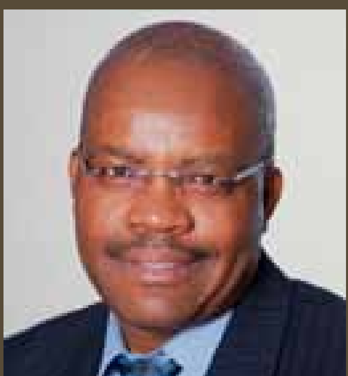
BOARD MEMBERS

Mr. Jerry Muadinohamba
Chairperson

Mr. Andreas Kanime
Deputy-Chairperson

Ms. Matilda Jankie-Shakwa
Director

Ms. Jennifer Comalie
Director



Mr. Otto Shikongo
Director

NAMPORT EXECUTIVE COMMITTEE (EXCO)

Alfeus Kathindi - **Executive: Port Operations;** Elzevir Gelderbloem - **Port Engineer;** Alfred Rieth - **Chief Internal Auditor**
Carol Schroeder - **Legal Advisor;** Kathy van Heerden - **Manager: Organizational Performance**
Heritha Muyoba - **Executive: Human Resources;** Christian Faure - **Executive: Marketing & Strategic Business Development**
Kavin Harry - **Executive: Finance;** Bisey /Uirab - **CEO**

Raymond Visagie
Executive:
Risk Management

Immanuel !Hanabeb
Executive:
Projects

Bisey /Uirab
Chief Executive Officer

"Namport has emerged from the challenges of the prior period with a record year in a number of aspects."

CEO'S REVIEW

I am pleased to present an excellent set of results for the year. Namport has emerged from the challenges of the prior period with a record year in a number of aspects.

The investments we made recently have translated into tangible benefits for the entire industry, as Walvis Bay is being clearly positioned as a Transhipment hub for the West Coast of Africa. These investments not only benefit the Container Liners but the entire port community gains from newer infrastructure, equipment and resultant efficiencies in performance. Overall, this has led to gains of 18% in overall cargo volumes for Namport in this year.

The stagnant world economy has indirectly influenced business at Namport as the SADC region still enjoys positive economic growth. This has stimulated investment in the region and concomitant trade growth. Trade along the Walvis Bay Corridor routes has displayed impressive gains as marketing initiatives and awareness campaigns of the past few years are bearing fruit.

Key financial data

- The revenue achieved was N$755 million (2011: N$ 647 million), against a target of N$653 million.
- Operating profit decreased to N$ 194 million (2011: N$ 203 million).
- Return on assets was 8.9% (2011: 8.9%), against a target of 10%.
- We handled 6.5 million tons versus 5.5 million the previous financial year.
- A total of N$12.5 million was spent on training and development, the highest ever.

Operational performance

The number of containers handled during the year was 337 134 versus 223 688 the previous year.

This represents a substantial increase of 51% in container volumes during the previous year. Taking into account that 2010-2011 represented a year of reduced volumes due to the Terminal Optimisation Program, it still represents an increase of 27% over the highest prior total of 2009-2010 (265 000 TEU's).

Overall cargo volumes improved by 18% over the previous period and most of these gains were in the area of corridor volumes. Motor vehicles in transit along the corridors are now a substantial business having increased from 200 vehicles per month to more than 1200 on a sustained basis. Our efforts to attract traffic from our neighbouring countries have resulted in new volumes of copper from Democratic Republic of Congo and Zambia being moved through the Port of Walvis Bay.

This throughput has not been gained without challenges.

Productivity at Walvis Bay has declined as volumes exceed the thresholds of optimum throughput. Space at the Port of Walvis Bay is now at a premium both for container stacking and bulk/break-bulk storage. Equipment use is at a maximum and new purchases are planned for Mobile Harbour Cranes, Haulers and

Reach stackers to handle the increased demand.

The EPC Contract for the new Container Terminal is currently out on tender again. The International response has been extremely positive and Namport now expects that construction will start in 2013.

Namport Executive Management continues to seek improvements in productivity and cost management to satisfy the demands of our international customers.

Human Resources

The substantial increase in staff training and development is testimony to our stated commitment to increase our capacity throughout the organisation. The Marine industry operates in an international sphere and training and development needs are addressed in this manner. Long time frames for qualifications are the norm and I am pleased to note that we have appointed two previously disadvantaged Namibians in positions of strategic importance, Port Captain in Lüderitz and Marine Manager in Walvis Bay.

We continue to prepare for a three-shift operational system at the Port of Walvis Bay. Implementation is taking longer than anticipated but industry demands will shortly require that Namport operate on this basis in order to achieve the throughput that our customers require.

Conclusion

I wish to thank my Management team and all staff for the commitment and passion they have displayed this year. The sacrifices that Namport made last year have provided immediate benefits but led to some challenges as well.

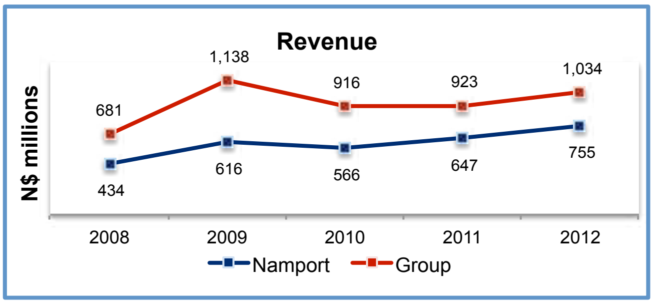
Our focus will now return to productivity and improving throughput in order to address the needs of our customers whilst ensuring that we capacitate the organisation for the coming generation.

Bisey /Uirab
Chief Executive Officer

FINANCIAL PERFORMANCE OF THE GROUP FOR THE YEAR ENDED 31 AUGUST 2012

Introduction

The consolidated results for the Namibian Ports Authority include the results of two wholly owned subsidiaries and one subsidiary in which the Authority holds 52.5% shareholding. Of the three subsidiaries, one is dormant while the other two are operating in the ship repair industry. This report should be read in conjunction with the consolidated Annual Financial Statements.

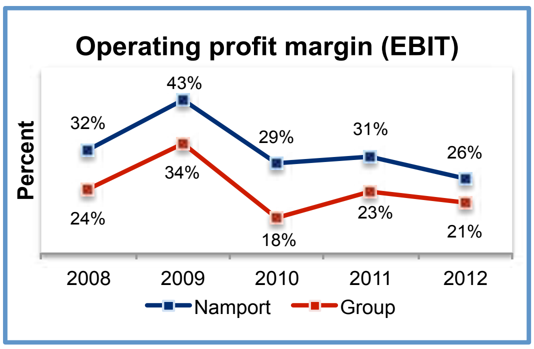


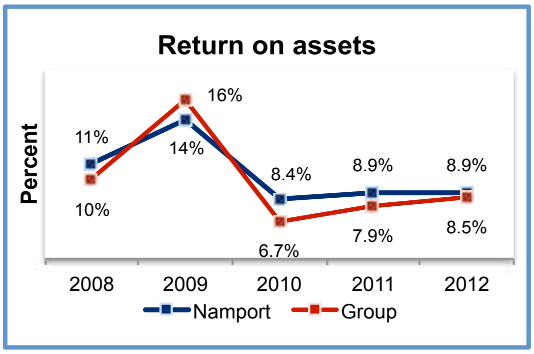
Results of the current financial year

The financial year yielded favourable results for the Group especially with regards to higher than expected revenue. Group and Authority revenues increased by 12% and 17% respectively.

The increase in Authority revenue has been underpinned by increased volumes of containerised cargo and imported vehicles. Container volumes increased markedly following the completion of the container storage area expansion, dredging and quay strengthening projects at the Port of Walvis Bay. These projects enabled the accommodation of larger container vessels and increased the storage capacity of the container terminal. The increased vehicle imports are destined for land locked countries within the region.

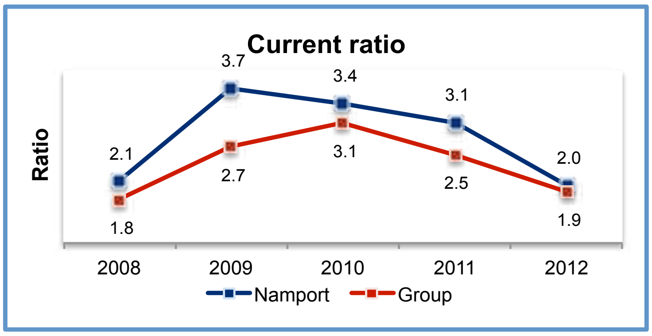
The Group achieved an operating profit margin of 21% while the Authority faired marginally better, attaining a margin of 26% for the year. Operating profit margins reduced from the previous year mainly due to the increased labour cost at the Authority. The Group, by the nature of its various operations, has a high fixed cost element making it difficult to maintain the increase in costs in line with that of revenue. The Group return on assets for the year improved slightly due to increased profits for the year at the Authority and at the subsidiary, Elgin Brown and Hamer (EBH).





Liquidity

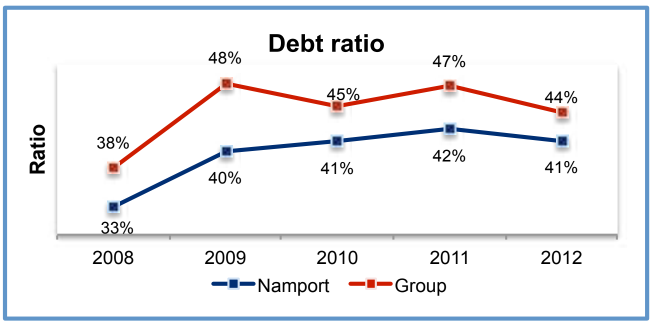
The Group and Authority liquidity positions declined from the previous year mainly due to the loans which are payable within the next twelve months and have thus increased the short term payables position. Net cash flow increased for both the Group and Authority as a result of significantly positive cash generated by operations. However, there were substantial outflows of cash towards investments undertaken by the Group during the year and loan repayments over the same period.



Solvency

The solvency levels of the Group and Authority improved, albeit marginally, as reflected by the overall proportion of debt as illustrated in the graph below.

The reduction in current gearing levels augurs well for the envisaged capital raising exercise for the financing of the capacity expansion activities. The debt ratio, representing the proportion of total liabilities to total assets, decreased to 44% from 47% in the previous financial year.



FINANCIAL PERFORMANCE OF THE GROUP FOR THE YEAR ENDED 31 AUGUST 2012 (continued)

The debt service coverage ratio measures the group's ability to meet all fixed payment obligations. This ratio improved from 2.8 times to 3.5 times for the authority mostly due to increased profitability and gives further impetus to the Group's capacity to service its loan repayment obligations going forward.

Credit rating

The Fitch Rating Agency affirmed the Authority's credit rating in June 2012. The Authority managed to retain its positive Long-Term Credit Rating of A- due to its strategic importance to the Namibian economy and the fact that it is a state-owned enterprise. The agency also confirmed the possibility of a more positive rating should there be additional and unconditional long-term state financial support through increased equity injections, cash subsidies or debt guarantees to sustain Namport's financial liabilities.

Looking to the future

It remains the Group's priority to expand the ports and related facilities in order to attract new business and mostly sustain future growth, which is of utmost importance to Namibia's economy and the region at large. The local industries, neighbouring countries and international shipping lines continue to increase their demand for Namibia's ports and other infrastructure as evident from the increased cargo volumes. Therefore the future of the Group looks promising.

The following major projects were identified to achieve the Group's goals:

- New container terminal project with an estimated cost of N$2.9 billion.
- Ship and rig repair facilities at an estimated cost of N$600 million.
- Relocation of the tanker jetty at an estimated cost of N$650 million.

Total estimated capital expenditure in excess of N$4 billion during the next five years will inevitably strain the financial resources of the Group and could require interventions, in various ways, from the Namibian Government.

The weakening of the Rand positively impacted on EBH revenue for the financial year, because it predominantly invoices its customers in United States Dollars. As a result, EBH's profit for year the increased significantly.

Namport and its subsidiaries continue to engage in a vigorous marketing campaign to increase its market share across the west African coast and entrench its position as the best performing world-class port in Africa. These efforts are proving to yield results as evident from the Group's improving operating and financial performance.

Conclusion

The ports and ship repair industry continues to face many challenges in the region. Significantly, capacity and skills constraints continue to impose a strain to the Group's potential however, efforts will continue to prioritise and address these challenges.

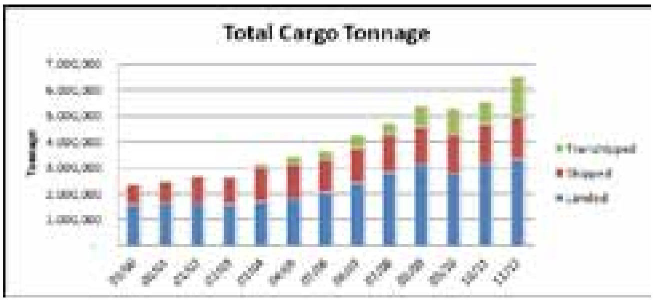
The Group's solid financial performance and strong balance sheet are commendable in the current challenging markets and operational environments.

Kavin Harry
Executive: Finance

BUSINESS DEVELOPMENT & SUSTAINABILITY

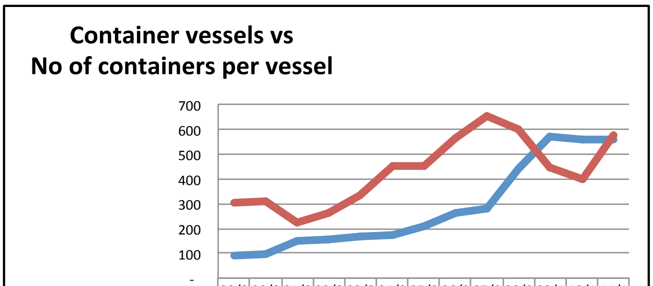
Recent performance

Namport achieved a record throughput of containers for the current financial year of more than 337 000 TEU's and overall cargo volumes exceeding the 6 million ton mark for the first time ever. Revenue concomitantly also exceeded N$700 million.



Namport has regained higher volumes per vessel and the number of container vessels has plateaued at around 46 per month on average (annualised at 560). This is the maximum number of vessels that can be handled at present. Namport will not be allocating more berthing windows.

Number of containers per vessel rebounds



	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
No of container vessels	89	94	152	157	165	172	208	263	280	442	571	560	561
Average Number of containers per vessel	304	309	224	264	333	451	453	564	656	601	449	399	579

Combined with the optimum vessel capacity that has been reached, the space considerations at Walvis Bay have also been maximised. Walvis Bay has 16 000 bays for TEU's. Industry standard dictates 70% of design capacity leaving 12 000 TEU's space available at any one time in Walvis Bay. This is currently regularly at the 10 000+ mark which implies capacity increase as one vessel alone can discharge 1000 TEU's.

Market environment

The shipping environment remains as uncertain as the previous reporting period. Vessel over-capacity is the main issue that is relevant to Namport. Excess fleet capacity internationally is a function of the following:

- Decline in world trade.
- Larger capacity vessels coming on-stream after being commissioned in 2008/9 just before the global economic crisis hit.
- Larger vessels on the main East-West Trade routes (China – US) (China – Europe) results in previous generation vessels being cascaded down into other markets – such as China-Africa.
- Most African ports are not geared for these larger vessels therefore this increases pressure on the over-capacity.
- Slow steaming – vessels slow down to reduce fuel thereby making their journey longer.

Namport's opportunity and key differentiator remains in the SADC region. The economic growth in the region exceeds that of most traditional markets and is the key to our sustainability.

Source: World Bank.

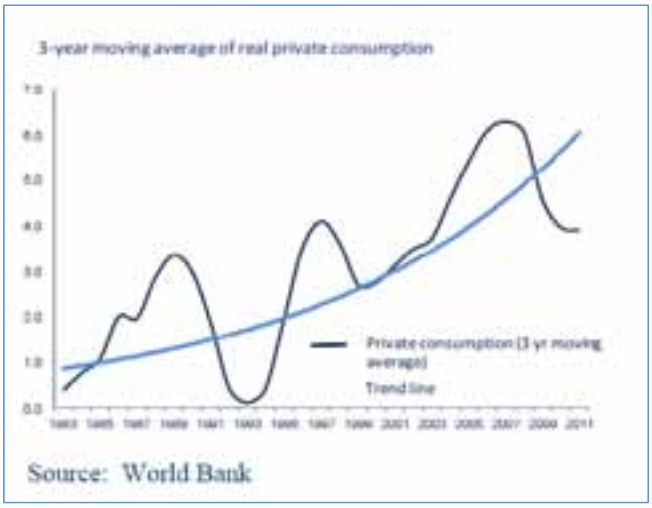
The opportunity remains in expanding intra-regional trade which is currently well below potential due to poor infrastructure, lack of harmonisation of trade policies and cumbersome border procedures. The appointment of the Walvis Bay Corridor Group to spearhead the recently established tri-partite **Walvis Bay – Ndola – Lubumbashi Development Corridor** is testimony to the commitment of our neighbouring countries to regional integration.

The benefits are tangible. Exports from Kenya to the COMESA (East African Community consisting of Uganda, Kenya, Tanzania and Rwanda) countries now exceed that of traditional markets such as Europe and the USA. The same is possible in Namibia.

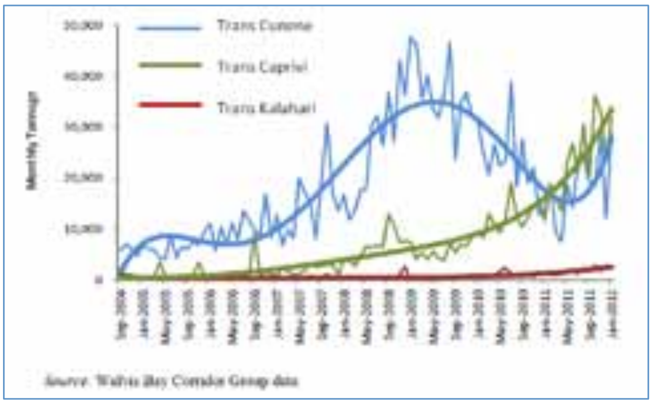
As these markets start to mature, a growing middle-class will stimulate a higher level of private consumption expenditure. This is evident in the figure below and is a mirror of the cross-border development on the Trans Caprivi Corridor.

BUSINESS DEVELOPMENT & SUSTAINABILITY (continued)

Private consumption expenditure of Sub-Saharan Africa



Sustained growth of Walvis Bay Corridors



Nature of the Transhipment business at Namport

Some of the capacity issues that Namport experiences are largely a result of the transhipment business. This is the business that Namport has been pursuing and has achieved success at obtaining. In line with comments above on the status of the industry, the evolving nature of the transhipment business needs to be explored further.

Gateway demand – defined as traditional import and export cargo – is directly linked to the economic development of a port's hinterland. Hence the focus on increasing trade by Namport and the Walvis Bay Corridor Group to create a sustainable model for Namport.

Transhipment demand relates to a broader, regional market and – in Namport's case – to the development of the countries to the north of Namibia, right up to Ghana in West Africa. It is a function of hub-and-spoke distribution model, employed increasingly by the large international shipping lines. The Global Economic crisis has increased the driving forces for transhipment because shipping lines have rationalised their service networks to match the decrease in demand.

As shipping lines have suspended some services, cargo that was previously transported directly to a port is now being transhipped between two other services. With larger vessels entering the market, the rationale is to concentrate cargo flows to fill these vessels in order to benefit from economies of scale. The outcome of larger vessels has also led to shipping lines creating alliances on certain routes despite them being competitors. The economic advantage then of reducing the number of port calls for each string (service) becomes more pronounced. The trend to fewer port calls favours large, well-located hubs within the port regions.

African shipping activity

There are 24 container liner shipping operators in the West Coast of Africa region. This trade is dominated by 3 large shipping lines: Maersk, CMA CGM and MSC in order of their respective share of trade capacity. Combined, they offer 73% of all trade capacity in this region with Maersk and CMA CGM being the most dominant.

These 24 shipping lines operate 71 services to-and-from the region with a calculated trade capacity of 3 656 000 TEU's annually. The largest carrier by trade capacity is Maersk with 38% market share.

This region is further separated into service types of:
West Africa – Far East
West Africa – Middle East / Indian Subcontinent
West Africa – Southern Africa

It is in the latter region that Walvis Bay dominates. Walvis Bay and Cape Town account for 80% of the region's trade capacity.

This goes some way towards explaining Namport and Walvis Bay's rapid improvement in another important shipping index: Liner Shipping Connectivity Index.

This index is a function of:
1. Trade volumes (+ is better)
2. Distance (- is better)
3. GDP Per capita (+ is better)
4. Port infrastructure (+ is better)

In the past 7 years, Namibia has improved from position 102 (out of 148 countries surveyed) to position 75. That is the same positioning as countries like Kenya and Tanzania that enjoy centuries' old trade routes.

The current throughput is testimony to Namport's positive image in the industry, our efficiencies and effectiveness, openness to negotiate along business principles, management's approachability and the marketing efforts of all players in the greater Namport.

KEY DEVELOPMENTS & STRATEGIES

Ports master plan study

The year under review saw Namport kick off with its consolidated ports master plan study for both ports. Initial investigations towards the master plan study focus on firming up the Port of Walvis Bay's future expansion north of the current Walvis Bay town limits, close to the guano platform. The Walvis Bay North port is seen as the Port of Walvis Bay's only option for long term expansion and sustainability and will now be studied in detail as part of the master plan.

For the Port of Lüderitz the master plan, in terms of long term development, will focus on the envisaged new bulk terminal to be built close to Diaz point.

New container terminal at the port of Walvis Bay

The proposed New Walvis Bay Container Terminal on Reclaimed Land is a project that will see the creation of 30 hectares of new land reclaimed from the bay within the Port of Walvis Bay. The new reclaimed land will be created by dredging/deepening the port and using the sand obtained from deepening to form the new land. The reclaimed land will be linked to the existing port land by a causeway. A new modern container terminal will then be built on top of the newly reclaimed land and will consist of quay walls, paved areas, buildings, roads, railway lines, ship to shore quay cranes, rubber tired gantry cranes, etc. The new container terminal will have a capacity of at least 600,000 TEU's p.a. to start with, compared to the 355,000TEU p.a. capacity of the existing container terminal, whilst ample room for optimisation and expansion of the initial facility exists. The project will not only provide increased container handling capacity in Walvis Bay, but will also increase the port's bulk and break handling capacity by freeing up the existing container terminal to become a multi-purpose terminal. Once built, the conversion of the existing container berths into a multipurpose terminal would open the port up for increased scope to accommodate a wide range of additional bulk cargo vessels and even passenger liners.

Most of the quay wall infrastructure in the Port of Walvis Bay is very old and some of these reinforced concrete structures have already reached the end of their design life. Namport has thus scheduled major rehabilitation of these structures to occur within the next 10 years. It will however be detrimental to the current port business and other businesses which are dependent on the port, if such major rehabilitation will commence before any new quay walls are built to relieve the pressure from the existing structures and thus to minimise the disruption to normal cargo operations during rehabilitation.

The new container terminal project will add an additional 600m of quay wall length to the existing 1800m and this will enable major rehabilitation of existing quay walls to occur with minimal disruption to normal operations. The estimated cost of the entire project is N$2.9 billion if construction commences by 2013. This amount consists of several procurement components/contracts of which the largest contract is the EPC Turnkey Contract for design and construction of the new container terminal worth N$2.0 billion. The business case for the project has been proven in a number of comprehensive studies that were undertaken as far back as 1980 and of which the last of these preparatory studies were completed in November 2011. The business case focuses on the Port of Walvis Bay establishing itself as a gateway port into the SADC countries.

The project implementation is expected to commence in 2013 and should be commissioned in 2016. To date more than N$60 million has been committed to this project in conducting preparatory studies and investigations.

Provision of a new tanker jetty at the Port of Walvis Bay

The New Walvis Bay Tanker Berth project will see the construction of a new modern marine petroleum offloading facility in Walvis Bay. The new Tanker Berth will be constructed to accommodate larger tanker vessels/fuel carriers. The new facility will replace the current facility which has reached the end of its design life in 2010 when it turned 50 years, and would be built at a new location. The close proximity of the current Tanker berth facility to hot works ship repair areas is of concern to

the safety of fuel offloading operations which will be addressed through the construction of the new facility.

The importance of the replacement of the ageing Tanker berth facility in the Port of Walvis Bay cannot be overemphasised since it is the only facility through which all of Namibia's fuel is imported. The cost of the new Tanker Berth project is estimated at N$650 million, provided that the construction starts in 2013. Plans are thus currently being put in place to start construction of the new Walvis Bay Tanker berth during 2013.

The rehabilitation of the existing Walvis Bay Tanker Berth

This project was identified due to the fact that the existing Walvis Bay tanker berth is in need of rehabilitation in the short term. The construction of the new tanker berth project is still in conceptual stage and the existing facility is required to be in continuous operation in terms of fuel handling until the new tanker berth is commissioned in a few years' time. For this reason it was decided to rehabilitate the existing facility such that it will be in a good safe condition for at least another 10 years. Besides handling hydrocarbon products now, it is envisaged that the existing tanker berth will be used for non-hydrocarbon related products in future, when the new tanker berth is commissioned. This then dictates that the facility must be kept in a workable condition.

Tenders for specialist consulting services for rehabilitation works have already been awarded and the actual implementation of the repair project will commence early in 2013.

Dedicated Ship and Rig Repair facility

The new ship and rig repair yard proposed for the Port of Walvis Bay will see the construction of a new jetty suitable for accommodating two large semi-submersible oil rigs as well as drill ships. The oil rigs and drill ships will be berthed at the new jetty and then repaired or worked on by private marine contractors from Walvis Bay.

Namport realised several years ago that the ship and rig repair operations in Walvis Bay has great potential in terms of direct new employment creation in the local mechanical engineering industry. To date, several large oil rigs operating in the Angolan oil fields have used the Port of Walvis Bay to carry out major repairs, modifications and scheduled maintenance. The service levels in Walvis Bay are on par with similar repair yards in Ports such as Cape Town and Durban.

The business case for the establishment of a ship and rig repair yard in Walvis Bay is thus solid when simply considering the proximity of Walvis Bay to the Angolan oil fields and to the major international shipping lines in the Atlantic. Once the new jetty is built, Namport would enter into a public private partnership agreement with an experienced international ship and rig Repair Company to operate the facility to its utmost potential. Initial consultations in the industry to date have revealed that there is huge interest from reputable international ship yard operators in operating such a facility in Walvis Bay. The cost of phase 1 of the project is estimated at N$600 million provided that construction starts in 2013.

Port of Lüderitz projects

The year under review saw Namport revising the major feasibility study for the potential expansion of the Port of Lüderitz so as to incorporate newly surfaced mega projects which could bring the port's major expansion requirements to an earlier date. An amount of N$4 million was spent on this comprehensive study and what remains to be done is to formally approve the recommendations of the study after which the identified project will be formally registered and scheduled for implementation. An important conclusion made from the study is that, the Port of Lüderitz can benefit greatly from Public Private Partnership (PPP) agreements in the implementation of key projects. This PPP potential will now be looked at in more detail for potential action in the short term.

CORPORATE CITIZENSHIP

HUMAN RESOURCES 2011-2012

Our staff members

Namport recognizes that our staff members are Namport's most important asset and that our Vision, Mission and customer value proposition will be realized through staff members who possess a vast knowledge, skills and requisite attitudes through appropriate training and development. For the period under review, Namport had a total number of 825 on its Labour Establishment.

Taking care of our employees

We provide health care to all eligible employees and have an onsite clinic staffed by an occupational nurse. While the primary purpose is to provide immediate care in the event of an injury, the facility offers general medical screening and treatment needs, at no cost to the employees.

We believe that a healthy workforce is a happy one. We are in the process of constructing a wellness centre to support and maintain a positive work-life balance.

Employee engagement

Namport entered into a Collective Agreement with Namibian Transport and Allied Union (NATAU). We are committed to engaging staff members on issues material to their career development and working environment. For this reason we have the following communication platforms:

- Quarterly Chief Executive Officer's Briefing
- Bi-monthly joint Management Union Meetings
- Monthly Human Resources Meeting
- Departmental Meetings

We conduct an employee satisfaction survey every second year. We are proud to announce that a satisfaction rate of 74.19% was achieved during 2012; 8.19% improvement from 2010 employee satisfaction survey results. The survey findings are used to develop plans for continued improvement and one of our strategic priorities is to increase the satisfaction results to 75%.

Attracting, retaining and developing talent

One of our greatest competitive advantages comes from employing the most talented people in our industry and Namport's human resources' strategy is underpinned by the need to continue to attract, retain and develop employees to ensure Namport's Business Continuity. During the year under review, Namport spent N$12,3 million on training to cater for general training, comprising of study assistance for employees, technical training for employees and apprentices; conferences; seminars and awarded bursaries in the following fields below:

- 3 x Accounting & Finance
- 2 x logistics and Supply Chain Management

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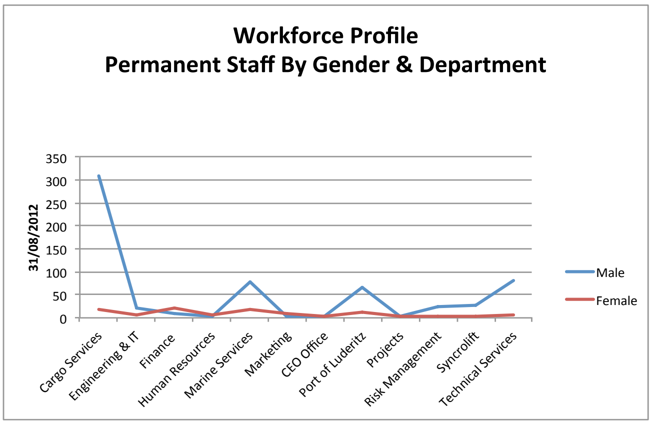
Employee equity

Namport is committed to equity and promotion of previously disadvantaged groups, women and people living with disabilities. A decision was taken to fast track women and people living with disabilities in terms of training, promotion and employment opportunities. The current gender ratio of 86% male versus 14% female representation.

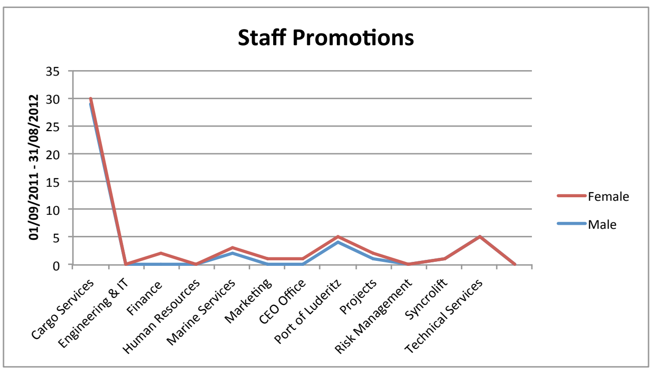
Guided by the Affirmative Action Act, Namport has made considerable progress in ensuring that its employee profile represents the demographic diversity of our country. Advancements have been made over the last year in this regard, with the appointment of two additional black females in the following positions:

- Bulk and Break Bulk
- Legal Advisor



Staff promotions

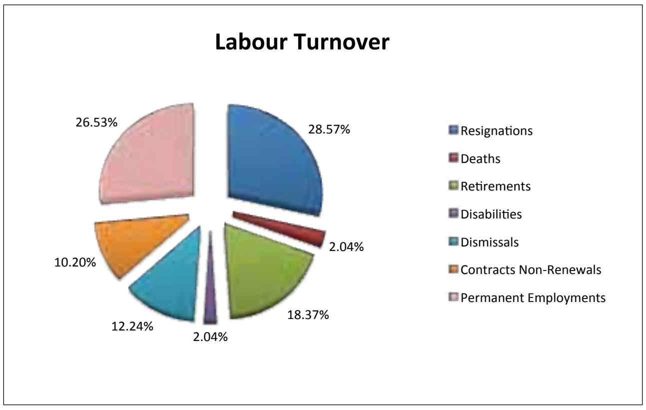
Relatively high staff concentrations is found in the operational departments hence promotions were largely confined to the operational spheres (cargo and technical departments). 5.72% males were promoted compared to the remaining 1.09% female employees.



CORPORATE CITIZENSHIP (continued)

Labour Turnover

Based on the graphs underneath, relatively few people left the company, during the past financial year. Namport boasts with an annual staff turnover rate of 4.36%. Generally, these positive results could be indicative of an overall favourable work climate within Namport, combined with responsive employee engagement and retention initiatives. The primary reasons for the labour turnover were resignations (28.57%), retirements (18.37%), death (2.04%), disabilities (2.04%), dismissals (12.24%), contracts non-renewal (10.20%) and permanent employments (26.53%) - given the total 49 employees.



CORPORATE CITIZENSHIP (continued)

CORPORATE SOCIAL INVESTMENT

Background

Namport has a firm commitment to social sustainability in terms of its role as a large regional employer and the need to treat all our stakeholders with dignity, fairness and respect. Namport actively promotes the development of its employees and the community in which it operates both through the traditional Namport employer/employee relationship but also through its Namport Social Investment Fund (NSIF).

The Fund was established in 2007 to position Namport as a responsible corporate citizen. The fund intends to make a meaningful contribution to the development and upliftment of the people of Namibia, in line with good corporate governance practices.

Strategic direction

The launch of NDP4 has put more spotlight on Namport, compelling the organisation to align its strategic direction to that of the NDP4 goals and objectives. Namport will therefore align and streamline its continuous contribution and support Namibia to achieve its Vision 2030 through sustainable Entrepreneurial Development, Employment Creation, Poverty Alleviation and Improvement of Health services in the country.

Namport recognizes that environmental, social and governance issues are material to long-term corporate performance which can affect investment returns. The Trustees have committed to broaden focus areas and pledged to actively engage Namport through the NSIF to participate in significant investment of projects deemed viable to yield sustainable impact and solutions within Namibia.

The organisation also responds to community needs through sponsorships and donations. This is to ensure the social involvement of the organisation within the communities, in which we operate in various ways, from purchasing tables to prize giving to name but a few.

As a socially responsible citizen, Namport is also committed to SME development through favorable procurement.

NSIF management

The Fund Trustees at the meeting dated 21 February 2012, approved the establishment of a Working Committee, consisting of the following individuals:

Executive: MSBD, Christian Faure, as Chairperson

Manager: Corporate Communication, Liz Sibindi

Port Manager, Port of Luderitz, Max Kooper

Engineering Department, represented by Shaheed Saban

Executive: Port Operations, Alf Kathindi

Executive: HR, Heritha Muyoba

The working committee will consider and approve all requests for assistance within the guidelines set out by the Trustees, and will further report to the Trustees bi-annually.

CORPORATE CITIZENSHIP (continued)

NSIF contributions for the period under review.
The organization also pledged N$3 million to the Polytechnic of Namibia.

Project	Financial	Period
Otjozondjupa Regional Council	N$150 000	2012
Ministry of Youth, National Services, Sport & Culture	N$5000 for stationary	2012
Myzone Youth Health office in Lüderitz	2 x redundant computers from Namport	
Edundja Secondary School	N$150,000	2012
Omhanda Combined School Care of the Ohangwena Regional Council, as per the decision taken by the NSIF Trustees at the meeting of 21 February 2012	N$250 000	2012
Omusati Regional Council, for construction of a shelter for expectant mothers in the Outapi area	N$508 000	2012
Spellquizbee Namibia	N$150 000	2012
MVA Fund	N$30 000	2012
Namibia Disability Greenhouse Project	N$50 000	2012
Total implication	**N$6,048,000**	

Financial Implications

Namport allocates a percentage of its Net Profit to the Fund on an annual basis.

Namport Social Investment Fund as at 31 August

	2012	**2011**
Balance as at 1 September	**6,597,281**	**1,264,618**
Interest received	550,354	261,764
Namport fund allocation	6,954,510	5,780,370
Disbursements	(6,094,753)	(709,471)
Balance as at 31 August	**8,007,391**	**6,597,281**

CORPORATE CITIZENSHIP (continued)

SAFETY, HEALTH ENVIRONMENT AND SECURITY

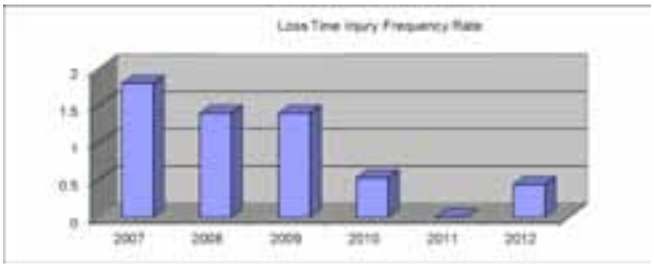
ISO & OHSAS certification

Namport once again retained certification on it's ISO 14001, ISO 9001 and OHSAS 18001 management systems.

Safety statistics

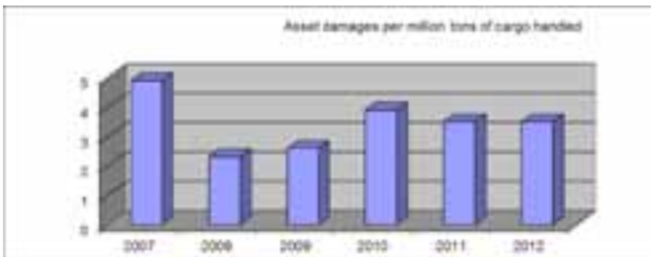
Although the Loss Time Injury Frequency Rate (LTIFR) increased from 0 to 0.44, during the year under review, Namport has achieved its goal to keep the (LTIFR) low. Root causes identified during accident investigations will be incorporated in the development of risk based safety training manuals to improve our safety performance in the new financial year.

Figure 1 Lost time injury frequency rate



The decrease achieved in the rate of asset damages per million tons of cargo in 2011, was maintained in 2012 at 3.5. However, the goal of a 10% reduction was not achieved. Namport appointed STC South Africa to evaluate the effectiviness of the companies operator training programme and have embarked on a partnership with STC South Africa to upskill our operators.

Figure 2 Rate of asset damages per million tons of cargo handled



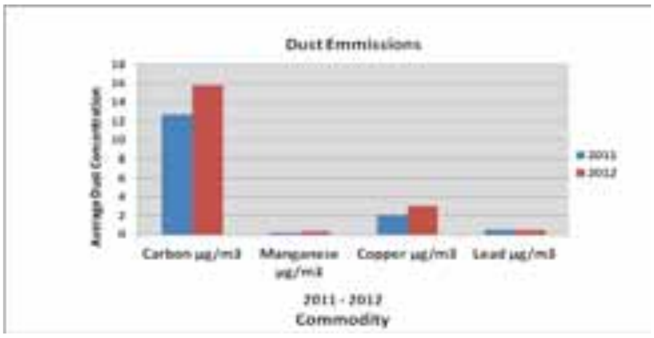
An Occupational Hygiene Survey was conducted during the year under review with particular emphasis on noise, vibration, air quality and lighting. Results obtained during the survey will be used to implement mitigating measures aimed at reducing exposure in high risk areas.

Environment

The average annual dust concentration for commodities currently handled at the privately operated bulk terminal were all below their threshold limit values and are depicted in Figure 3.

Average aerial dust concentration for Carbon has increased by 24% (2011 – 22%), manganese by 31% and Copper by 45%. Although aerial dust concentration levels for these commodities remained well within their respective thresshold limit values, the sharp increase in aerial dust concentration levels is a cause of concern. An idependent investigation into the adequacy of dust supression measures currently deployed at this facility will be launched in the new financial year and appropriate measures implemented to reduce levels to its historic levels.

Figure 3 Average dust concentration



Port security

The construction of a port police station was successfully completed during the year. We remain optimistic that this initiative coupled with the installation of mobile scannners will contribute to the competitiveness of Namibian ports by enabling regional development and cross border trade in a safe and secure port environment.

Focus for 2011/2012

- Strategic EIA for the Port of Walvis Bay.
- Continued implementation of carbon footprint report recommendations as regards energy efficiency in the Port.
- Upgrade the water treatment facility at Syncrolift in order to accommodate increased effluent volume requirements.
- Accommodate constantly increasing waste streams by improving/upgrading waste management capabilities. Acquire more waste skips.
- Independent security threat assessment to determine the adequacy and suitability of existing port security infrastructure.

CORPORATE CITIZENSHIP (continued)

MARITIME SAFETY

The Port of Walvis Bay has, during the year 2011/12, undergone the following major improvements in order to accommodate bigger vessels like the WAFMAX and others of the same category:

1. Extension of the main entrance channel from 4.5 nautical miles (nm) to 5.2 nautical miles. Following this depth improvement a new set of navigation buoys was introduced at the entrance channel. The Fairway buoy was repositioned and a new Pilot Boarding ground established.

2. Deepening of the main entrance channel, Turning basin and container vessel berths # 1-3 for the Container Terminal from -12.8m to -14m Chart Datum (CD).

3. Expansion of Port Limits further north so as to improve on Port Safety and Security was completed.

4. The Port has also installed a new state of the art Port Surveillance system commonly known as the VTS to monitor traffic movements in the wake of increased traffic movements due to a growing ship and Rig repair industry.

5. New Paper and Electronic Charts for Electronic Chart Display Systems (ECDIS) for the Port of Walvis Bay is now in use.

The above information has been passed on to the Hydrographer of the South African Navy and is published in the Notices to Mariners.

Additional information:

Main Channel width	- 132m
Turning Basin AV length	- 400m
Berth 1-3 length @ 500 Depth	- 14.M CD,
Berth 4-8 length @ 900m Depth	- 10.6M CD
Small Craft Harbour 90m Depth	- 6.0M CD
Fishing Channel width	- 100m
Fishing Harbour Average depth	- 6.5M CD

Limitations at the tanker jetty

For a vessel to be safely berthed at the Tanker Jetty the following limits apply:

- Lower limit of 128m (LOA) and,
- Upper limit of 192m (LOA).
- Draft limit of 9.4m.
- The parallel body length must not be less than 74m so that the vessel will be squarely resting on the dolphins.

STATISTICS

	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11	Sep/Aug 11/12
1. Cargo handled at the Ports (tonnes)						
Cargo landed						
Bulk and Breakbulk	523,090	595,116	626,628	710,409	950,388	998,740
Containerized	781,057	1,068,899	1,294,881	906,845	771,090	981,877
Sulphuric Acid	290,047	381,839	264,428	245,328	344,545	336,862
Petroleum landed	766,450	784,625	934,950	915,683	1,009,813	1,031,002
	2,360,644	**2,830,478**	**3,120,887**	**2,778,265**	**3,075,836**	**3,348,481**
Cargo shipped						
Bulk and Breakbulk	995,269	990,669	918,281	906,303	1,088,383	1,011,586
Containerized	327,665	430,164	520,669	540,937	494,662	626,597
	1,322,935	**1,420,833**	**1,438,950**	**1,447,240**	**1,583,045**	**1,638,183**
Cargo transhipped						
Bulk and Breakbulk	5,021	6,847	4,770	10,073	4,066	7,874
Containerized	502,314	432,183	819,274	1,013,403	867,820	1,527,667
	507,335	**439,030**	**824,044**	**1,023,476**	**871,886**	**1,535,541**
Total cargo handled	**4,190,913**	**4,690,341**	**5,383,880**	**5,248,981**	**5,530,767**	**6,522,205**
2. Containers handled (Twenty-foot Equivalent Units)						
Landed	28,163	42,062	55,458	51,409	53,526	67,514
Shipped	28,101	36,518	56,040	48,792	43,439	52,034
Transhipped	91,970	105,025	154,165	156,118	126,723	217,586
Total Teu's	**148,234**	**183,605**	**265,663**	**256,319**	**223,688**	**337,134**
3. Vessel visits at the Ports						
Number of vessels	2,384	2,509	2,716	2,559	2,606	2,565

STATISTICS (continued)

	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11	Sep/Aug 11/12
1. Cargo handled at the Port of Walvis Bay (tonnes)						
Cargo landed						
Bulk and Breakbulk	494,887	497,136	537,091	603,680	852,755	906,800
Containerized	778,037	1,067,337	1,293,121	905,415	769,462	980,117
Sulphuric Acid	290,047	381,839	264,428	245,328	344,545	336,862
Petroleum landed	735,956	756,108	899,618	883,760	979,548	995,067
Total	**2,298,927**	**2,702,419**	**2,994,258**	**2,638,184**	**2,946,311**	**3,218,846**
Cargo shipped						
Bulk and Breakbulk	866,512	933,878	892,248	786,230	910,864	856,031
Containerized	290,387	317,438	327,502	453,281	461,376	599,867
Total	**1,156,899**	**1,251,316**	**1,219,750**	**1,239,511**	**1,372,240**	**1,455,898**
Cargo transhipped						
Bulk and Breakbulk	4,991	6,818	4,770	10,073	4,066	7,874
Containerized	502,314	432,183	819,274	1,013,403	867,820	1,527,667
Total	**507,304**	**439,001**	**824,044**	**1,023,476**	**871,886**	**1,535,541**
Total Cargo	**3,963,131**	**4,392,736**	**5,038,052**	**4,901,170**	**5,190,437**	**6,210,285**
2. Containers handled at the Port of Walvis Bay (Twenty-foot Equivalent Units)						
Landed	26,295	35,669	47,550	46,746	51,721	66,190
Shipped	26,728	29,892	48,547	44,879	41,733	50,634
Transhipped	91,970	105,025	154,165	156,118	126,723	217,586
Total Teu's	**144,993**	**170,586**	**250,262**	**247,743**	**220,177**	**334,410**
3. Vessel visits at the Port of Walvis Bay						
Number of vessels	1,216	1,251	1,601	1,641	1,585	1,625

STATISTICS (continued)

	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11	Sep/Aug 11/12
1. Main Commodities handled at the Port of Walvis Bay (Freight tonnes)						
Landed						
Petroleum	735,956	756,108	899,618	883,760	979,548	995,067
Coal	117,252	113,178	118,316	64,421	135,934	70,399
Fish Products	131,645	80,470	106,559	137,795	145,336	159,043
Wheat	47,083	30,344	37,900	35,460	50,554	57,028
Sugar	59,835	58,515	92,495	85,689	115,601	99,684
Cement	104,694	162,024	104,782	71,816	123,070	147,633
Wine/Beverages	16,845	11,905	7,480	7,348	1,738	1,078
Copper/Lead	5,401	39,793	97,484	160,176	182,643	194,342
Sulphuric Acid	290,047	381,839	264,428	245,328	344,545	336,862
Sulphur	-	-	-	-	-	-
Manganese Ore	19,176	22,798	18,079	21,037	15,276	15,045
Malt	31,702	29,876	35,134	35,410	35,376	39,270
Vehicles	131,305	224,924	332,115	302,261	214,651	345,330
Lubricating Oil	286	22	506	1,188	3,972	4,246
General Cargo	607,699	790,624	879,362	586,494	598,067	753,820
Total	**2,298,927**	**2,702,419**	**2,994,258**	**2,638,184**	**2,946,311**	**3,218,846**
Shipped						
Salt	617,529	685,405	686,635	597,667	705,558	687,448
Fish Products	134,246	140,211	138,392	139,275	147,336	165,107
Fluorspar	128,624	111,746	93,351	112,206	98,878	96,802
Copper/Lead And Conc.	82,610	39,877	62,205	83,893	77,107	110,854
Manganese Ore	36,006	41,115	86,962	79,314	89,832	112,794
Flat Cartons	6,343	3,007	19,304	18,635	19,904	21,139
Marble And Granite	38,992	41,742	17,709	25,735	31,300	42,364
Skins And Hides	4,840	1,914	5,500	5,170	4,994	5,238
Fertilizer (Guano)	990	1,012	1,034	1,210	1,342	1,078
Charcoal	22,286	34,056	42,658	53,768	37,536	40,700
General Cargo	84,434	151,230	65,999	122,640	158,453	172,375
Total	**1,156,899**	**1,251,316**	**1,219,750**	**1,239,511**	**1,372,240**	**1,455,898**
Transhipped						
General Cargo	507,304	439,001	824,044	1,023,476	871,886	1,535,541
Total	**3,963,131**	**4,392,736**	**5,038,052**	**4,901,170**	**5,190,437**	**6,210,285**

2. Number of vessel visits to the port of Walvis Bay (by type of vessel)	06/07	07/08	08/09	09/10	10/11	11/12
Container	279	280	431	576	578	594
Reefer	30	39	45	36	32	33
Foreign fishing vessels	266	209	207	192	246	216
Namibian fishing vessels	94	86	66	51	38	47
Petroleum	38	55	56	79	66	52
General cargo vessels	162	179	188	185	186	186
Other	347	403	608	522	439	497
Total	**1216**	**1251**	**1601**	**1641**	**1585**	**1625**

STATISTICS (continued)

	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11	Sep/Aug 11/12
1. Cargo handled at the Port of Lüderitz (tonnes)						
Breakbulk						
Cargo landed						
Fuel	30,494	28,518	35,331	31,923	30,264	35,936
Fish	21,637	21,691	27,181	30,631	24,490	22,193
Sulphur	45,568	72,154	61,980	74,773	69,540	66,017
General Cargo	6,566	4,135	377	1,325	3,604	3,730
Total landed	**104,265**	**126,497**	**124,869**	**138,652**	**127,898**	**127,875**
Cargo shipped						
Fish & Bait	248	2,607	1,401	1,444	256	46
Ice	21,451	23,948	22,398	28,645	23,949	23,630
Zinc/Zinc Conc.	106,236	15,333	-	-	7,541	-
Other	822	14,902	2,234	89,984	145,772	131,879
Total shipped	**128,757**	**56,791**	**26,033**	**120,073**	**177,519**	**155,555**
Cargo transhipped						
Fish	-	29	-	-	-	-
Other	30	-	-	-	-	-
Total transhipped	**30**	**29**	**-**	**-**	**-**	**-**
Total	**233,052**	**183,317**	**150,902**	**258,725**	**305,416**	**283,430**
Containerized Cargo						
Landed	3,020	1,562	1,760	1,430	1,628	1,760
Shipped	37,278	112,726	193,167	87,656	33,286	26,730
Transhipped	-	-	-	-	-	-
Total	**40,298**	**114,288**	**194,927**	**89,086**	**34,914**	**28,490**
Total Cargo	**273,350**	**297,605**	**345,829**	**347,811**	**340,330**	**311,920**
2. Containers handled at the Port of Lüderitz (Twenty-foot Equivalent Units)						
Landed	1,868	6,393	7,908	4,663	1,805	1,324
Shipped	1,373	6,626	7,493	3,913	1,706	1,400
Total Teu's	**3,241**	**13,019**	**15,401**	**8,576**	**3,511**	**2,724**
3. Vessel visits at the Port of Lüderitz						
Number of vessels	1,168	1,258	1,115	918	1,021	940

NAMPORT SUMMARY OF EQUIPMENT

EQUIPMENT TYPE	PORT OF WALVIS BAY	PORT OF LÜDERITZ	TOTAL
Mobile Harbour Crane			
104 Ton	3	-	3
140 Ton	2	-	2
86 Ton	1	-	1
64 Ton	-	1	1
25 Ton	-	2	2
Reach Stacker			
45 Ton	11	2	13
42 Ton	1	-	1
Empty Handler			
9 Ton	2	-	2
Forklift			
4 Ton	23	2	25
3 Ton	-	2	2
16 Ton	2	-	2
45 Ton	1	1	2
7 Ton	-	1	1
Hauler			
75 Ton	37	2	39
Iveco Horses	-	2	2
Container Trailer			
40 Ton	11	3	14
60 Ton	28	2	30
10 Ton	-	4	4
MHC Spreader			
41 Ton	2	-	2
50 Ton	5	-	5
MHC Grab			
16 Ton	1	-	1
40 Ton	1	-	1
Wharf Crane			
4 Ton	7	-	7
Gantry Crane			
25 Ton	2	-	2
Front End Loader	2	-	2
Tractor	2	4	6
RTG's 51 Ton	6	-	6
TOTAL EQUIPMENT	150	28	178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CORPORATE GOVERNANCE REPORT

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

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

The governance structure of the Authority comprises a portfolio Minister, being the Minister of Works and Transport, which appoints the Authority's Board of Directors (hereinafter "the Board").

Governance Agreement

The Board, in line with the State-owned Enterprises Governance Act 2 of 2006 entered into a five year Governance Agreement with its portfolio Minister on 20 May 2010, which agreement outlines the roles, responsibilities and obligations of the portfolio Minister and the Authority respectively. The Authority's progress towards achieving its objectives and strategies are evaluated utilising key performance indicators set out in the said agreement, which agreement is open for inspection at the Authority's Head Office during business hours.

King Code Of Governance 2009

In terms of the Governance Agreement referred to hereinabove, the Authority has committed to the principles of good corporate government principles as contained in the King Report 2009 ("King III").

Board Of Directors

The Authority is overseen, managed and controlled by the Board of Directors on behalf of the Shareholder and has overall responsibility and accountability for the affairs and performance of the Authority. The Authority has a unitary structure of five directors, being five independent non-executive directors. The Directors, Chairperson and Deputy-Chairperson are appointed by the portfolio Minister and their term of office is three years respectively.

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

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

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

The Board meets regularly to ensure that it carries out its duties and responsibilities effectively and diligently. The roles of the Chairperson and the Chief Executive Officer provide leadership and guidance to the Authority's Board, with the latter providing overall leadership without compromising the principle of collective responsibility of decision making.

The effectiveness of the performance of Board members will be carried out and finalised during 2013 for submission to the portfolio Minister.

The Board is satisfied that it discharged its duties and responsibilities in line with the Board Charter for the year under review.

Delegation

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

Executive Management

The collective responsibility of management and effective control vests in the Chief Executive Officer. The Chief Executive Officer has line responsibility for all aspects of the execution of strategy and management of the Authority for which he is held accountable by the Board. The Executive Committee, comprising of senior management, assists the Chief Executive Officer in the execution of his duties.

In complying with the State-owned Enterprise Governance Act 2 of 2006 as amplified by the Governance Agreement, the Board entered into a performance agreement with the Chief Executive Officer and each senior manager regarding performance delivery based on the key performance indicators agreed to in the Governance Agreement.

The term of office of the Chief Executive Officer is for a period of five years and may be renewed in the sole discretion of the Board.

Company Secretary

All directors have unrestricted access to the advice and services of the Company Secretary of the Board who, amongst others, provides advice and guidance to the Board on matters of ethics, good governance and legislative changes. All directors may seek independent professional advice about the affairs of the Authority and at the Authority's expense.

Board Committees

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

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

- Board Audit and Risk Committee

The Audit and Risk committee is responsible for independently reviewing, on behalf of the Board, the Authority's framework of control, overseeing integrated reporting and risk management, ensuring a combined assurance model is applied, oversight of the internal and external audit processes and Information Technology reporting. In addition thereto, the Committee also considers legal, regulatory, ethical and sustainability matters.

The members of the Board Audit and Risk committee for the period under review were Jennifer J. Comalie (Chairperson), Andreas Kanime, Coenraad J. W. Coetzee, was appointed as a third member of the Committee effective 6 June 2012 in line with the Committee's Charter.

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

- Board Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board regarding all matters related to remuneration and appointments.

For the period under review the members of the Board Remuneration Committee were Otto N. Shikongo (Chairperson) and Matilda K. Jankie - Shakwa. Elke S. Hanstein was appointed as a third member of the Committee on 14 June 2012, in line with the Committee's Charter.

- Board Strategic Committee

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

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

The Chief Executive Officer, Executive: Projects and the Port Engineer attend meetings of the Committee as permanent invitees.

- Investment Committee

The Committee is charged with recommending, overseeing and evaluating the application of the Authority's investment portfolio, as well as to manage and administer the Authority's investment performance objectives over time.

The members of the Board Investment Committee for the period under review were Andreas Kanime (Chairperson), Jennifer J. Comalie, the Chief Executive Officer and the Executive: Finance.

- Board Tender Committee

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

The membership of the Board Tender Committee for the period under review comprised of Matilda K. Jankie-Shakwa and Jennifer J. Comalie. The alternate member of the Committee is Andreas Kanime.

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

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 organisation structure and division of responsibility, established policies and procedures, which are communicated throughout the Authority as well as the proper training and development of its personnel. Internal Audit monitors the operation of the internal control systems, reports findings and makes recommendations to management and the Board on a continual basis.

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 and Risk Committee, provides oversight of the financial reporting process.

The Authority maintains its internal control system on a continual basis to ensure effective internal control over financial reporting. The Authority believes that for the period ended 31 August 2012, 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 thereon to executive management.

Code Of Ethics

The ethical rules of the operation of the Authority are governed by its Code of Ethics Policy. The policy 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 to the foregoing, the said Policy makes provision for a complaints and whistle-blowing procedure with reporting to the Compliance Officer who is the Legal Advisor and 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 management tender committee provides for attendees to disclose interests in any matters which will be discussed at its meeting.

Moreover, a register of interests is maintained by the Legal Advisor and Company Secretary wherein employees of the Authority can disclose interests. This register of interest may be viewed by any employee at the office of the Legal Advisor and Company Secretary.

In addition to the Code of Ethics Policy, the Board also approved the Outside work Policy, Conflicts of Interest Policy, Gifts and Benefits Policy as well as the Whistle-Blowing and Complaints Handling Policy.

DIRECTORS REPORT

The directors have pleasure in presenting their annual report, which forms part of the audited financial statements of the Authority and the group for the year ended 31 August 2012.

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

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

Shareholder Expectations

The five year Governance Agreement entered into with the shareholder specifies the principle common ambitions, expectations, commitments and understanding with respect to the Authority's performance for the duration of the agreement, as prescribed by the State-owned Enterprises Governance Act No. 2 of 2006. The Authority is further obligated to ensure that its performance indicators and targets are aligned to Vision 2030, National Development Plans as well as the Medium Term Expenditure Framework ("MTEF") of the shareholder.

The Authority further provides comprehensive and accurate quarterly performance reports to its portfolio Minister and operates according to the latest requirements of legislation, policy and standards in compliance with the aforesaid agreement.

Financial Results

The financial results are set out in the financial statements herein.

Ownership Of Land

Walvis Bay
The Authority is nearing completion of transferring certain erven situated in Walvis Bay to the Authority.

Auditors

Grand Namibia has been appointed as external auditors for a period of three financial years terminating with the 2015 financial year. Senior partners of Grand Namibia have been rotated given its length of service to the Authority.

The Chief Internal Auditor performs the internal audit function at the Authority and his terms of reference are set out in the Internal Audit Charter.

Directors

The following persons currently serve as members of the Board:

NAME	PERIOD IN OFFICE
Jeremia L. Muadinohamba (Chairperson)	7 October 2010 to 6 October 2013
Andreas Kanime (Deputy Chairperson)	15 October 2011 to 14 July 2014*
Otto N. Shikongo	15 July 2011 to 14 July 2014
Jennifer J. Comalie	15 July 2011 to 14 July 2014
Matilda K. Jankie – Shakwa	15 July 2011 to 14 July 2014

** Mr Andreas Kanime was previously appointed as a director from 15 July 2008 to 14 July 2011 and was reappointed as Deputy – Chairperson for the period referred to above.*

Meetings Of The Board

Board meetings are scheduled annually on a yearly basis and the following Board meetings were attended on by Board members in office for the period 1 September 2011 to 31 August 2012:

Name	Scheduled / Ordinary Meetings	Extraordinary Meetings
Scheduled	**4**	**5**
J. L. Muadinohamba	4	5
A Kanime	4	4
O. N. Shikongo	4	5
M. K Jankie-Shakwa	4	5
J. J. Comalie	4	5

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 a tour of the port and receive up to date information on the operations and developments at such a port. As part of training and development Board members are from time to time invited to accompany management on visits to other ports in order for them to familiarise themselves with best practice worldwide.

Accounting Standards

The financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS).

Board Committee Reports

- Audit and Risk committee

The Audit and Risk Committee Report forms part of the Directors' Report and the Committee reports to the shareholder on how it discharged its duties and its activities during the period under review.

- Remuneration committee

The Remuneration Committee Report forms part of the Directors' Report and the Committee reports to the shareholder on how it discharged its duties and activities during the period under review.

- Board Strategic Committee

Five meetings of the Board Strategic Committee took place during the period under review and was attended as follows :

Name	Scheduled / Ordinary Meetings	Extraordinary Meetings
Scheduled	**1**	**3**
J. L. Muadinohamba (Chairperson)	1	3
O. N. Shikongo	1	3

The Board is satisfied that the Board subcommittees executed their duties and responsibilities in accordance with the respective committee charters.

Legal Advisor and Company Secretary and Registered Office

The Legal Advisor and Company Secretary is Ms. Carol J. Schroeder, whose business address and registered office is situated No. 17 Rikumbi Kandanga Road, Walvis Bay, Republic of Namibia. The postal address of the Authority is P. O. Box 361, Walvis Bay, Republic of Namibia.

Subsidiary Companies And Performance

Information on subsidiary companies of the Authority is set out hereinbelow and a report on the performance of each subsidiary is annexed to this Directors' Report.

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

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

For the period under review the Namibian Competition Commission approved a merger between DCD (Proprietary) Ltd and Elgin, Brown and Hamer Holdings Group (Pty) Ltd (EBH Consortium), and although both companies are situated in the Republic of South Africa, the merger triggered a merger notification in terms of the Namibian Competition Act No.2 of 2003.

There are five members of the Board of Directors of Elgin, Brown & Hamer (Pty) Ltd, of which currently three members being, Kosmas Egumbo, Sadike Nepela and Ruusa Shipiki – Kapolo represented the Authority as at 31 August 2012.

DIRECTORS REPORT (continued)

- **Namport Property Holdings (Pty) Ltd: 100%**

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

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

- **Lüderitz Boatyard (Pty) Ltd : 100%**

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

Strategic Planning

The Authority reviews its strategy in consultation with the Executive Committee of the Authority on an annual basis at a prearranged annual Board strategic workshop. As required by the Governance Agreement with the shareholder, the Authority submitted its five year Business and Financial Plan, together with its Strategic Plan for the period 2013 to 2017, to the portfolio Minister.

Capital Expenditure

The Authority's capital expenditure for the financial year ended 31 August 2012 amounted to N$158 687 000, which translates to a 3,14% increase in capital investment from a previous financial year of N$154 million.The investments made are in line with the capital expenditure strategy which more specifically relates to investments in infra and supra structures.

Dividends

The Governance Agreement provides that the Board will determine the distribution of profits at the end of the financial year and declare and pay a dividend as agreed between the Board and the State-owned Enterprise Governance Council after taking into consideration –

- retention of an amount for purposes of future capital requirements and sustainability.
- future loan agreements.
- Namport's trade facilitator role.
- The desired debt equity ratio.

The Board at its meeting held on 24 November 2012 resolved not to approve a dividend to the shareholder in light of the envisaged New Walvis Bay Container Terminal on reclaimed land project.

Risk Management

The Board is responsible for the governance of risk through a formal process and the Audit and Risk committee assists the Board in carrying out its risk responsibilities, who in turn is assisted by the Corporate Risk Management Committee at management level.

The Enterprise Risk Management Policy and Framework commits the Authority to a process of integrated risk management that is aligned to the principles of good governance, which will enable Namport to deliver shareholder value through the creation of tangible and intangible benefits while managing potential exposures. As a consequence, the Authority on a continuous basis dovetails risk management into all its business processes and activities and ensures that effective risk mitigation plans are in place.

An enterprise wide risk assessment was carried out and key risks were identified, which risks have been incorporated into the Authority's 2013 to 2017 Strategic Plan. Furthermore business continuity plans, including emergency response procedures and communication plans, have been formulated.

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 matter has been defended.

- Centani Investment CC brought a review application against Namport requesting that the award of the tug boat tender to Damen Shipyards Cape Town (Pty) Ltd be set aside, as it alleges that the said tender should have been awarded to it.The matter has been opposed.

Going Concern

The Directors have no reason whatsoever to believe that the Authority will not be a going concern in the foreseeable future based on forecasts and available cash resources.

REPORT OF THE AUDIT AND RISK COMMITTEE

In my capacity as Chairperson of the Audit and Risk Committee, I am pleased to present our report for the financial year ended 31 August 2012.

1. Audit and Risk Committee members and attendance at meetings

The Audit and Risk Committee (hereinafter "the Committee") is constituted as a Committee of the Board of Directors. The Committee consists of two independent, non-executive directors and in terms of its Charter must meet at least twice per year.

For the period under review Jennifer J. Comalie (Chairperson) and Andreas Kanime were members of the Committee. Effective from 6 June 2012, Coenraad J. W. Coetzee was appointed as a third member of the Committee by the Board in line with the Committee's Charter.

The Chief Executive Officer, Executive: Risk Management, Executive: Finance, External Auditor and Chief Internal Auditor are permanent invitees of the committee meetings.

2. Meeting Attendance 2011/2012

A total of five meetings, one of which was an extraordinary meeting of the Committee, were held for the year under review. The number of meetings attended by Committee members are as follows :

Name of member	Designation	Scheduled/Ordinary Meetings	Extraordinary Meetings	Date of Appointment
Ms J. J. Comalie	Chairperson	4	1	15 July 2011
Mr A. Kanime	Committee member	4	1	12 July 2011
Mr C.J.W Coetzee	Committee Member	1	0	6 June 2012

3. Evaluation of performance of the Committee

The evaluation of the performance of the Committee will be carried out in 2013 by an independent consultant, as part of board performance evaluation.

4. Roles and responsibilities

In line with its Charter, and as mandated by the Board, the Audit and Risk Committee fulfils an oversight role regarding the Authority's integrated report and the reporting process, including the system of internal financial control. It is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority within the Authority to enable it to discharge its duties. Furthermore, the Committee oversees co-operation between the internal and external auditors, and serves as a link between the Board of Directors and these functions.

In addition to fulfilling the above function, the Committee also had regard to statutory and regulatory developments in so far as it related to the Authority for the period under review such as changes in tax and labour legislation, but to mention a few.

The Committee is satisfied that it complied with its legal, regulatory or other responsibilities and conducted its affairs in line with its Charter, which Charter is available on request.

5. External Auditor

The Committee has satisfied itself that the External Auditor was independent of the Authority and objective in the services rendered to the Authority. Requisite assurance was sought and provided by the External Auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2012 financial year.

The Committee is well-satisfied with the external auditors' performance.

For the period under review the Committee recommended the Policy for Audit, Audit–related and non–Audit Services Policy to the Board for approval, which Policy was approved by the Board.

6. Internal Financial Controls

The Committee is of the opinion that the company's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

7. Financial Statements (including accounting practices)

The Committee reviewed the financial statements of the Authority and is satisfied that they comply with International Financial Reporting Standards (IFRS).

8. Expertise and experience of financial executive and finance function

The Committee has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

REPORT OF THE AUDIT AND RISK COMMITTEE (continued)

9. Risk Management

The Committee in assisting the Board with carrying out its risk responsibilities, fulfils an oversight role regarding financial risk reporting, internal financial controls, fraud and information technology risks in so far as it relates to risk management reporting.

10. Internal Audit

The Chief Internal Auditor is the head of the internal audit function and all audit activities are spearheaded in accordance with recognised professional standards. The Committee approved the internal audit plan for the 2013 financial year.

The internal audit function reports centrally with responsibility for independently reviewing and providing assurance on the adequacy of the internal control environment across all of the Authority's operations. In addition thereto, the Chief Internal Auditor is responsible for reporting on all issues related to corporate governance, risk and control processes and any other issues identified in the annual audit plan approved by the Committee. Follow–up audits are carried out on all audit findings.

The Chief Internal Auditor operates independent from management and has direct access to the Board and the Committee. The Committee is also responsible for the assessment of the performance of the Chief Internal Auditor and the internal audit function.

11. IT Governance

Information Systems and Technology is a standing reporting item on the agenda of the Committee and the Committee is kept informed of all issues and developments pertaining to IT governance.

12. Sustainability reporting

The Committee considered the Authority's sustainability information as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements. The Committee is satisfied that the sustainability information is reliable and consistent with the financial results.

J COMALIE
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

REPORT OF THE REMUNERATION COMMITTEE

In my capacity as Chairperson of the Remuneration Committee I am pleased to present our report for the financial year ended 31 August 2012.

1. Terms of reference

The Committee supports the Board in the execution of its duties, with its role being to determine and develop the Authority's remuneration strategy and related conditions of service competitive enough to drive performance as well as to attract, retain and motivate human resources of quality and calibre required by the Authority. The duties and responsibilities of the Committee, as set out in its Charter, can broadly be summarised as follows:

- remuneration
- performance management
- conditions of services
- human resources development and capacity building.

The Committee has conducted its affairs in line with its Charter, which Charter is available on request.

2. Remuneration Committee members and attendance at meetings

The Committee consists of two independent non-executive directors and is required to meet at least twice a year. The Chief Executive Officer and the Human Resources Executive are permanent invitees of committee meetings.

Otto N. Shikongo (Chairperson) and Matilda K. Jankie-Shakwa were members of the Committee for the period under review. Effective 14 June 2012, Elke S. Hanstein was appointed as a third member of the Committee in line with the Committee's Charter.

During the year under review four meetings were scheduled and the table below sets out the number of meetings attended on by members of the Committee:

4. Remuneration

The Committee is tasked to determine that the broad framework for remuneration is competitive enough that sufficiently skilled employees are attracted, retained and motivated.

The directive relating to remuneration levels of the State-owned Enterprises Governance Council published on 12 August 2010 encompasses the remuneration levels for chief executive officers and senior managers of state-owned enterprises as well as the annual fees and sitting allowances for board members, who were either reappointed or appointed after date of publication of the directive.

The Authority is classified as a Tier 3 state – owned enterprise and the portfolio Minister in line with the stated directive directed that the remuneration levels of the Chief Executive Officer and senior management be aligned to the 90th percentile remuneration band whereas the remuneration for new or reappointed directors' are aligned to the Upper Quartile of the said framework.

The Committee previously expressed its concern that the implementation of the aforementioned framework will severely hamper the attraction of key skills required by the Authority, as there are certain skills which are critical to its functioning and more so in light of the fact that the Authority operates in an international environment. The Board of Directors, as a consequence of the foregoing concern, approved an application for exemption from certain provisions of the State–owned Enterprises Governance Act, which submission will be submitted to the State–owned Governance Council by the portfolio Minister on behalf of the Authority.

5. Performance management

The Committee reviewed the performance evaluations of the executives for the period under review as carried out by the Chief Executive Officer and tabled recommendations to the Board.

Name of member	Designation	Scheduled/Ordinary Meetings	Extraordinary Meetings	Date of Appointment
O. N. Shikongo	Chairperson	4	1	15 July 2011
M. K. Jankie–Shakwa	Committee member	4	1	12 July 2011
E. S. Hanstein	Committee Member	1*	0	14 June 2012

3. Executive appointments

All Executives are appointed by the Board on five year agreements and enter into performance agreements with the Board, which agreements includes the key performance areas as stipulated in the Governance Agreement between the Shareholder and the Authority.

6. Labour Act compliance

The Committee is closely monitoring the implementation of a three shift system as part of compliance with the Labour Act No.11 of 2007, as amended.

REPORT OF THE REMUNERATION COMMITTEE (continued)

7. Policies

During the period under review the Committee recommended the policies enunciated hereunder to the Board for approval, which policies were subsequently approved:

1. Mobile Communications Policy.
2. Subsistence and Travelling Allowance Policy
3. Advances on Salary/Personal Loan Policy.
4. Employee Transfer/ Secondment Policy.
5. Staff Medical Assistance Policy.
6. Recruitment and Promotion Policy.

8. Evaluation of performance of the Committee

The evaluation of the performance of the Committee will be carried out and finalised in 2013.

9. Remuneration and benefits paid to directors

The Committee reports that the remuneration and benefits paid to directors for the period 1 September 2011 to 31 August 2012 was the total sum of N$1, 588, 841-68.

10. Remuneration of three highest paid employees

The Committee reports that the three highest paid employees of the Authority are –

1. Mr. Bisey /Uirab
2. Mr A Kathindi
3. Mr. Christian Faure

O. N. SHIKONGO
CHAIRPERSON OF THE REMUNERATION COMMITTEE

GROUP ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

AUTHORITY KEY FINANCIAL INDICATORS
FOR THE YEAR ENDED 31 AUGUST 2012

	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07
Turnover (N$ '000)	755,163	646,792	566,025	615,819	434,213	324,237
Operating profit (N$ '000)	194,203	202,623	165,851	264,303	140,165	92,803
Profit before taxation (N$ '000)	254,996	231,817	192,679	290,032	164,658	113,873
Return on assets	8,9%	8,9%	8,4%	14%	11%	9%
Return on equity	15%	15%	14%	24%	17%	13%
Operating profit margin	26%	31%	29%	43%	32%	29%
Total assets (N$ '000)	2,878,856	2,605,919	2,287,723	2,031,006	1,502,981	1,296,726
Shareholder's interest (N$ '000)	1,696,642	1,499,722	1,350,700	1,221,285	963,528	865,403
Long-term borrowings (N$ '000)	364,089	514,097	466,958	367,534	220,549	231,478
Debt: Equity ratio	0.21	0.34	0.35	0.31	0.23	0.27
Current ratio	1.98	3.14	3.43	3.69	2.07	3.29
Debt-service coverage ratio	3.5	2.8	4.9	3.1	2.05	1.97
Training as % of payroll	4%	5%	2%	3%	4%	5%
Number of employees	825	692	611	601	576	606
Turnover per employee (N$ '000)	915	935	926	1,025	754	535
Assets per employee (N$ '000)	3,490	3,766	3,744	3,241	2,609	2,140

AUTHORITY VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	2012 N$ '000	%	2011 N$ '000	%
WEALTH CREATED					
Revenue		**755,163**		646,792	
Paid to suppliers for materials and services		**(162,270)**		(132,164)	
VALUE ADDED		**592,893**		514,628	
Income from investments and sale of assets		**115,732**		96,625	
TOTAL WEALTH CREATED		**708,625**		611,253	
WEALTH DISTRIBUTION					
Salaries, wages and other employment costs	1	**297,047**	**42%**	220,785	36%
Providers of capital					
Dividends to shareholder		**-**	**0%**	15,000	2%
Finance costs on borrowings		**54,939**	**8%**	67,431	11%
Government	2	**59,550**	**8%**	69,110	11%
Reinvested to maintain and develop operations					
Depreciation		**100,137**	**14%**	89,905	15%
Retained earnings		**196,952**	**28%**	149,022	24%
TOTAL WEALTH DISTRIBUTED		**708,625**	**100%**	611,253	100%
NOTES TO THE VALUE ADDED STATEMENT					
1. Salaries, wages and other employment costs					
Salaries, overtime payments, bonuses and allowances		**252,897**		185,418	
Training and study assistance		**12,535**		10,066	
Employer contributions		**31,615**		25,301	
		297,047		220,785	
2. Central and local governments					
Normal and deferred taxation		**58,044**		67,795	
Rates and taxes		**1,506**		1,315	
		59,550		69,110	
3. Additional amounts collected on behalf of central and local governments					
VAT collected on revenue		**106,880**		91,566	
VAT paid on purchases		**(22,941)**		(19,761)	
VAT paid on imports		**(1,272)**		(5,020)	
PAYE deducted from remuneration		**55,327**		40,588	
		137,994		107,373	

TABLE OF CONTENTS

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

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

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

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

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

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

The directors have reviewed the company's cash flow forecast for the year ended 31 August 2013 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 42.

The annual financial statements and group annual financial statements, which were prepared on a going concern basis, were approved by the Board of Directors on 24 November 2012 and are signed on its behalf by:

J Muadinohamba
Chairman

J Comalie
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 above mentioned audit of the annual financial statements for the year ended 31 August 2012 has been carried out to my satisfaction.

Junias Etuna Kandjeke
Auditor General

February 2013

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, statements of financial position as at 31 August 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority and the group as at 31 August 2012, and the financial performance, changes in equity and the cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Namibian Ports Authority Act , 1994 (Act No 2 of 1994).

Grand Namibia

GRAND NAMIBIA
CHARTERED ACCOUNTANTS (NAMIBIA)
REGISTERED ACCOUNTANTS AND AUDITORS

Per: R Theron
19 November 2012

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as at 31 August 2012

	Notes	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**1,340,663**	1,275,911	**1,135,202**	1,067,336
Intangible Assets	4	**9,851**	18,228	**9,851**	18,228
Investments	5	**868,813**	782,522	**868,813**	782,522
Investments in Subsidiaries	6	**-**	-	**3,152**	3,152
Loan to Subsidiaries	7	**-**	-	**1,364**	3,532
Operating lease asset	8	**111,496**	85,012	**111,496**	85,012
Other financial assets	9	**-**	2,422	**-**	2,422
Channel levy Fund Investment	16	**16,452**	14,137	**16,452**	14,137
Deferred tax assets	19	**47,642**	62,504	**21,232**	15,768
Total non-current assets		**2,394,917**	2,240,736	**2,167,562**	1,992,109
Current assets					
Inventories	10	**20,959**	79,717	**1,624**	1,595
Trade and other receivables	11	**154,543**	116,811	**111,165**	82,378
Current tax asset	22	**17,113**	2,797	**17,113**	2,797
Other financial assets	9	**114,214**	113,856	**114,214**	113,856
Cash and cash equivalents	12	**472,925**	417,756	**467,178**	413,184
Total current assets		**779,754**	730,937	**711,294**	613,810
TOTAL ASSETS		**3,174,671**	2,971,673	**2,878,856**	2,605,919

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as at 31 August 2012 (continued)

	Notes	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
EQUITY AND LIABILITIES					
Capital and reserves					
Capital account	13	**50,344**	50,344	**50,344**	50,344
Revaluation reserve	14	**19,585**	23,891	**19,585**	23,891
Retained earnings		**1,663,323**	1,456,036	**1,626,713**	1,425,487
Shareholders' interest		**1,733,252**	1,530,271	**1,696,642**	1,499,722
Non-controlling interest		**36,627**	33,033	**-**	-
Total capital and reserves		**1,769,879**	1,563,304	**1,696,642**	1,499,722
Non-current liabilities					
Long-term borrowings	15	**472,407**	636,528	**364,089**	514,097
Special purpose funds	16	**18,398**	15,961	**18,398**	15,961
Deferred Income	17	**1,440**	1,440	**1,440**	1,440
Severance pay provision	18	**3,495**	4,276	**3,495**	2,658
Other financial liabilities		**3,228**	3,228	**-**	-
Operating lease liability	8	**3,531**	3,844	**-**	-
Deferred tax liabilities	19	**497,048**	455,919	**433,897**	376,356
Total non-current liabilities		**999,547**	1,121,196	**821,319**	910,512
Current liabilities					
Trade and other payables	20	**96,227**	128,407	**65,986**	50,455
Short-term portion of long-term borrowings	15	**237,814**	114,654	**223,705**	101,118
Special purpose funds	16	**8,007**	6,597	**8,007**	6,597
Provisions	21	**63,197**	37,515	**63,197**	37,515
Total current liabilities		**405,245**	287,173	**360,895**	195,685
Total liabilities		**1,404,792**	1,408,369	**1,182,214**	1,106,197
TOTAL EQUITY AND LIABILITIES		**3,174,671**	2,971,673	**2,878,856**	2,605,919

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 August 2012

	Notes	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
Revenue	23	**1,034,392**	922,917	**755,163**	646,792
Other Income		**10,096**	11,605	**4,561**	7,790
Total income		**1,044,488**	934,522	**759,724**	654,582
Operating costs		**(827,218)**	(718,872)	**(565,521)**	(451,959)
Employee costs		**(378,667)**	(357,750)	**(303,627)**	(224,903)
Other costs	24	**(305,849)**	(224,218)	**(129,454)**	(107,740)
Depreciation and impairment charges		**(110,076)**	(99,988)	**(100,137)**	(89,905)
Maintenance costs		**(32,626)**	(36,916)	**(32,303)**	(29,411)
Operating Profit	25	**217,270**	215,650	**194,203**	202,623
Fair value adjustments on financial assets	26	**90,494**	66,125	**90,494**	66,125
Interest income	27	**25,250**	30,515	**25,238**	30,500
Finance costs	28	**(64,447)**	(78,893)	**(54,939)**	(67,431)
Profit Before Tax		**268,567**	233,397	**254,996**	231,817
Taxation	29	**(61,958)**	(68,718)	**(58,044)**	(67,795)
Profit for the year		**206,609**	164,679	**196,952**	164,022
Profit for the year		**206,609**	164,679	**196,952**	164,022
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**206,609**	164,679	**196,952**	164,022
Profit for the year attributable to:					
Owners of the parent		**203,015**	163,846		
Non-controlling interest		**3,594**	833		
		206,609	164,679		
Total comprehensive income attributable to:					
Owners of the parent		**203,015**	163,846		
Non-controlling interest		**3,594**	833		
		206,609	164,679		

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 August 2012

	Capital N$ '000	Revaluation reserve N$ '000	Retained earnings N$ '000	Non-controlling interest N$ '000	Total N$ '000
Group					
Year ended 31 August 2012					
Balance 1 September 2011	50,344	23,891	1,456,036	33,033	1,563,304
Adjustment	-	-	(2)	-	(2)
Total comprehensive income for the year	-	-	203,015	3,594	206,609
Transfer - revaluation depreciation	-	(4,306)	4,274	-	(32)
Balance as at 31 August 2012	**50,344**	**19,585**	**1,663,323**	**36,627**	**1,769,879**
Year ended 31 August 2011					
Balance 1 September 2010	50 344	28,671	1,302,410	32,200	1,413,625
Dividend paid	-	-	(15,000)	-	(15,000)
Total comprehensive income for the year	-	-	163,846	833	164,679
Transfer - revaluation depreciation	-	(4,780)	4,780	-	-
Balance as at 31 August 2011	**50,344**	**23,891**	**1,456,036**	**33,033**	**1,563,304**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 August 2012 (continued)

	Capital N$ '000	Revaluation reserve N$ '000	Retained earnings N$ '000	Total N$ '000
Authority				
Year ended 31 August 2012				
Balance 1 September 2011	50,344	23,891	1,425,487	1,499,722
Total comprehensive income for the year	-	-	196,952	196,952
Transfer - revaluation depreciation and impairment	-	(4,306)	4,274	(32)
Balance as at 31 August 2012	**50,344**	**19,585**	**1,626,713**	**1,696,642**
Year ended 31 August 2011				
Balance 1 September 2010	50,344	28,671	1,271,685	1,350,700
Dividend paid	-	-	(15,000)	(15,000)
Total comprehensive income for the year	-	-	164,022	164,022
Transfer - revaluation depreciation and impairment	-	(4,780)	4,780	-
Balance as at 31 August 2011	**50,344**	**23,891**	**1,425,487**	**1,499,722**

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended 31 August 2012

	Notes	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
Cash flows from operating activities					
Cash receipts from customers		**1,004,795**	811,880	**730,937**	501,003
Cash paid to suppliers and employees		**(725,465)**	(553,460)	**(482,622)**	(278,650)
Cash generated by operations	30	**279,330**	258,420	**248,315**	222,353
Interest received		**115,745**	96,640	**115,733**	96,625
Interest paid		**(64,447)**	(78,893)	**(54,939)**	(67,431)
Tax paid		**(20,283)**	-	**(20,283)**	-
Net cash flow from operating activities		**310,345**	276,167	**288,826**	251,547
Cash flows from investment activities					
Additions to property, plant and equipment	3	**(165,639)**	(157,541)	**(158,687)**	(153,860)
Additions to intangible assets		**(1,434)**	(18,938)	**(1,434)**	(18,938)
Additions to investments		**(7,785)**	(101,289)	**(7,785)**	(101,289)
Movement in channel levy fund investment		**(2,315)**	(2,137)	**(2,315)**	(2,137)
Proceeds from disposal of property, plant and equipment		**465**	1,041	**317**	725
Proceeds from maturing investments		**6,348**	104,016	**6,348**	104,016
Loan extended to subsidiary		**-**	-	**-**	(453)
Net cash outflow from investing activities		**(170,360)**	(174,848)	**(163,556)**	(171,936)
Cash flows from financing activities					
Proceeds from long-term borrowings		**74,498**	117,916	**74,498**	117,467
Repayment of long-term borrowings		**(163,161)**	(116,577)	**(149,621)**	(104,004)
Increase in special purpose funds		**3,847**	7,423	**3,847**	7,423
Dividends paid		**-**	(15,000)	**-**	(15,000)
Net cash (outflow)/inflow from financing activities		**(84,816)**	(6,687)	**(71,276)**	5,886
Net increase in cash and cash equivalents		**55,169**	94,632	**53,994**	85,497
Cash and cash equivalents at the beginning of year		**417,756**	323,124	**413,184**	327,687
Cash and cash equivalents at the end of year	12	**472,925**	417,756	**467,178**	413,184

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 August 2012

Accounting Policies

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

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

The Authority and group consolidated financial statements were authorized for issue by the Board of Directors on 24 November 2012

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

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

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

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain freehold land, structures and buildings, floating craft and machinery and equipment as set out in note 1 below and the measurement of certain financial instruments at fair value and deferred tax assets that are carried in terms of its individual standard.

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

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

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the group financial statements are disclosed.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 August 2012 (continued)

2.1 Significant judgements

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

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

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

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

c) Asset lives
Property, plant and equipment are depreciated over 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 statement of financial position date. The residual values are based on the assessment of useful lives and other available information.

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 August 2012 (continued)

Significant judgements (Continued)

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.

2.2 Property, plant and equipment

Recognition and measurement
The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment other than freehold land, structures and buildings, floating craft and machinery and equipment are carried at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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

Depreciation (continued)
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.

2.3 Intangible assets
An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Computer software
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the required criteria is 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 August 2012 (continued)

2.4 Investments in subsidiaries

Investments in subsidiaries, for the preparation of separate financial statements, are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

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

2.5 Financial Instruments

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

Financial assets at fair value through profit or loss – designated (Financial instruments which upon initial recognition 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 reassessed 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 statement of financial position when the Group has become party to the contractual provisions of the instruments.

Subsequent Measurement

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

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

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

Fair value determination

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 August 2012 (continued)

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

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

Impairment losses are recognised in profit or loss.

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

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

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

Loans to group companies
These include loans to subsidiaries and are recognised initially at fair value plus direct transaction costs. Loans to group companies are classified as loans and receivables.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 August 2012 (continued)

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

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

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

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

Hedging activities
Certain derivatives are classified as either:

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

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

The Group also documents its assessment, both at hedge inception and on an ongoing basis, 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 full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

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

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

Derecognition
A financial asset is derecognised when, and only when:

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

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

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

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

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

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

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

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

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

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

Finance leases – lessee (continued)
The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

Operating leases – lessor
Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under revenue in the statement of comprehensive income. The asset is not discounted.

Leases

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

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

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

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

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

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

2.10 Impairment of non-financial assets
The Group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 August 2012 (continued)

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

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

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

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

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

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

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

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

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

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

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

2.14 Translation of foreign currencies
The functional currency of the Group was determined based on the currency of the primary economic environment in which the Group operates. The functional currency of the Group is 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.

2.15 Employee benefits
Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

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

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

Defined benefit plans
For defined benefit plans the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted with sufficient regularity by independent actuaries separately for each plan.

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

2.16 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

3 Property, plant and equipment

	Land, structures & buildings N$ '000	Floating craft & dock N$ '000	Vehicles, machinery, equipment and furniture N$ '000	Leased assets N$ '000	Assets under construction N$ '000	Total N$ '000
Group						
31 August 2012						
Opening carrying value	645,477	184,062	363,575	35,491	47,306	1,275,911
Additions	6,113	42,804	5,141	-	111,581	165,639
Disposals	(175)	-	(351)	-	-	(526)
Transfer	65,867	13,161	8,472	-	(81,341)	6,159
Depreciation	(41,638)	(15,186)	(49,696)	-	-	(106,520)
Closing carrying value	**675,644**	**224,841**	**327,141**	**35,491**	**77,546**	**1,340,663**
Cost or valuation	1,139,714	336,575	611,306	35,731	77,546	2,200,872
Accumulated depreciation	(464,070)	(111,734)	(284,165)	(240)	-	(860,209)
Carrying value	**675,644**	**224,841**	**327,141**	**35,491**	**77,546**	**1,340,663**
31 August 2011						
Opening carrying value	549,722	193,400	278,500	31,705	162,510	1,215,837
Additions	2,839	178	4,143	448	149,933	157,541
Disposals	(156)	-	(825)	-	(168)	(1,149)
Transfer	134,187	647	125,488	4,647	(264,969)	-
Depreciation	(41,115)	(10,163)	(43,731)	(1,309)		(96,318)
Closing carrying value	**645,477**	**184,062**	**363,575**	**35,491**	**47,306**	**1,275,911**
Cost or valuation	1,070,620	280,610	567,983	39,756	47,306	2,006,275
Accumulated depreciation	(425,143)	(96,548)	(204,408)	(4,265)	-	(730,364)
Carrying value	**645,477**	**184,062**	**363,575**	**35,491**	**47,306**	**1,275,911**

	Group 2012 N$ '000	Group 2011 N$ '000
Carrying value of property, plant and equipment pledged as security:		
Vehicles, machinery, equipment and furniture - instalments sales	**90,921**	100,383
Marine bonds over the floating docks	**137,579**	140,928
	228,500	241,311

3 Property, plant and equipment (continued)

	Land, structures & buildings N$'000	Floating Craft N$'000	Vehicles, machinery, equipment and furniture N$'000	Leased Assets N$'000	Assets under construction N$'000	Total N$'000
Authority						
31 August 2012						
Opening carrying value	623,351	43,133	356,645	-	44,207	1,067,336
Additions	6,109	42,804	3,538	-	106,236	158,687
Disposals	(175)	-	(224)	-	-	(399)
Transfer	65,867	13,161	6,439	-	(79,308)	6,159
Depreciation	(41,638)	(11,837)	(43,106)	-	-	(96,581)
Closing carrying value	**653,514**	**87,261**	**323,292**	**-**	**71,135**	**1,135,202**
Cost or valuation	1,099,406	184,293	561,553	240	71,135	1,916,627
Accumulated depreciation	(445,892)	(97,032)	(238,261)	(240)	-	(781,425)
Carrying value	**653,514**	**87,261**	**323,292**	**-**	**71,135**	**1,135,202**
31 August 2011						
Opening carrying value	525,112	49,122	269,629	-	156,773	1,000,636
Additions	2,517	178	3,838	-	147,327	153,860
Disposals	(156)	-	(768)	-	-	(924)
Transfer	133,845	647	125,401	-	(259,893)	-
Depreciation	(37,967)	(6,814)	(41,455)	-	-	(86,236)
Closing carrying value	**623,351**	**43,133**	**356,645**	**-**	**44,207**	**1,067,336**
Cost or valuation	1,037,588	128,328	553,951	314	44,207	1,764,388
Accumulated depreciation	(414,237)	(85,195)	(197,306)	(314)	-	(697,052)
Carrying value	**623,351**	**43,133**	**356,645**	**-**	**44,207**	**1,067,336**

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.

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
Carrying value of assets pledged as security - instalment sales agreements: Vehicles, machinery, equipment and furniture			**90,921**	102,387
4 Intangible assets				
Computer software				
Cost	**19,484**	24,305	**19,484**	24,305
Accumulated depreciation	**(9,633)**	(6,077)	**(9,633)**	(6,077)
	9,851	18,228	**9,851**	18,228
Opening carrying value	**18,228**	2,959	**18,228**	2,959
Additions	**1,434**	18,938	**1,434**	18,938
Transfer	**(6,255)**	-	**(6,255)**	-
Amortisation	**(3,556)**	(3,669)	**(3,556)**	(3,669)
Closing carrying value	**9,851**	18,228	**9,851**	18,228
5 Investments				
At fair value through profit and loss designated:Endowment assurance policies	**868,813**	782,522	**868,813**	782,522
Carrying value of investments pledged as security to third parties limited to value of loans	**180,120**	232,513	**180,120**	232,513

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.

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	2012 % Holding	2011 % Holding	Authority 2012 N$ '000	Authority 2011 N$ '000
6 Investments in subsidiaries				
Elgin Brown & Hamer Namibia (Pty) Ltd.	**52.50%**	52.50%	**3,150**	3,150
Namport Property Holdings (Pty) Ltd.	**100%**	100%	**1**	1
Lüderitz Boatyard (Pty) Ltd.	**100%**	100%	**1**	1
			3,152	3,152

The carrying amounts of subsidiaries are shown at cost net of impairment losses.

	Authority 2012 N$ '000	Authority 2011 N$ '000
7 Loans to subsidiaries		
Elgin Brown & Hamer Namibia (Pty) Ltd.	**640**	640
Namport Property Holdings (Pty) Ltd.	**11**	8
Lüderitz Boatyard (Pty) Ltd.	**713**	2,884
	1,364	3,532

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

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
8	**Operating Lease Asset / (Liability)**				
	Non-current assets	**111,496**	85,012	**111,496**	85,012
	Current assets	**-**	-	**-**	-
	Non-current liability	**(3,531)**	(3,844)	**-**	-
		107,965	81,168	**111,496**	85,012
	Operating lease asset/(liability) resulted from the straight-lining of lease receivables/payables and is not discounted.				
9	**Other financial assets**				
	Swap agreement EIB loan	**5,640**	4,106	**5,640**	4,106
	Insurance asset	**108,574**	112,172	**108,574**	112,172
		114,214	116,278	**114,214**	116,278
	Non-current assets	**-**	2,422	**-**	2,422
	Current assets	**114,214**	113,856	**114,214**	113,856
		114,214	116,278	**114,214**	116,278

The fair value of interest rate swaps and insurance asset is the estimated amounts that the group would receive or pay to terminate the swap and the insurance contracts at the statement of financial position date. The fair value of the forward exchange contracts is their quoted market price at the statement of financial position date, being the present value of the quoted forward price.

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
10	**Inventories**				
	Work in progress	**17,378**	75,843	**-**	-
	Consumable stores, net of impairment provision	**3,581**	3,874	**1,624**	1,595
		20,959	79,717	**1,624**	1,595
11	**Trade and other receivables**				
	Trade debtors	**144,438**	106,448	**112,816**	85,754
	Provision for impairment for trade debtors	**(7,426)**	(6,796)	**(6,440)**	(5,802)
		137,012	99,652	**106,376**	79,952
	Prepayments	**4,096**	1,111	**2,474**	499
	Staff loans	**2,407**	1,984	**2,298**	1,910
	Sundry receivables	**11,028**	14,064	**17**	17
		154,543	116,811	**111,165**	82,378
Trade and other receivables past due but not impaired					
The ageing of amounts past due but not impaired is as follows:					
30 days past due		**5,493**	4,806	**2,830**	2,143
more than 30 days past due		**12,129**	9,240	**5,014**	2,125
		17,622	14,046	**7,844**	4,268

Account balances outstanding for more than sixty (60) days are considered to be past due. The counterparties whose account balances are neither past due nor impaired do not have any history of defaults on their accounts.

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
	Trade and other receivables (continued)				
	Reconciliation of provision for impairment for trade and other receivables:				
	Opening balance	**6,796**	6,000	**5,802**	6,000
	Impairment loss recognised	**1,737**	3,047	**751**	2,053
	Impairment utilised	**(1,107)**	(2,251)	**(113)**	(2,251)
		7,426	6,796	**6,440**	5,802
12	**Cash and cash equivalents**				
	Cash on hand	**272**	268	**43**	43
	Bank balances	**12,109**	6,690	**6,591**	2,343
	Short-term deposits	**460,544**	410,798	**460,544**	410,798
		472,925	417,756	**467,178**	413,184
	Disclosed as:				
	Current assets	**472,925**	417,756	**467,178**	413,184
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**				
	Opening balance	**23,891**	28,671	**23,891**	28,671
	Adjustment	**(32)**	-	**(32)**	-
	Transfer to retained earnings	**(4,274)**	(4,780)	**(4,274)**	(4,780)
		19,585	23,891	**19,585**	23,891

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
15	**Long-term borrowings**	**472,407**	636,528	**364,089**	514,097
	Balance at beginning of the year	**751,182**	692,011	**615,215**	543,471
	New loans raised	**74,498**	117,467	**74,498**	117,467
	Repaid	**(163,161)**	(116,577)	**(149,621)**	(104,004)
	Interest capitalised	**47,702**	59,944	**47,702**	59,944
	New finance leases		-	-	-
	Adjustment for swap agreements	**-**	(1,663)	**-**	(1,663)
	Current portion of long term borrowing due within one year transferred to short-term borrowings	**(237,814)**	(114,654)	**(223,705)**	(101,118)
	Capitalised finance leases	**267,042**	197,744	**267,042**	197,744
	Other long-term loans	**443,179**	553,438	**320,752**	417,471
	Total long-term borrowings	**710,221**	751,182	**587,794**	615,215
	Current portion of long term borrowing due within one year transferred to short-term borrowings	**(237,814)**	(114,654)	**(223,705)**	(101,118)
		472,407	636,528	**364,089**	514,097
	Standard Bank loan repayable over 5 years in bi-annual instalments at the "Inclusive Rate" as defined in the loan agreement. The loan is secured by an investment with a carrying value of N$171 million.	**88,240**	109,996	**88,240**	109,996
	Nedbank loan repayable over 5 years in bi-annual instalments at interest rates of prime less 3.35% per annum. This loan is secured by an investment with a carrying value of N$150 million.	**91,880**	122,516	**91,880**	122,516

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
15 Long-term borrowings (continued)				
Liabilities under finance lease agreements with Corporate Equipment Rentals (Pty) Ltd. repayable over 5 years in bi-annual instalments at interest rates of prime less 2.1% per annum.	**7,102**	10,260	**7,102**	10,260
Damen Shipyards lease agreement bearing interest at 8.5% per annum repayable over 24 months.	**42,782**	-	**42,782**	-
Liabilities under instalments sale agreements with Wesbank repayable over 5 years in bi-annual instalments at a fixed interest rate of 11.49% per annum.	**-**	6,899	**-**	6,899
Liabilities under two instalments sale agreements with Development Bank of Namibia repayable over 5 years in bi-annual instalments at a fixed interest rate of 11.20% per annum.	**18,398**	30,606	**18,398**	30,606
Liabilities under instalments sale agreements with Wesbank repayable over 5 years in bi-annual instalments at an interest rate of prime less 2.5% per annum.	**9,440**	13,664	**9,440**	13,664
Liabilities under instalments sale agreements with Veritas Capital repayable over 5 years in bi-annual instalments at an interest rate of prime less 3.75% per annum.	**9,200**	13,799	**9,200**	13,799

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
15 Long-term borrowings (continued)				
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 instalments.	**11,202**	13,069	**11,202**	13,069
Foreign loan by the European Investment Bank (EIB), secured by government guarantee, bearing interest at the greatest of 3% per annum or the interest rate applicable to comparative loans made by the lender, subsidised by 3.84%. Currently the loan bears interest at 3% per annum. Repayment will be in 30 bi-annual instalments 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.	**28,579**	38,529	**28,579**	38,529
Pointbreak loan bearing interest at 12.48% per annum with the accrued interest payable three monthly. The full loan is repayable on 30 September 2012.	**78,356**	70,711	**78,356**	70,711
Pointbreak loan bearing interest at 10.95% per annum with the accrued interest payable three monthly.	**53,510**	47,970	**53,510**	47,970

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
15 Long-term borrowings (continued)				
Pointbreak loan bearing interest at 11.25% per annum with the accrued interest payable three monthly. The full loan is repayable on 31 August 2014.	**109,894**	98,839	**109,894**	98,839
A thirteen-month evergreen overdraft facility with Nedbank Namibia. The loan is bearing interest at 78% of the current Nedbank Namibia Ltd prime rate. Next review date is in April 2013.	**18,311**	18,771	**18,311**	18,771
A two-tier finance agreement with Veritas Kapital Limited. Loan 1 bears interest at the prime rate minus 5% per annum, whilst Loan 2 bears interest at the prime rate minus 2.55% per annum.	**20,900**	19,586	**20,900**	19,586
Bank Windhoek loan bearing interest at prime less 2.9% per annum repayable in monthly instalments of N$662 592. This loan is secured as detailed in note 32.	**42,074**	46,665	**-**	-
Bank Windhoek loan bearing interest at prime less 2.6% per annum repayable in monthly instalments of N$1 239 982. This loan is secured as detailed in note 32.	**79,397**	87,694	**-**	-
Liabilities under instalments sale agreements repayable in monthly instalments of N$78 839 at an effective interest rate ranging from prime less 1% to prime less 2% per annum.	**956**	1,608	**-**	-
Total borrowings	**710,221**	751,182	**587,794**	615,215

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for the year ended 31 August 2012 (continued)

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
16	**Special purpose funds**				
	Channel levy Fund	**16,452**	14,137	**16,452**	14,137
	Navigational Aids Fund	**1,946**	1,824	**1,946**	1,824
	Namport Social Investment Fund	**8,007**	6,597	**8,007**	6,597
		26,405	22,558	**26,405**	22,558
	Disclosed under:				
	Non-current liabilities	**18,398**	15,961	**18,398**	15,961
	Current liabilities	**8,007**	6,597	**8,007**	6,597
		26,405	22,558	**26,405**	22,558

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.

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
17	**Deferred income**				
	Closing balance	**1,440**	1,440	**1,440**	1,440
	Capital grant:				
	Japanese Government	**1,440**	1,440	**1,440**	1,440

Capital grant consists of the fair value of professional services rendered by a Japanese Government Agency towards the Port expansion project. The balance remaining at the end of the current financial year represents the portion relating to geotechnical work carried out by this Agency.

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
18	**Severance pay provision**				
	Present value of the defined benefit obligation wholly unfunded	**3,495**	4,276	**3,495**	2,658
	Movement for the year:				
	Opening balance	**2,658**	3,326	**2,658**	1,942
	Net amount recognised in the statement of comprehensive income	**837**	950	**837**	716
		3,495	4,276	**3,495**	2,658
	Net amount recognised in the statement of comprehensive income				
	Current service cost	**198**	245	**198**	123
	Interest cost	**216**	276	**216**	164
	Benefit payments	**-**	(5)	**-**	(5)
	Actuarial (gains) losses	**423**	434	**423**	434
		837	950	**837**	716
	Key assumptions used:				
	Investment return	**7.42%**	8.11%	**7.42%**	8.11%
	Salary inflation rate	**5.92%**	6.61%	**5.92%**	6.61%
19	**Deferred tax**				
	Balances at beginning of the year	**393,415**	324,697	**360,588**	292,793
	Decrease/(increase) in tax losses available for set off	**35,624**	(31,748)	**14,280**	2,700
	Revaluation depreciation	**2,927**	(2,463)	**2,927**	(2,463)
	Net taxable temporary differences	**17,440**	102,929	**34,870**	67,558
	Balances at the year end	**449,406**	393,415	**412,665**	360,588

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
19	**Deferred tax (continued)**				
	Comprising of liabilities/(assets):				
	Work in progress and consumables	**5,652**	26,694	**552**	542
	Endowment investments	**295,397**	239,688	**295,397**	239,688
	Operating lease asset/(liability)	**35,756**	27,598	**36,957**	28,905
	Capital allowances	**115,445**	111,499	**56,255**	56,739
	Revaluation of property, plant and equipment	**7,821**	12,307	**7,821**	12,307
	Provisions	**(20,994)**	(1,363)	**(20,742)**	(1,109)
	Prepayments/income received in advance	**62**	(42)	**(490)**	(379)
	Insurance asset	**36,915**	38,175	**36,915**	38,175
	Foreign exchange contracts	**(771)**	360	**-**	-
	Tax loss	**(25,877)**	(61,501)	**-**	(14,280)
		449,406	393 415	**412,665**	360,588
	Disclosed as:				
	Deferred tax assets	**(47,642)**	(62,504)	**(21,232)**	(15,768)
	Deferred tax liabilities	**497,048**	455,919	**433,897**	376,356
		449,406	393,415	**412,665**	360,588
20	**Trade and other payables**				
	Trade payables	**41,419**	34,031	**30,876**	16,194
	Other payables	**54,808**	94,376	**35,110**	34,261
	Sundry accruals	**36,944**	78,205	**17,246**	18,090
	Receiver of Revenue - VAT	**17,729**	15,820	**17,729**	15,820
	Outstanding cheques	**135**	351	**135**	351
		96,227	128,407	**65,986**	50,455

	Opening Balance	Additions	Utilised	Closing Balance
21 Provisions				
Group				
31 August 2012				
Provision for leave pay	15,988	10,312	(1,380)	24,920
Provision for bonuses	21,021	27,684	(15,750)	32,955
Provision for customer rebates	506	5,322	(506)	5,322
	37,515	**43,318**	**(17,636)**	**63,197**
31 August 2011				
Provision for leave pay	13,642	2,813	(467)	15,988
Provision for bonuses	18,355	21,021	(18,355)	21,021
Provision for customer rebates	6,845	506	(6,845)	506
	38,842	**24,340**	**(25,667)**	**37,515**
Authority				
31 August 2012				
Provision for leave pay	15,988	10,312	(1,509)	24,791
Provision for bonuses	21,021	27,684	(15,621)	33,084
Provision for customer rebates	506	5,322	(506)	5,322
	37,515	**43,318**	**(17,636)**	**63,197**
31 August 2011				
Provision for leave pay	13,642	2,813	(467)	15,988
Provision for bonuses	18,355	21,021	(18,355)	21,021
Provision for customer rebates	6,845	506	(6,845)	506
	38,842	**24,340**	**(25,667)**	**37,515**

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' remuneration.

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 short - term incentive scheme 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.

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for the year ended 31 August 2012 (continued)

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
22	**Current tax**				
	Balance at beginning of the year	**(2,797)**	(2,797)	**(2,797)**	(2,797)
	Taxation charge for the year	**61,958**	68,718	**58,044**	67,795
	Adjustment to deferred tax	**(55,991)**	(68,718)	**(52,077)**	(67,795)
	Net payments made during the year	**(20,283)**	-	**(20,283)**	-
		(17,113)	(2,797)	**(17,113)**	(2,797)
	Disclosed as:				
	Current assets	**17,113**	2,797	**17,113**	2,797
23	**Revenue**				
	Rendering of services:				
	Cargo services	**301,534**	229,975	**301,534**	229,975
	Marine services	**102,375**	95,149	**102,375**	95,149
	Port Authority services	**323,005**	287,152	**323,005**	297,168
	Synchrolift services - dry dock	**34,018**	31,018	**34,018**	31,018
	Ship repairs - floating dock	**279,229**	286,141	**-**	-
	Rebates and discounts	**(5,769)**	(6,518)	**(5,769)**	(6,518)
		1,034,392	922,917	**755,163**	646,792

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
24	**Other costs by nature**				
	Abnormal losses	14,761	-	-	-
	Advertising, promotions and marketing	22,641	8,637	14,775	8,510
	Audit fees	1,090	975	440	327
	Bad debts	669	2,750	639	2,093
	Bank Charges	527	554	299	313
	Claims	171	(48)	171	(48)
	Computer expenses	4,000	4,903	3,214	4,181
	Consulting fees	5,787	5,900	5,191	5,069
	Consumables and materials	144,890	01,812	1,540	1,416
	Diesel, petrol, lubricants and tyres	33,441	20,097	33,430	20,080
	Directors emoluments	4,243	4,373	3,359	2,683
	Donations	7,845	6,414	7,845	6,363
	Entertainment and refreshments	4,626	3,381	4,317	3,257
	Impairment other	-	-	2,553	-
	Insurance	8,073	8,581	5,000	5,430
	Legal fees	1,061	485	965	457
	Licenses	170	194	170	194
	Memberships and subscriptions	244	626	128	556
	Municipal charges	3,039	2,774	3,039	2,774
	Rental	5,984	13,488	2,367	9,010
	Safety, health and environmental	3,097	4,988	3,097	4,981
	Security	4,907	5,205	3,973	4,744
	Stationery and photocopying	1,778	2,039	1,672	695
	Telephone, postage and courier	3,237	3,435	2,471	2,830
	Traveling and accommodation	7,111	4,574	6,477	4,060
	Water and electricity	20,888	16,618	20,888	16,618
		305,849	224,218	129,454	107,740

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
25	**Operating profit**				
	Operating profit is stated after taking account of the following items:				
	Auditors' remuneration	**1,090**	975	**440**	327
	Operating lease charges	**5,984**	13,488	**2,367**	9,010
	Consulting fees	**5,787**	5,900	**5,191**	5,069
	Loss on sale of property, plant and equipment	**61**	108	**82**	199
	Impairment charges - intercompany loans	**-**	-	**2 553**	-
	Depreciation of property, plant and equipment	**106,520**	96,319	**96,581**	86,236
	Amortisation on intangible assets	**3,556**	2,408	**3,556**	2,408
26	**Fair value adjustments**				
	Endowment investments	**84,854**	60,501	**84,854**	60,500
	Insurance assets	**5,640**	5,624	**5,640**	5,625
		90,494	66,125	**90,494**	66,125
27	**Interest income**				
	Bank balances and short-term deposits	**23,565**	30,198	**23,555**	30,184
	Trade debtors	**1,685**	317	**1,683**	316
		25,250	30,515	**25,238**	30,500
28	**Finance costs**				
	Long-term borrowings	**64,130**	78,039	**54,939**	67,431
	Trade and other payables	**166**	31	**-**	-
	Bank overdraft	**151**	823	**-**	-
		64,447	78,893	**54,939**	67,431
29	**Taxation**				
	Namibian normal tax				
	Current taxation	**31,471**	-	**31,471**	-
	Deferred taxation	**30,487**	68,718	**26,573**	67,795
		61,958	68,718	**58,044**	67,795

		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
29	**Taxation (continued)**				
	The tax on profit before tax differs from the theoretical amount that would arise using the basic tax rate of Namibia as follows:				
	Profit before tax				
	Tax calculated at the statutory rate	**99,894**	78,945	**97,246**	78,818
	Tax effects revaluation depreciation	**2,427)**	(2,463)	**(2,427)**	(2,463)
	Prior year adjustment	**(19,309)**	-	**(19,309)**	-
	Income not subject to tax	**(12,240)**	(10,724)	**(12,240)**	(10,724)
	Expenses not deductible for tax	**(15,774)**	4,626	**9,054**	4,626
	Utilised assessed loss	**11,814**	(1,666)	**(14,280)**	(2,462)
		61,958	68,718	**58,044**	67,795
30	**Cash generated by operations**				
	Profit before tax	**268,567**	233,397	**254,996**	231,817
	Adjustments for:				
	Depreciation	**106,520**	96,319	**96,581**	86,236
	Impairment - intercompany loans	**-**	-	**2,553**	-
	Amortisation of intangible assets	**3,556**	3,669	**3,556**	3,669
	Severance pay provision	**(781)**	716	**837**	716
	Operating lease rentals straight lining	**(26,171)**	(54,518)	**(26,484)**	(55,322)
	Loss on sale of property, plant and equipment	**61**	108	**82**	199
	Investment revenue	**(115,745)**	(96,640)	**(115,733)**	(96,625)
	Fair value adjustments on financial assets	**(84,854)**	(60,500)	**(84,854)**	(60,500)
	Finance costs	**64,447**	78,893	**54,939**	67,431
	Finance costs capitalised to long-term borrowings	**47,702**	59,944	**47,702**	59,944
	Adjustment	**-**		**-**	
		263,302	261,388	**234,175**	237,565

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		Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
30	**Cash generated by operations (continued)**				
	Changes in working capital				
	Trade and other receivables	**(37,732)**	(8,967)	**(28,787)**	(32,238)
	Other financial asset	**2,064**	(5,519)	**2,064**	(5,519)
	Inventories	**58,758**	(69,908)	**(29)**	(822)
	Payables and provisions	**(7,062)**	81,426	**40,892**	23,367
		279,330	258,420	**248,315**	222,353
31	**Commitments**				
	Authorised capital expenditure:				
	Authorised and contracted for	**588,067**	1,795,943	**588,067**	1,795,943
	Authorised, but not yet contracted for	**245,592**	156,915	**245,592**	156,915
		833,659	1,952,858	**833,659**	1,952,858

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained profits, mortgage facilities, existing cash resources and funds internally generated. For the envisaged Port Expansion Project , the Authority has started with the procurement of financing from external sources.

32 Contingent liabilities

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
Provision of suretyship on financing facilities to EBH Namibia (Pty) Ltd.	**186,150**	186,150	**186,150**	186,150

The bank overdraft of EBH Namibia Ltd. and other long-term borrowings are secured by first marine bonds for N$ 47,000,000 and N$30,000,000 over the Floating Dock I and Floating Dock II respectively, registered cession of marine policies of N$ 36,000,000 and N$55,000,000 respectively and unlimited cession of its call account.

The Group might be liable for an amount of N$1.9 million for a feasibility study and geotechnical work carried out at the Port under a memorandum of agreement entered into with a fellow state-owned entity.

			Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
33 Related parties						
The Authority is wholly owned by the Namibian Government. There were no significant transactions, individually or in aggregate, entered into between the Group and the Namibian Government or any other entity controlled by this Government.						
Remuneration to key management personnel			**9,103**	9,857	**8,219**	8,300
Directors' emoluments						
Executive:	A Pretorius	Salaries	**531**	1,232	**-**	-
	A Pretorius	Bonus	**353**	325	**-**	-
Non-executive:	For services as directors:		**2,093**	1,839	**2,093**	1,706
	A Kanime		**393**	237	**393**	237
	R Shipiki-Kapolo		**-**	233	**-**	233
	J Mutumba		**-**	203	**-**	203
	M Nakale		**-**	189	**-**	189
	J Muadinohamba		**585**	759	**585**	759
	J Comalie		**438**	29	**438**	29
	M Jankie-Shakwa		**428**	28	**428**	28
	O Shikongo		**249**	28	**249**	28
	Subsidiary directors		**-**	133	**-**	-
Non-executive:	Travel & subsistence		**1,266**	977	**1,266**	977
			4,243	4,373	**3,359**	2,683

34 Financial instruments and risk management

34.1 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 2.5 in the financial statements.

34.2 Classification of financial assets and liabilities

Group Financial Assets

	Fair value Hierarchy	Loans & receivables N$ '000	Fair value through profit & loss designated N$ '000	Total N$ '000
31 August 2012				
Investments	Level 2	-	868,813	868,813
Other financial assets	Level 2	-	114,214	114,214
Channel levy fund investment	Level 2	-	16,452	16,452
Trade and other receivables		154,543	-	154,543
Cash and cash equivalents		472,925	-	472,925
		627,468	999,479	1,626,947
31 August 2011				
Investments	Level 2	-	782,522	782,522
Other financial assets	Level 2	-	116,278	116,278
Channel levy fund investment	Level 2	-	14,137	14,137
Trade and other receivables		116,811	-	116,811
Cash and cash equivalents		417,756	-	417,756
		534,567	912,937	1,447,504

34.2 Classification of financial assets and liabilities (continued)
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 2012				
Long-term borrowings	443,179	267,042	-	710,221
Special purpose funds	-	-	26,405	26,405
Other financial liabilities	3,228			3,228
Operating lease liability	3,531			3,531
Trade and other payables	96,227	-	-	96,227
	546,165	267,042	26,405	839,612
31 August 2011				
Long-term borrowings	553,438	197,744	-	751,182
Special purpose funds	-	-	22,558	22,558
Other financial liabilities	3,228	-	-	3,228
Operating lease liability	3,844	-	-	3,844
Trade and other payables	128,407	-	-	128,407
	688,917	197,744	22,558	909,219

	Fair value Hierarchy	Loans & receivables N$ '000	Fair value through profit & loss designated N$ '000	Total N$ '000
34.2 Classification of financial assets and liabilities (continued)				
Authority Financial Assets				
31 August 2012				
Investments	Level 2	-	868,813	868,813
Loans to subsidiaries		1,364	-	1,364
Other financial assets	Level 2	-	114,214	114,214
Channel levy fund investment	Level 2	-	16,452	16,452
Trade and other receivables		111,165	-	111,165
Cash and cash equivalents		467,178	-	467,178
		579,707	999,479	1,579,186
31 August 2011				
Investments	Level 2	-	782,522	782,522
Loans to subsidiaries		3,532	-	3,532
Other financial assets	Level 2	-	116,278	116,278
Channel levy fund investment	Level 2	-	14,137	14,137
Trade and other receivables		82,378	-	82,378
Cash and cash equivalents		413,184	-	413,184
		499,094	912,937	1,412,031

34.2 Classification of financial assets and liabilities (continued)
Authority 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 2012				
Long-term borrowings	320,752	267,042	-	587,794
Special purpose funds			26,405	26,405
Trade and other payables	65,986		-	65,986
	386,738	267,042	26,405	680,185
31 August 2011				
Long-term borrowings	417,471	197,744	-	615,215
Special purpose funds	-	-	22,558	22,558
Trade and other payables	50,454	-	-	50,454
	467,925	197,744	22,558	688,227

34.3 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.

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34.4 Liquidity risk

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

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

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

	Less than 1 year N$ '000	Between 1 and 5 years N$ '000	More than 5 years N$ '000
Group			
31 August 2012			
Long-term borrowings	237,814	465,864	6,543
Special purpose funds	8,007	18,398	-
Trade and other payables	96,227	-	-
Other financial liabilities	-	-	3,228
Operating lease liability	-	-	3,531
	342,048	484,262	13,302
31 August 2011			
Long-term borrowings	114,654	566,205	70,323
Special purpose funds	6,597	15,961	-
Trade and other payables	128,407	-	-
Other financial liabilities	-	-	3,228
Operating lease liability	-	-	3,844
	249,658	582,166	70,323

34.4 Liquidity risk (continued)

Authority

	Between 1 1 year N$ '000	More than and 5 years N$ '000	5 years N$ '000
31 August 2012			
Long-term borrowings	223,705	357,546	6,543
Special purpose funds	8,007	18,398	-
Trade and other payables	65,986	-	-
	297,698	**375,944**	**6,543**
31 August 2011			
Long-term borrowings	101,118	506,629	7,468
Special purpose funds	6,597	15,961	-
Trade and other payables	50,454	-	-
	158,169	**522,590**	**7,468**

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

34.4 Liquidity risk (continued)

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
Overdraft facilities:				
Total facilities	**43,000**	43,000	**23,000**	23,000
Utilised	**(18,311)**	(18,770)	**(18,311)**	(18,770)
	24,689	24,230	**4,689**	4,230

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34.5 Credit risk

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

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

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

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
Investments	**868,813**	782,522	**868,813**	782,522
Loans to subsidiaries	**-**	-	**3,152**	3,532
Other financial assets	**114,214**	116,278	**114,214**	116,278
Channel levy fund investment	**16,452**	14,137	**16,452**	14,137
Trade and other receivables	**154,543**	116,811	**111,165**	82,378
Cash and cash equivalents	**472,925**	417,756	**467,178**	413,184
	1,626,947	1,447,504	**1,580,974**	1,412,031

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

Total value of bank guarantees and cash deposits held by the group at the reporting date	**46,295**	29,291	**46,295**	29,291

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

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

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

34.6 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.

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
34.6 Market risk (continued)				
The table sets out the extent to which the group's financial instruments is exposed to interest rate fluctuations:				
Financial assets:				
Floating interest bearing	**1,091,731**	1,214,415	**1,085,985**	969,329
Fixed and non-interest bearing	**535,216**	233,089	**493,202**	442,702
	1,626,947	1,447,504	**1,579,187**	1,412,031
Financial liabilities:				
Floating interest bearing	**626,426**	444,559	**503,999**	308,592
Fixed and non-interest bearing	**206,427**	457,588	**176,186**	379,635
	832,853	902,147	**680,185**	688,227
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 2011.				
Financial assets	**4,323**	5,456	**4,300**	3,839
Financial liabilities	**(4,134)**	(2,934)	**(3,326)**	(2,037)
Net effect on equity	**189**	2,522	**974**	1,802

34.6 Market risk (continued)

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 adhoc basis, as and when such transactions occur. Upon the discretion of management, cover is taken out from time to time.

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

Price risk

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

A change of 10% in equity prices at the reporting date would have increased or decreased the group's profits and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2011.

	Group 2012 N$ '000	Group 2011 N$ '000	Authority 2012 N$ '000	Authority 2011 N$ '000
Net effect on equity	**28,822**	25,591	**28,670**	25,591

34.7 Capital risk management

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

34.8 Fair values

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

	Carrying values		Fair values	
	2012 N$ '000	2011 N$ '000	2012 N$ '000	2011 N$ '000
Group				
Financial assets				
Investments	**868,813**	782,522	**868,813**	782,522
Other financial assets	**114,214**	116,278	**114,214**	116,278
Channel levy fund investment	**16,452**	14,137	**16,452**	14,137
Trade and other receivables	**154,543**	116,811	**154,543**	116,811
Cash and cash equivalents	**472,925**	417,756	**472,925**	417,756
	1,626,947	1,447,504	**1,626,947**	1,447,504
Financial liabilities				
Long-term borrowings	**710,221**	751,182	**710,221**	751,182
Special purpose funds	**26,405**	22,558	**26,405**	22,558
Other financial liabilities	**3,228**	3,228	**-**	-
Operating lease liability	**3,531**	3,844	**-**	-
Trade and other payables	**96,227**	128,407	**96,227**	128,407
	839,612	909,219	**832,853**	902,147
Authority				
Financial assets				
Investments	**868,813**	782,522	**868,813**	782,522
Loans to subsidiaries	**1,364**	3,532	**1,364**	3,532
Other financial assets	**114,214**	116,278	**114,214**	116,278
Channel levy fund investment	**16,452**	14,137	**16,452**	14,137
Trade and other receivables	**111,165**	82,378	**111,165**	82,378
Cash and cash equivalents	**467,178**	413,184	**467,178**	413,184
	1,579,186	1,412,031	**1,579,186**	1,412,031

	Carrying values 2012 N$ '000	Carrying values 2011 N$ '000	Fair values 2012 N$ '000	Fair values 2011 N$ '000
34.8 Fair values (continued)				
Financial liabilities				
Long-term borrowings	**587,794**	615,215	**587,794**	615,215
Special purpose funds	**26,405**	22,558	**26,405**	22,558
Trade and other payables	**65,986**	50,454	**65,986**	50,454
	680,185	688,227	**680,185**	688,227

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

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

35 Reclassification

Certain comparative figures were reclassified for better presentation and disclosure. The effects of the reclassification are as follows:

	2011 Group N$ '000 Increase	2011 Authority N$ '000 Increase
Water and electricity	16,618	16,618
Telephone, postage and courier	488	488
Consumables and materials	264	264
Entertainment and refreshments	18	18
Advertising, promotions and marketing	(1)	(1)
Claims	(1)	(1)
Stationery and photocopying	(360)	(360)
Sundry	(475)	(475)
Municipal charges	(16,551)	(16,551)
Effect on equity	-	-

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36 Standards and interpretations not yet effective

At the date of authorisation of the financial statements of Namport and the Group for the year ended 31 August 2011, the following new or revised financial reporting standards, amendments and interpretations of those standards were in issue but not yet effective. On review of these amendments and interpretations, the impact (if any) has not yet been estimated, or is not expected to have a material impact on the Group's financial statements.

Standard or interpretation	Title and details	Effective Date
IAS 1 (amendment)	**Financial statement presentation** The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit and loss subsequently. The amendments do not address which items are presented in OCI.	Annual periods beginning on or after 1 July 2012
IAS 12 (amendment)	**Income taxes** The amendment introduces a rebuttable presumption that an investment property will be recovered in its entirety through sale.	Annual periods beginning on or after 1 January 2012
IAS 19 (amendment)	**Employee benefits** These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.	Annual periods beginning on or after 1 January 2013
IAS 27 (amendment)	**Consolidated and separate financial statements** These are consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013
IAS 27 (revised)	**Separate financial statements** This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	Annual periods beginning on or after 1 January 2013
IAS 28 (amendment)	**Investments in associates** These are consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013

36 Standards and interpretations not yet effective (continued)

Standard or interpretation	Title and details	Effective Date
IAS 28 (revised)	**Associates and joint ventures** This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.	Annual periods beginning on or after 1 January 2013
IAS 32 (amendment)	**Financial instruments: Presentation** This amendment updates the application guidance in IAS 32, to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.	Annual periods beginning on or after 1 January 2014
IFRS 1 (amendment)	**First time adoption** This amendment addresses how a first-time adopter would account for a government loan with a below market rate of interest when transitioning to IFRS.	Annual periods beginning on or after 1 January 2013
IFRS 7 (amendment)	**Financial Instruments: Disclosure** This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures to facilitate comparison between IFS financial statements and US GAAP financial statements.	Annual periods beginning on or after 1 January 2013
IFRS 9	**Financial Instruments** This standard forms part of the IASB's project to replace the existing standard on the recognition and measurement of financial instruments. The standard defines two measurement categories for financial assets: amortised cost and fair value. A financial asset may only be measured at amortised cost if it has basic loan features and is managed on a contractual yield basis. The standard also differs from existing requirements for accounting for financial assets in various other areas, such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income.	Annual periods beginning on or after 1 January 2015.

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36 Standards and interpretations not yet effective

Standard or interpretation	Title and details	Effective Date
IFRS 10	**Consolidated Financial Statements** This standard replaces the consolidation requirements in SIC 12 and IAS 27 . It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance in the determination of control where this is difficult to assess.	Annual periods beginning on or after 1 January 2013.
IFRS 11	**Joint arrangements** The standard deals with the accounting for joint arrangements and requires a single method for accounting for interests in jointly controlled entities.	Annual periods beginning on or after 1 January 2013.
IFRS 12	**Disclosure of interests in other entities** New and comprehensive standard on disclosure requirements for all forms of interests in other entities.	Annual periods beginning on or after 1 January 2013.
Amendments to IFRS 10,11 and 12 on transition guidance	These amendments also provide additional transition relief in IFRSs 10,11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.	Annual periods beginning on or after 1 January 2013.
IFRS 13	**Fair value measurement** This standard provides new guidance on fair value measurements and disclosure requirements.	Annual periods beginning on or after 1 January 2013.
Annual improvements 2011	**Annual improvements in the 2009-2011 reporting cycle. It include changes to:** IFRS 1, IAS 1, IAS 16, IAS 32 & IAS 34.	Annual periods beginning on or after 1 January 2013.
IFRIC 20	**Stripping costs in the production phase of a surface mine** This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.	Annual periods beginning on or after 1 January 2013.