

HIGHLIGHTS OF 2016-2017

FINANCIAL PERFORMANCE



RETURN ON ASSETS

Namport's return on assets increased from 0.8 percent to 1.0 percent.



OPERATING PROFIT

Namport Group's operating profit more than double year-on-year with an increase of 49 percent, giving credence to the cost rationalisation exercises implemented during the reporting period.



CREDIT RATING

We retained an investment grade rating of AA+ although the outlook remained negative. Fitch acknowledged that Namport maintains a competitive edge in its service rendering and network of links into the hinterland, while confirming that the current expansion project gives it a good margin of safety in additional volumes handling capacity into the future.



OPERATING PROFIT MARGIN

The operating profit increased from 4 percent to 8 percent.



REVENUE

Group revenue increased by a nominal three percent, but it is commendable that this increase comes at a time of a slowdown in global shipping activity. It is a reaffirmation of the inroads the Group is making into alternative markets in the region to sustain volumes throughput.

SUSTAINABILITY: ECONOMIC PROSPERITY THROUGH TRADE

STRATEGIC INVESTMENT AND ASSET MANAGEMENT

Namport anticipates and delivers infrastructure to meet capacity needs in a timely manner. Namport optimises the use of land and infrastructure assets.



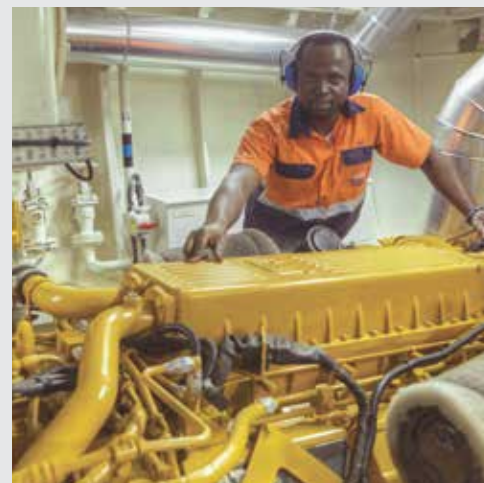
FACILITATING GROWING TRADE

We proactively collaborate and bring together governments and industry to pursue funding opportunities for infrastructure needed for growing trade.



EFFECTIVE WORKFORCE

We maintain a skilled and productive workforce to meet current and future needs.



COMPETITIVE BUSINESS

Namport continuously improves efficiency and reliability, providing exceptional customer services. Namport also reinforces innovation, diversity, resilience and adaptability. We are profitable, delivering lasting value locally and nationally.



EDUCATION AND SKILLS TRANSFER

The contractors of the New Container Terminal and the North Port development, China Harbour Engineering Company, sponsored two young Namibians to study a five-year degree in Marine Harbour Engineering at Nanjing University, China, thereby contributing to expanding Namibia's pool of marine engineering expertise.

HIGHLIGHTS OF 2016-2017

SUSTAINABILITY: THRIVING COMMUNITIES

N\$20 MILLION INVESTMENT IN OUR COMMUNITIES

since the inception of the Namport Social Investment Fund with an additional N\$380,000 pledged to various projects, thus we identify and respond to community interests and issues.



N\$28 MILLION INVESTED IN OUR WORKFORCE

Since 2008, N\$28 million has been invested in developing Namport's human capital, of which N\$8 million was spent on developing much-needed maritime skills such as pilots, tug masters and engineers. In the current financial year, N\$5.7 million was invested in training and developing of our workforce.



CONTRIBUTES N\$248 MILLION TOWARDS VALUE CREATION

We strengthen national, regional and local prosperity and delivers regional benefits. Contributing towards value creation within the business community in which we operate, we spent N\$248 million of our procurement spend with Namibian-owned businesses, SME-owned suppliers and BEE/BEE-owned suppliers.



STIMULATES ENTREPRENEURSHIP LOCALLY

We sponsored four young entrepreneurs through the COSDEC Business Support Centre's incubation programme, helping entrepreneurs to grow their businesses. This is intended to produce successful entrepreneurs who will contribute to the economic development of Namibia.



SUPPORTING SCIENCE EDUCATION

Namport sponsored the Biggest Brain Science Quiz competition, enabling young Namibian to be exposed to science and technology subjects, including a special category on 'Maritime in Namibia'. The promotion of mathematics and science education is an important vehicle for building a science-based culture.

SUSTAINABILITY: HEALTHY ENVIRONMENT

HEALTHY ECOSYSTEMS

Namport takes a holistic approach to protecting and improving air, land and water quality to promote biodiversity and human health. We aim to champion coordinated management programmes to protect people and habitats through our Safety, Health, Environment and Quality Management System and our Environmental Management Plan for the new container terminal.



N\$3 MILLION INVESTED IN MARINE RESEARCH

over a three-year period to determine the health status of the Walvis Bay Lagoon following construction of the New Container Terminal at the Walvis Bay Harbour.



RESPONSIBLE PRACTICES

We improve the environmental, social and economic performance of infrastructure through design, construction and operational practices. All our expansion projects underwent extensive environmental impact assessments and received environmental clearance before commencement.



CERTIFICATION

Namport retained our ISO 14001, ISO 9001 and OHSAS 18001 certifications for our SHEQ Management System, attesting to our efforts and actions to protect the environment in which we operate, provide services of exceptional quality and promote safe working environment for our employees and interested parties.



PROTECTING THE MARINE ENVIRONMENT

Through the National Oil Spill Contingency Plan, Namport's emergency team is geared to respond to oil spills associated with ship transfer or bunkering operations at a jetty, pier, mooring or at anchorage, and around fish factories.

ABOUT THIS REPORT

A photograph of three port control crew members from the marine department. They are standing outdoors in front of a building. The man on the left is wearing a white short-sleeved shirt with a dark shoulder strap and dark trousers. The woman in the middle is wearing a white short-sleeved shirt and a dark skirt. The man on the right is wearing a white short-sleeved shirt and dark trousers. They are all smiling and looking towards the camera.

Our people remain the backbone of our business, as they drive productivity to achieve our goals and objectives. Therefore, in this annual report we showcase them in our imagery.

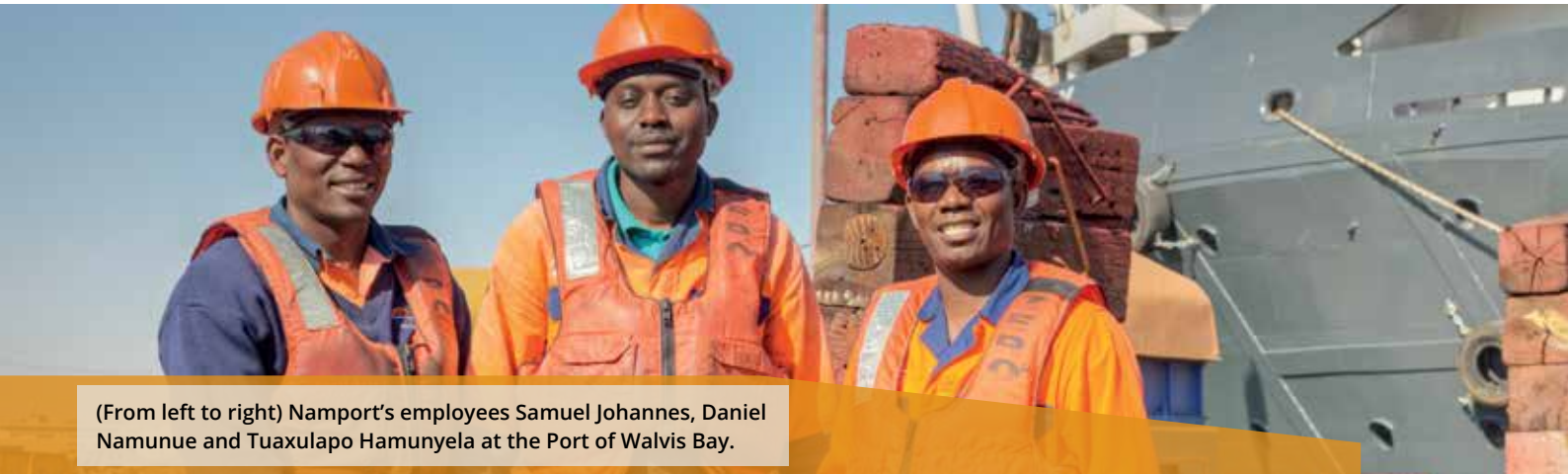
Port control crew, marine department (from left to right) Salom Namweda, Evaldine Chimbuelengue and Gabriel Sheehama, Port of Lüderitz.

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ABOUT NAMPORT



(From left to right) Namport's employees Samuel Johannes, Daniel Namunue and Tuaxulapo Hamunyela at the Port of Walvis Bay.

WELCOME

The Namibian Ports Authority (referred to as 'Namport' or the 'Authority'), is a state-owned enterprise, which was established by an Act of Parliament in 1994. Namport, together with its three subsidiary companies — Elgin Brown & Hamer Namibia (Pty) Ltd, Namport Property Holdings (Pty) Ltd and Lüderitz Boatyard (Pty) Ltd — are referred to as the 'Group'.

From its headquarters in Walvis Bay, Namport manages the Port of Walvis Bay and the Port of Lüderitz in Namibia.

The Port of Walvis Bay is situated on the west coast of Africa and provides an easy and fast transit route between southern Africa, Europe and the Americas. The Port of Lüderitz, located 254 nautical miles south of the Port of Walvis Bay along Namibia's coastline, caters for the southern part of the country, and provides access to South African markets in the Northern Cape.

OUR VISION:

Our vision is to be the best performing world-class ports authority in Africa.

OUR MISSION:

We are committed to providing world-class port services to all local, regional and international seaborne trade by offering excellent customer service, ever mindful of the importance of sustainable growth and social responsibility.

OUR VALUES:

We are committed, we are connected and we care.

GENERAL VESSEL TRAFFIC

As a port authority, vessel traffic is the heart of Namport's business. During the reporting year, a total of 2,169 vessels visited the ports of Walvis Bay and Lüderitz. Container vessels generally account for the largest number of visits. During the year under review, the total number of vessels decreased by three percent, while the gross tonnage handled increased by two percent. We expect the trend of a gradual decrease in vessels accompanied by an increase in gross tonnage to continue throughout the next decade.

CONTAINER CARGO HANDLING

The existing container terminal at the Port of Walvis Bay (berths 1, 2 and 3) has an approximate throughput capacity between 350,000 and 400,000 TEUs per annum. To address the growing need for container handling capacity, Namport initiated a new container terminal development project, currently in progress on reclaimed land. We expect the new terminal to be completed in the second half of calendar year 2018.

COMMODITY EXPORTS

Commodity exports constitute an important part of Namport's activities, since we serve the mining and processing industries of Namibia, as well as the commodity-based economies of neighbouring SADC countries. Salt remains the biggest export commodity for the Port of Walvis Bay, accounting for 46 percent of freight tonnage shipped through the port. Other commodities include fish and fish products (15 percent), copper, lead and concentrates (11 percent), marble and granite (6 percent) and various other kinds of cargo. The Port of Lüderitz has also seen an increase in mineral exports from local mining industry.

VESSEL REPAIR FACILITY

Namport manages syncrolift facilities that can lift vessels weighing up to 2,000 tonnes to make repairs. Elgin Brown & Hamer Namibia (Pty) Ltd (EBH Namibia), a Namport subsidiary of, operates three Panamax floating docks with a combined lifting capacity of 29,500 metric tonnes (mt) (Namdock I: 8,000 mt; Namdock II: 6,500 mt and Namdock III: 15,000 mt). These dry and floating docks, supported by local engineering expertise of skilled trade professionals and on-site, fully equipped workshops, ensure that the Port of Walvis Bay is poised to become the preferred destination for marine repairs in Africa.

SUPPORTING THE FISHING INDUSTRY

With one of the most prolific fishing grounds in Africa, Namibia's fishing industry is intrinsically linked to the lives of many citizens, 14,000 of whom are directly employed as sea-going or onshore processing workers.

The towns of Walvis Bay and Lüderitz have always been dependent on the local, commercial fishing industry. Of equal importance, the two ports serve as a vital link in the exporting of fish and fish products from Namibia to the rest of the world.

FUEL IMPORTS

Petroleum imports constitute the biggest share of commodities landed at the Port of Walvis Bay: 1.2 million freight tonnes, representing 34 percent of the total freight tonnage landed during the reporting period. The first phase of the new North Port development, located five kilometres north of the existing port, is currently under way. After completion of the first phase, the Petroleum Liquid Bulk Terminal, the processing of petroleum imports will move from the existing tanker berth — built in 1959, now at the end of its lifespan — to the new North Port site.

PASSENGER TRAFFIC

The world-wide cruise-line industry is growing at five to six percent per annum, 22 million passengers taking cruise holidays during 2015. While residents of Walvis Bay have become accustomed to huge cruise vessels moored at their shore, this market is largely untapped. The New Container Terminal Project also makes provision for a dedicated, cruise-vessel berth, which will accommodate passenger vessels up to 300 metres in length and -11 metres in displacement depth chart datum. The development will undoubtedly facilitate an expansion of this market.

NAUTICAL RECREATION AND MARITIME TOURISM ACTIVITY

Although currently not a direct contributor to Namport's revenue base, Walvis Bay's maritime tourism activities are an important contributor to the town's character. As part of Namport's planned expansion, a new waterfront and marina development will completely change the face of the current yacht club and waterfront. This project will be carried out in cooperation with private developers and is intended to broaden Namport's revenue base.

VEHICLE TRAFFIC

Imports of new and second-hand vehicles has grown steadily over the past five years, even though a drop in oil and commodity prices during the reporting period resulted in an overall decrease in vehicle imports. We foresee, however, that this market will normalise and expand in the years to come. One of Namport's initiatives to diversify and grow our customer base is to increase the import of new vehicles through the Port of Walvis Bay. An area of land that would accommodate 3,500 vehicles has already been identified.

BOARD OF DIRECTORS

Namport's Board of Directors executes the mandate they have received from our shareholders to ensure that Namport remains a world-class, responsible company. The executive team in place has specific targets it needs to achieve. Namport has a unitary Board of Directors (referred to as the Board).

The roles of the Chairperson and Chief Executive Officer (CEO) are separate and distinct. The number and stature of Directors serving on the Board ensure that they are independent and free of undue influence when making important decisions. The Board has been assembled with individuals who are diverse and who possess an appropriate mix of skills and experience to best serve the interests of its stakeholders.



ADVOCATE GERSON HINDA
Chairman

Appointed: December 2016
Advocate Hinda (Senior Counsel) is an admitted Advocate of the High Court of Namibia and has experience as an acting Judge in the High Court of Namibia. He holds a Master of Law from Georgetown University. He was the founding president of the Law Society of Namibia and a member of the Society of Advocates in Namibia. Prior to opening a private practice as an advocate, he worked at the City of Windhoek and City Bank Holdings, as Chief Legal Officer.

ANDREW KANIME
Deputy Chairman

Appointed: July 2008
Mr Kanime is a Human Resources and Business Management professional. He has a Bachelor in Technology: Public Management and holds post graduate qualifications in Human Resources and Business Administration as well as a Masters of Business Administration. He is currently the head of Human Resources at First National Bank of Namibia.

JENNIFER COMALIE
Appointed: July 2011

Ms Comalie holds a B.Com (Hons) in Accounting and is a qualified chartered accountant. She possesses extensive finance expertise and has experience in the asset management, banking and mining industries. She is currently the Chief Operations Officer at NamPost.

OTTO SHIKONGO
Appointed: July 2011

Mr Shikongo is a Professional Engineer with a Masters of Mechanical Engineering from the University of Southampton, UK. He obtained his South African Mechanical Engineers Certificate of Competency in 1992. Since 1988, Mr Shikongo has held numerous engineering-related positions in the De Beers Group in Namibia, South Africa and Botswana before moving to De Beers Marine Namibia as Operations Manager in 2002. He is currently the Chief Executive Officer of Debmarine Namibia.

MATHILDA JANKIE-SHAKWA
Appointed: 2011

Ms Jankie-Shakwa is an admitted legal practitioner of the High Court of Namibia with over 10 years litigation experience in both public and private practice. A holder of a B Juris and LLB from the University of Namibia, Ms Jankie-Shakwa has concentrated on Commercial Law and Conveyancing over the past three years. She is a shareholder and director of Sisa Namandje & Co, where she currently heads the Conveyancing and Commercial department.

EXECUTIVE TEAM



(Front, left to right) Victor Ashikoto, Executive: Information & Communication Technology; Bisey /Uirab, Chief Executive Officer; Ndaambe Haikali, Company Secretary; Elzevir Gelderbloem, Executive: Port Authority; Kavin Harry, Executive: Finance; (back, left to right) Felix Musukubili, Executive: Human Resources; Raymond Visagie, Executive: Port Operations; Alfred Rieth, Chief Internal Auditor.

CEO CHAIRS PMAESA

Namport's CEO, Bisey /Uirab, is currently chair of the Port Management Association of Eastern and Southern Africa (PMAESA), an organisation established to strengthen relations among member ports to promote regional integration, and to improve the operation and management of its member ports to achieve greater productivity.

Namport's nomination to chair PMAESA is a tacit acknowledgement of the important role the company plays regionally. This position is something on which we should continue to capitalise. Co-operating with other ports, Namport will also be in a better position to explore the potential of the blue economy as a source of prosperity for its citizens.



Member states of PMAESA

CHAIRPERSON'S REPORT

2016-2017 IN REVIEW



Welcome to Namport's 2016-2017 Annual Report, which covers the financial year from 1 April 2016 to 31 March 2017. We thank you for your interest in our activities. This report explains our business and our approach to running Namport. It also outlines how we performed in the reporting year when measured against our key drivers.

The 2016-2017 financial year was a challenging one on a national level, with the global economic downturn being felt through factors such as currency volatility and the drop in the oil price. Commodity prices have been impacted quite severely, with an especially low uranium price having a dampening effect on the local economy.

Globally, the current economic climate reflects stagnant trade, subdued investment and policy uncertainty. The World Bank estimated that global growth in 2016 was 2.3 percent and projected global growth for 2017 would be 2.7 percent.

Driven by weak demand from China and a strong US Dollar, commodity prices have declined by 40 percent since 2010, whilst growth in emerging economies slowed to 4.3 percent in 2015. These factors negatively impacted on mining sector and agricultural commodities.

For sub-Saharan Africa, the World Bank (*Global Economic Prospects: Weak Investment in Uncertain Times*, World Bank, January 2017) estimates growth of 1.5 percent in 2016, increasing to 2.9 percent in 2017 and 3.6 percent in 2018 to 2019. Investment in the region showed a marked downturn from nearly eight percent in 2010 to 0.3 percent in 2015, and is expected to remain subdued. Regionally, in terms of cargo trans-shipment from Namibia, the Angolan market has nearly disappeared, with little cargo moving through Oshikango.

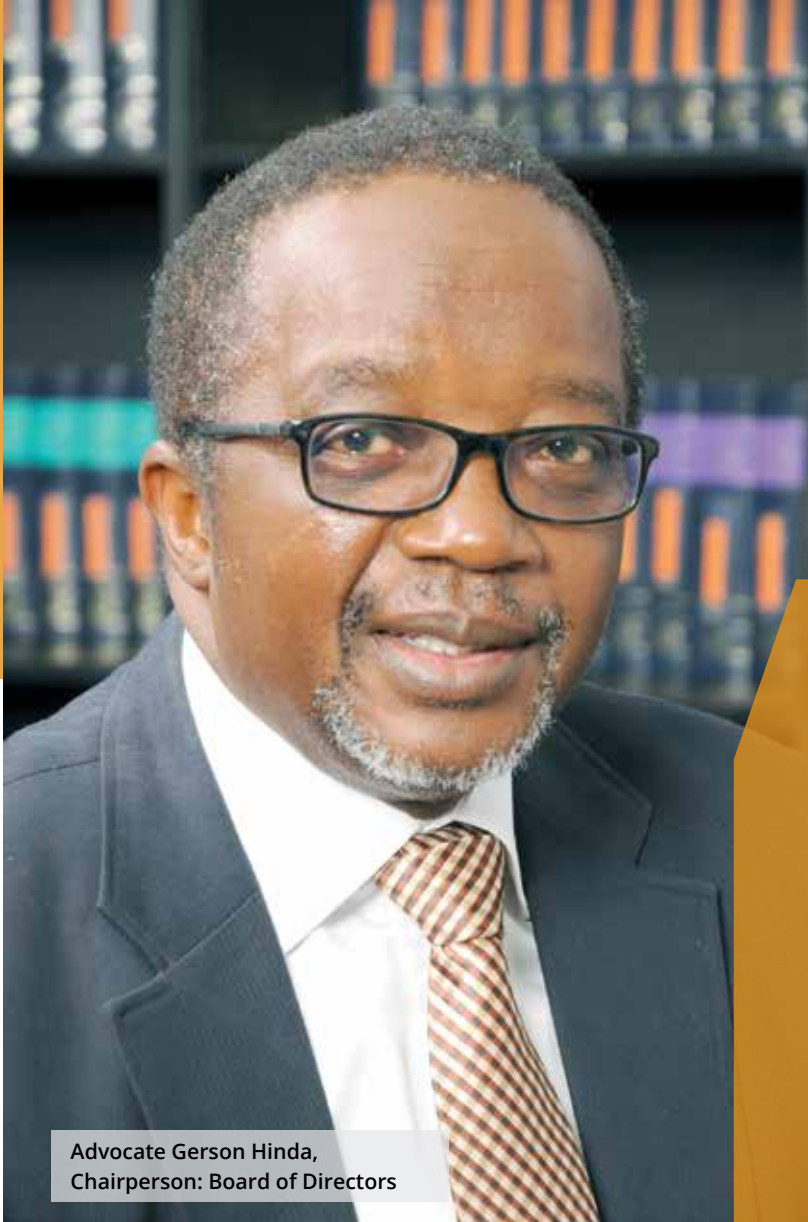
Clearly, all these factors have negatively affected Namport's revenue-earning capability. That said, Namport Group still posted increased revenue — albeit a marginal three percent — with an operating profit margin of eight percent.

The hurdles Namport has faced have tested the company's ability to lead and forced us to devise innovative ways to keep the affairs of business afloat. To that end we have focused on the markets in Zambia and the Democratic Republic of Congo to move bulk mining products, at the same time capitalising on developments led by the Walvis Bay Corridor Group.

We are well aware, operating in a country with limited internal expansion opportunities and a small domestic market that we must look beyond Namibia's borders for future development possibilities. In this regard, Namport wholeheartedly supports the fundamental ideals of our nation, which drive consolidation of peace, stability and prosperity by expanding opportunities for growth. We stand for:

- Democracy, unity, peace, stability and the rule of law
- Governance and nation building
- Economic growth and job creation
- Infrastructural development, housing and sanitation
- Quality healthcare delivery
- Human capital development and deployment
- Environmental management and sustainable utilisation of natural resources, and
- Social justice.

Namport is committed to achieving the desired outcomes relating to ports in the infrastructure development pillar of the Harambee Prosperity Plan. This effort is spearheaded by the Walvis Bay New Container Terminal Project, which will see an additional 750,000 TEUs added to the current capacity.



**Advocate Gerson Hinda,
Chairperson: Board of Directors**

Indirectly, Namport also contributes to other pillars of the Harambee Prosperity Plan. For example, Namport and its Social Investment Fund have launched several endeavours which support many of the above quoted ideals. We will, whenever possible, incorporate our commitment to Harambee in our strategic and business plans.

We also contribute towards value creation within the business community in which we operate. In terms of supplier localisation and diversification, we exceeded all operating-expense targets spent with Namibian-owned businesses, SME-owned suppliers and BEE/BEE-owned suppliers. During the reporting year, we spent a total of N\$248 million with local suppliers.

Namport continues to support Namibia's Fifth National Development Plan (NDP5), in conjunction with Vision 2030 and the Harambee Plan, with objectives for sustained economic growth and employment creation. Namport is committed to achieving the desired outcomes of NDP5, specifically those relating to port development and expansion that are envisaged in the transport and logistics section of NDP5.

To this end, Namport will continue to invest in port infrastructure so that Namibia is geared for future growth opportunities. We have come a long way in support of Namibia's vision of an industrialised, prosperous nation, and we will continue to do so, despite the economically challenging times in which we live and operate. With our highly experienced management team and dedicated workforce, Namport looks to the future with anticipation and confidence.

In conclusion I want to thank the Minister of Works and Transport, who heads our line ministry, as well as the Minister of Public Enterprises, for their ongoing support for our core mandate. We owe them a debt of gratitude.

I also want to thank Jerry Muadinohamba who served from October 2010 until September 2016 as Chairman of the Namport Board. During the six years of his tenure, Namport grew from a fairly medium-sized public enterprise into a regionally-acclaimed, logistics and maritime industry leader, underpinned by the New Container Terminal Project which gained momentum under his stewardship in 2012.

I would also like to thank my colleagues on the Board of Directors for their dedication and hard work, as well as for the warm welcome I received as the new Chairperson. Lastly, I wish to thank Bisey /Uirab, our CEO, for the professional manner in which he carries out his responsibilities, as well as his dedicated and hard-working management team and workforce.

Advocate Gerson Hinda
Chairperson: Board of Directors
31 October 2017

CEO's REPORT 2016-2017 IN REVIEW



OVERVIEW

2016-2017 was certainly a most challenging year — not only for Namport, but for most businesses and public enterprises, and actually for the whole of Namibia. With Government spending on major capital projects severely down-scaled, Namport was directly affected, specifically with regard to the New Container Terminal Project where the Government contribution could not be fully realised due to other competing priorities at the treasury.

We have had to buckle down and revisit all our plans and initiatives, to ensure that we are in a position to survive these short- to medium-term challenges. This attitude will position us well to thrive when the global, regional and national economies make an upward turn — as we are confident they inevitably will.

FINANCIAL AND OPERATIONAL PERFORMANCE

Despite the challenging operating environment, Namport Group's revenue increased by 3 percent to N\$1.248 million. Group operating profit increased year-on-year by 96 percent, primarily due to less-than-proportionate increase in operating costs. However, operating profit before tax decreased by 30 percent, primarily due to foreign exchange losses incurred on the hedge contract taken out to cover foreign-currency-pegged milestone payments for the New Container Terminal Project.

Anticipating the impact of a downward trend in the global shipping market, we implemented various cost rationalisation initiatives, which certainly paid off.

The vessels that called at the two ports decreased in number by 53, representing a slight decrease of 2 percent, from 2,132 to 2,079 vessels during the reporting period. The

gross tonnage decreased by 14 percent from 22,722,281 to 19,548,107 tonnes, while pilotage services decreased marginally (3 percent) from 4,837 to 4,713 vessels.

The total number of containers shipped decreased by 8 percent to 48,575 TEUs (2015/16: 52,623 TEUs) and the number of containers landed decreased by 7 percent to 51,851 TEUs (2015/16: 56,004 TEUs). The number of containers trans-shipped increased by nine percent to 105,565 TEUs (2015/16: 96,447 TEUs). Thus, the total number of containers processed by Namport during the reporting year increased by a marginal 0.45 percent from 205,074 TEUs to 205,991 TEUs.

The total tonnage of cargo shipped increased by 8 percent to 1,555,916 tonnes (2015/16: 1,440,127 tonnes) and the tonnage of cargo landed decreased by 3 percent to 3,427,120 tonnes (2015/16: 2,533,730 tonnes). The tonnage of cargo trans-shipped decreased by 21 percent to 573,294 tonnes (2015/16: 727,368 tonnes).

Overall, these figures represent a decrease of 2.54 percent from 5,701,225 tonnes to 5,556,329 tonnes of cargo (inclusive petroleum) handled by Namport during the reporting year.

DYNAMIC RESPONSES AND RISE OF THE BLUE ECONOMY

Declining cargo volumes, rising operating costs, and the negative impact of the forex situation on the cost of imports and foreign-currency-based contracts, are the realities that Namibia and Namport face.

These factors have necessitated that Namport fine-tune its strategy and focus on projects which develop capacity to service both container and general cargo, taking into



Bisey /Uirab, Chief Executive Officer

account probable current and future demands. Namport will seek ways to improve performance and efficiency, whilst curbing costs and harnessing new economic-growth opportunities.

The opportunities presented by the ocean, known as the 'blue economy', hold much promise for Namport in particular, and for Namibia in general.

We will concentrate on harnessing the potential of its four main pillars, namely fisheries, energy and mining, tourism and marine transportation.

These pillars could contribute to our food security, sustainable livelihoods and revenue generation, and could assist the development of Namibia's gas and oil industry.

Namibia's tourism sector has not really developed the potential that the tourism and marine transportation pillars offer. For this to happen, relevant stakeholders need to unite, creating platforms that will fuel Namibia's economic

development through utilisation of the ocean's vast resources.

Namibia is not the only country that needs to develop the resources of the blue economy. The African Union has drawn up the Africa Integrated Maritime Strategy 2050, whose guidelines will "foster increased wealth creation from their oceans and seas by developing a sustainable, thriving blue economy in a secure and environmentally sustainable manner".

PERSONNEL

Namport relies on its staff to ensure success in all its activities, and continues to offer highly competitive salaries and market-leading benefits. We place premium value on and expend much effort, maintaining constructive and open relationships with our employees.

To help our employees attain their full potential, Namport continues to assist employees who want to upgrade their qualifications in subjects relating to the marine workplace. During the past year, Namport sponsored scholarships for three employees embarking on masters programmes and one on a doctoral degree in Maritime Studies. Under the 'Catch-Them-Young' programme, four employees were sent for studies at the Lawhill Maritime Centre in Cape Town.

We are confident that, in five to ten years, Namibia and Namport will have a talent pool of comprised of highly qualified maritime staff. In this challenging year alone, Namport invested N\$5.7 million in training and developing the professional qualifications of its employees.

ONGOING INFRASTRUCTURE DEVELOPMENT

The New Container Terminal Project at the Port of Walvis Bay

Construction at the new container terminal is ongoing. Unforeseen complications with ground conditions hindered construction and have resulted in delays that will see the completion date delayed by six to twelve months. The latest completion date is set for December 2018 with commissioning in 2019. In line with provisions of contract, the cost implications of this delay will have to be absorbed by the contractor.

The works associated with the project are about 58 percent complete. Given the reduced container volumes moving through the port at this time, the delay in the completion of the new terminal does not represent a crisis, because the existing port has sufficient capacity to handle current shipment volumes.

Phase 1 of the Port of Walvis Bay North Port

Phase 1 of the 1,330-hectare development, located six kilometres north of the existing port, is currently underway. This development will form a critical element in the Namibian Logistics Hub, which will position Walvis Bay as an important gateway to landlocked countries in the SADC. Phase 1 comprises the construction of the Liquid Bulk Petroleum Terminal, implemented by the Ministry of Mines and Energy. This facility, which will provide two 60,000 DWT tanker berths, is part of the National Oil Storage Facilities Project.

At the end of the reporting period, construction is 65 percent complete with a projected completion date in mid 2018. Further development phases of the North Port are in various stages of conceptualisation.

Port of Lüderitz

Port of Lüderitz is slowly but steadily growing, facing a number of challenges, but at the same time exhibiting opportunities which need to be seized. Interaction and intra-departmental engagement with clients is ongoing. During the reporting period, Scorpion Zinc Mine has changed its mode of handling zinc from bulk processing to containerised volume throughput, contributing greatly to Namport's bottom line. Likewise, out-of-gauge cargo, windmill and solar panels have been handled in the current financial year.

Port of Lüderitz has engaged with manganese mines in the Northern Cape, South Africa, with the objective to

ship a projected volume of one million tonnes per annum, beginning with 20,000 tonnes per month. It is expected that Port of Lüderitz can provide a service that is every bit as competitive as the mine's current South African arrangements, with an added advantage that Lüderitz is not as congested. Various activities pertaining to supply chain management are underway.

The recently enacted Public-Private-Partnership framework presents a great opportunity for the Angra Point deep-water port development to take effect. Private sector participation will ease the burden on state coffers. Namport has entered into a stakeholder consultative process, and initiated an environmental scoping assessment which is expected to be completed by 2018.

In addition, there is an opportunity for the Port of Lüderitz to serve as an agro-processing produce hub within the southern areas of Namibia. However, several challenges beyond Namport's control must be addressed to make it feasible, such as upgrading the gravel road between Aussenkehr and Rosh Pinah to bitumen.

During the reporting period, bulk vessels longer than 160m, and have called on the port, which cannot be docked simultaneously vessels at the same commercial quay. Namport is investigating the feasibility of extending the bollard by an additional 20 metres at the end of the quay wall in order to accommodate two such vessels simultaneously in order to reduce waiting time. A design has been completed and as soon as funding is available, the project will commence.

Walvis Bay waterfront and marina

Namport has called for statements from businesses interested in participating on the development of the mixed-use Walvis Bay waterfront and marina. Developers who have been short-listed will soon be invited to present their plans. Construction is projected to begin in 2020, after the new container terminal is fully commissioned.

The Port Automation Project

Namport invests in technology to enable smarter, more efficient, effective and safe business. Based upon a comprehensive Port Automation Study conducted by the ICT department, an ICT Master Plan was developed. The first phase of this plan will focus on automating the port. The plan is as ambitious as it is critical to the port's future development.

Namport will automate selected core processes that will yield key benefits such as:

- Enhanced personnel safety
- Optimisation of asset utilisation
- Increased productivity
- Operational effectiveness, and
- Improved security.

The Port Automation Project and other ICT initiatives are discussed in more detail later in the report.

THE YEAR AHEAD

The timing of the global economic downturn, which descended while Namport was engaged with its largest ever capital investment project, the new container terminal, is unfortunate. The downturn was not predictable. In the context of Namport's history and current constraints, the decision to go ahead with the container terminal was well-timed.

With demand prior to 2015 growing year-on-year, a solid business case was made for investing in a new container terminal. The same case was made for expanding the existing port.

These projects are further justified by the fact that Namibia and Walvis Bay are positioned to serve as the primary regional logistics hub. Our future competitiveness depends on having sufficient port infrastructure, which needs to be state of the art.

Responsible management requires that global economic conditions be kept in mind. At the same time, caution needs to be balanced against aggressive business strategies to ensure that Namport remains viable and competitive.

Future infrastructure development will include increasing the depth of the port, so that it will accommodate larger vessels. Construction of the new container terminal will increase Namport's capacity to handle cargo, and enable the company to diversify its customer base. Both are essential for the long-term sustainability of the business. As noted above, the process of fully automating the port has begun.

Another factor that needs to be explored is a centrally coordinated drive to synchronise transport to and from the port, an area of operation in which Namibia is currently handicapped by a lack of capacity. In addition, the current business climate will be conducive to the establishment of a business partnership between the government and private interests, as set out in Government's PPP framework.

Although it is easy to be distracted by hardships and challenges in our immediate situation, we are well aware that we must hold focus on our long-term vision, plans and strategies.

Only with far-reaching vision will we be prepared for the future. So, while times are tough for now, there is no doubt that our situation will improve — and when it does, Namport needs to be poised in order to reap the benefits.

IN CONCLUSION

I would like to express my appreciation to the Minister of Works and Transport, the Minister of Public Enterprises and the Minister of Finance for continued support of Namport during this challenging period. I would also like to thank the Namport Board of Directors under the leadership of the Chairperson, Advocate Gerson Hinda, for its ongoing guidance and faith in our team.

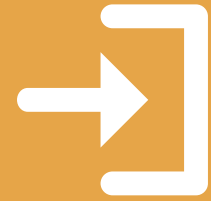
I'm also deeply grateful to the Executive Committee, the Management Committee and the entire Namport staff for their hard work during the previous year, whose fortitude helped the company prevail in the face of difficult economic conditions.

2016 was the year in which we bade farewell to Jerry Muadinohamba, Chairperson of the Namport Board. Jerry served two terms as Chairperson. He was known for his passionate concern for people and his unbridled enthusiasm for helping them reach their full potential. His warmth, wisdom, energy and humour will be sorely missed. By the same token, we welcomed Advocate Gerson Hinda as the new Chairman of the Namport Board, and we very much look forward to learning from him and working with him.

We also look forward to working with our stakeholders in the year ahead. Together we will meet the challenges we face in order to develop Namibia's regional and international logistics profile, and contribute to Namibia's development goals.

Bisey /Uirab
Chief Executive Officer
31 October 2017

PERSPECTIVE ON OUR BUSINESS



A SNAPSHOT OF THE CURRENT ECONOMIC CLIMATE

The Bank of Namibia (December 2016, Quarterly Bulletin, Bank of Namibia) **reports that year-on-year:**

- Prices of zinc gained 22.2 percent (significant global decrease in production and in an increase in demand from China)
- 13.4 percent increase in production of uranium, though prices declined 29.9 percent (weak global demand)
- 3.3 percent increase in gold production and gold prices increased by 18.8 percent (investors have been seeking less risky investments)
- 13.3 percent slowdown in diamond production;
- 27.6 percent decline in zinc concentrate production (industrial action), and
- The average inflation rate rose to 6.9 percent.

TRADE STATISTICS

Namibia Trade Statistics (March 2017, Namibia Annual Trade Statistics 2016, Namibia Statistics Agency) **reports that:**

- 46 percent of exports by value are transported by sea, which is a 47 percent increase year-on-year, while 29.6 percent of imports by value are transported by sea, a 15.2 percent decrease year-on-year. The majority (63 percent) of Namibia's imports by value are transported by road;
- In 2016, Switzerland was the top destination for Namibia's exports, followed by South Africa, Botswana and Zambia;
- South Africa, Botswana, Zambia, China and Norway were the leading sources of import commodities in 2016;
- Top export products were diamonds, copper ores/articles, and fish, while the top import products were mineral fuels and oils, vehicles, boilers, and diamonds.

Fitch Ratings announced in September 2016 that it had downgraded Namibia's outlook from stable to negative and had also revised the outlook for four state-owned enterprises, including Namport, from stable to negative.

The International Monetary Fund (IMF) forecasts a slowdown in Namibia's growth at 2.5 percent compared to 5.3 percent in 2015, as Government begins consolidating and construction activity slows. Performance is expected to accelerate to above 5 percent in 2017 and 2018 as production from new mines ramps up. Risks include SA Customs Union revenue and further commodity price declines.

The Namibia National Budget 2017/2018 (Budget Statement for the 2017/2018 Financial Year, Minister of Finance, Namibia, March 2017) estimates 2016 domestic economic growth at 1.3 percent, a sharp downturn from the 5.3 percent growth rate in 2015. Growth was affected by an unfavourable external economic environment, a commodity price crash, and prolonged drought with water shortage. The National Budget 2017/18 forecasts an improvement in domestic economic growth to 2.5 percent in 2017, and 3.7 percent in 2018.

NAMPORT'S ROLE IN THE REGIONAL AND NATIONAL ECONOMIES

Namport supports the vision of the African Union's 2050 Africa Integrated Maritime (AIM) Strategy to foster accelerated wealth creation from Africa's oceans and seas by developing a sustainable and thriving blue economy in a secure and environmentally sustainable manner.

Our strategically positioned ports and connecting transport corridors enable Namibia to compete as a transport hub for all regional and international trade between the Southern African Development Community (SADC) countries, Europe, Asia and the Americas, indeed for the rest of the world.

Setson Amutenya, Marine Engineer Officer, inside an engine room of a Namport pilot vessel, Port of Walvis Bay.

As a Namibian public enterprise, and a key player in the transport and logistics industries in sub-Saharan Africa, Namport contributes to achieving SADC's regional goals, as well as Namibia's goals which are enshrined in Vision 2030.

Key elements of regional strategy include –

- Seamless, integrated, efficient, safe, cost effective, responsive transport
- Elimination of bottlenecks in the flow of goods between member states and across the region and among global markets
- Regional market integration, and
- Promotion of regional development corridors.

Due to its strategic location, Namibia's ports and corridors potentially provide the shortest and cheapest trade route for southern African, landlocked countries to Europe and the Americas. Namport's strategy therefore focuses on becoming the ports of choice in the SADC region to support achievement of the Namibia Logistics Hub Vision. The company's aim is to become a regional logistics and distribution leader by increasing traffic through Namibia's ports.

In addition to serving the needs of Namport's two major clients, Maersk and CMA CGM, we continue to pursue other business opportunities aggressively with a view to capturing additional cargo volumes in SADC, Brazil, Europe and China. Such development would diversify Namport's client base.

The Port of Walvis Bay hosts dry ports for the landlocked SADC countries of Botswana, Zambia and Zimbabwe, and it is envisaged that such preferential allocations will encourage these countries to direct their cargo to Walvis Bay. The facilities at the Botswana and Zambia dry ports are already fully operational, while those at the Zimbabwe Dry Port are under construction.

GLOBAL GROWTH IN DEMAND FOR PORT SERVICES

Approximately 80 percent of global trade by volume, and more than 70 percent of global trade by value, is seaborne. Ninety percent of Africa's imports and exports are conducted by sea. The African Development Bank has forecast that port-throughput in Africa will rise from 265 million tonnes in 2009 to more than two billion tonnes in 2040. The southern African region constitutes 41 percent of Africa's container throughput. It is therefore a critical player in the economic growth of the entire continent.

PORTS AND SHIPPING INDUSTRY TRENDS

The following events, occurring in 2016 and 2017, had an impact on the global ports industry:

- Significant slowdown in world trade
- Plummet in oil prices by more than 60 percent
- Appreciation of the US Dollar, by approximately 20 percent
- Growth in trade volumes
- Slump in commodity prices related to falling demand
- Big movements in exchange rates
- Slowing of China's economy (it later rebounded)
- Drought
- Global conflicts, and
- Brexit.

The steep decline in oil prices has created a crisis for oil-dependent economies like Angola. It has also had an impact on Namport since Angola is the main destination for trans-shipments handled at the Port of Walvis Bay. Angola is also a strong market for Trans-Cunene corridor cargo. In fact, Angola accounted for 40 percent of CMA CGM trans-shipment volumes. Low commodity prices prevented many mines from breaking even. Shipping lines restructured their African west coast services to optimise capacity through alliances, thus reducing port calls.



Railway tracks in the Port of Lüderitz, running between the Technical offices and SHREQ offices.



The United Nations Conference on Trade and Development (UNCTAD) (Report on Maritime Transport, 2016) reports that containerised cargo grew by only 2.4 percent in 2015 compared to 6.1 percent in 2014, and that the top 20 ports by volume experienced an 85 percent decline in growth. UNCTAD forecasts a marginal recovery for containerised cargo volumes in 2016 but notes that the outlook for seaborne trade is uncertain. Furthermore, the Fourth Industrial Revolution (technology, innovation) may disrupt the shipping industry.

Drewry Supply Chain Advisors (Drewry Maritime Research, 2015) reports that global, container-port growth showed a significant slowdown in 2015: only 2.2 percent, compared with 5.3 percent over the previous five years and 11.3 percent in 2008. They forecast that the market will grow, but at a much slower pace.

In the year 2016, Hanjin, the seventh largest container shipping line in the world, collapsed. Other shipping line companies also experienced downturns in revenue and were forced to take protective action, such as retrenching staff and decommissioning vessels.

The container shipping industry is experiencing a negative evolution marked by the following factors:

- Declining freight rates
- Slower global trade growth
- Economies of scale due to increased vessel size
- Over-capacity and poor utilisation rates
- Vessel-sharing agreements, alliances or joint services, and
- Poor financial performance.

The market environment could be described as follows:

- The fact that larger vessels are being utilised on the main east-west trade routes (China-US and China-Europe) produced the result that older-generation vessels are being cascaded into other markets such as the China-Africa route. Most African ports are not geared for the larger vessels. The situation increases pressure through over-capacity.
- The nature of cargo flows has changed due to the use of larger vessels, in turn producing challenges for terminal operators in terms of greater peaks and troughs (Drewry, 2015).



- Slow steaming. Companies are ordering slower vessel speeds to reduce fuel consumption, lengthening the time needed to complete sea journeys.
- The development of vessel-sharing alliances.

Namport has made great strides in the past decade through growth in size and significance from a minor national port to an important player in the SADC region. As Namport approached constraints caused by limited capacity, specifically in terms of depth, accommodation of large container vessels and increase in bulk and break-bulk trade, it invested in the New Container Terminal Project at the Port of Walvis Bay. In the meantime, however, the operating milieu has changed, forcing Namport to adapt to challenging economic conditions.

Regional ports have expanded their capacity; new competing ports have been established and older ports have become more aggressive in their marketing approach. Shipping lines are making decisions that only create impact over the long term and aligning our own strategies takes considerable time to reach fruition.

While current efforts focus on attracting new lines to the ports of Walvis Bay and Lüderitz, in the future that focus will

shift to attracting bulk and break-bulk commodities — more specifically project cargo — to our ports.

FUTURE GOAL: NAMIBIA AS A LOGISTICS HUB

Expanding intra-regional trade remains an opportunity. It is currently well below potential due to poor infrastructure, lack of harmonisation of trade policies and cumbersome border procedures.

The Namibian Government has a vision to transform Namibia into an international logistics hub for the SADC region by 2025. The country's ports, especially Walvis Bay, will be critical elements in the Namibian Logistics Hub as world-class gateway seaports in south-west Africa, catering for the trans-shipment and transit of cargo to and from neighbouring countries.

This significant development will require Namibia to bring in numerous carriers and multi-national freight forwarders from Europe, the Mediterranean and from the east coast of South America, along with the Asia Pacific region.

The stable political environment in Namibia will continue to attract foreign direct investment, and will make Namport even more attractive for oil exploration and exports, chemicals, manufacturing and mineral exports. Exploitation of natural resources in the region is yet to be fully realised and the upsurge in mining activities will result in increasing bulk business for Namport. Indeed, enquiries from neighbouring countries regarding the use of Namibia's ports are on the increase.

THE WALVIS BAY CORRIDORS AND MARITIME SECTOR STRATEGIC PARTNERS

The Walvis Bay corridors are a network of transport corridors which support the logistics hub concept. These are primarily comprised of the Port of Walvis Bay, the Trans-Kalahari Corridor, the Walvis Bay-Ndola-Lubumbashi Development Corridor (previously known as the Trans-Caprivi Corridor), the Trans-Cunene Corridor, and the Trans-Oranje Corridor.

The latter is currently handling low volumes, but opportunities for increasing volumes along the corridor and through the Port of Lüderitz have been identified and are being exploited through the Trans-Oranje Corridor Initiative. These include using Lüderitz as an alternative port for export of manganese deposits in the Northern Cape of South Africa, and as a port to carry committed grape exports.



A speedboat on its way to the small craft harbour at the marine department, Port of Walvis Bay.

The ports and corridors in Namibia are strategically positioned to place the country in a competitive position to serve as a transport hub for all regional and international trade between SADC countries, Europe, the Americas and the rest of the world. The Walvis Bay Corridor Group (WBCG) is a partnership between Government and private interests that was established to promote the utilisation of the Walvis Bay corridors. It acts as a facilitation centre, a one-stop shop that coordinates trade along the Walvis Bay corridors and links Namibia and its ports to the rest of the southern African region.

The roads sub-sector is currently upgrading overland roads and is developing new road connections in critical transport corridors. At the same time, the rail sub-sector is upgrading existing rail facilities and developing new rail networks, in order to support Walvis Bay to become the gateway port for the SADC region. These developments will reduce transport time as well as provide alternative transport corridors to our ports.

Our key strategic partners in the maritime sub-sector, namely the Directorate of Maritime Affairs and the WBCG, are implementing many initiatives to support the Namibian Logistics Hub initiative. These initiatives include project

managing the Hub, establishing a logistics centre at Walvis Bay, initiating a maritime capacity building programme, and ensuring compliance with the IMO Convention.

CHALLENGES REMAIN

However, the following challenges remain:

Volume downturn

The downturn in business and concomitant low volumes at our ports remain a concern. However, the decline is downstream of the global economic downturn. Demand from China has decreased which impacts on exports, putting commodity markets under pressure.

Other ports have also experienced volume declines. South African port terminals container volumes dropped by 4.5 percent, and bulk and break-bulk slightly increased by 0.7 percent. Big volume losses were posted by the world's major trans-shipment ports. The trend continued into 2016.

Two of the largest port countries in the world, Hong Kong and Singapore, lost 8.7 percent and 9.7 percent respectively in volumes in 2015, compared with the previous year. Singapore experienced a further 5 percent and Hong Kong 10 percent decline in half-year volumes in 2016.

The small captive market in Namibia necessitates that the port relies on transit and trans-shipment business to produce growth.

Over-dependence on two shipping lines

The shipping lines, Maersk and CMA CGM, account for 77 percent of container volume movement through the Port of Walvis Bay. Despite the fact that Namport appreciates their business, the Group is aware of the need to diversify its client base.

Increasing expansion drives of competitor ports and port concessions

Competitor ports continue to expand and develop infrastructure to capture business. Many ports have conceded use of their container terminals to private terminal operators, creating higher efficiency and attracting cash injections which can be used to expand capacity.

Customer expectations

Customers' key demands are improved efficiency, reduced tariffs and accommodation for larger vessels. Shipping alliances are attracted by greater connectivity and lower risk of congestion at ports during peaks. Namport is under considerable pressure to accommodate larger container vessels at the Port of Walvis Bay. Because shipping lines are deploying larger vessels, they cascade older vessels to other ports, especially along the African coast. However, the Port of Walvis Bay cannot accommodate some of these vessels because of the width of its entrance channel.

Our top main customers have formed an alliance, requesting Namport to assess the viability of increasing its capacity to be able to berth larger 9,000 TEU vessels in the Port of Walvis Bay. During the reporting period, Namport undertook a trial run berthing the CMA CGM Danube 9,400 TEU vessel. However, it was decided that the vessel could not be berthed to the required standard of safety.

Namport will undertake dredging the entrance channel of the Port of Walvis Bay deeper as part of our long-term plan. A feasibility study will be conducted in the next financial year.

Aging infrastructure

Currently, berth numbers 4 to 8 at the Port of Walvis Bay are used as multi-purpose berths. However, most of the cargo accommodated consists of bulk and break-bulk. These berths contain the oldest quay wall structures still in use at the Port of Walvis Bay. Berths 4 to 8 consist of 900 metres of reinforced concrete-sheet, pile-quay wall with a relieving platform. This quay wall was built in 1959 and was designed for a water depth of -10.6 metres charter datum. As is the case with berths



Evaldine Chimbuelengue, Senior Port Control Officer, Port of Lüderitz.

1 to 3, berths 4 to 8 are heavily utilised. These berths have already reached the end of their design life and are therefore in need of major rehabilitation, which should be carried out in the next ten years.

There is also a pressing demand to rebuild and modify these quay walls to accommodate deeper draft vessels. However, it could not be economically feasible to taken even one of these berths out of operation for rehabilitation or modification. The plan to rebuild these berths will be initiated only when berths 1 to 3 are converted back to multi-purpose berths after container operations are relocated to the new container terminal in 2019.

Constraints on rail connectivity to the hinterland

Ongoing issues related to line reliability resulting from ageing infrastructure continue to trouble the national rail carrier, TransNamib. Despite the fact that the rail fleet has been upgraded in the last year by the purchase of locomotives from Transnet in South Africa and General Electric in Brazil, much needs to be done to improve the condition of the rail network countrywide.

KEY STRATEGIES



SUPPORTING STRATEGIC OUTCOMES

Namport has developed five strategic outcomes to achieve its vision and mission. These outcomes and related strategies will be put in place during the five-year period between the financial years of 2015/16 to 2019/20.

| 1. INCREASE THROUGHPUT CARGO | 2. DIVERSIFY AND GROW CUSTOMER BASE | 3. IMPROVE PORT OPERATIONS AND COST EFFICIENCY | 4. PURSUE KEY TRANSFORMATION INITIATIVES | 5. ENERGISE HUMAN CAPITAL DEVELOPMENT |
|--|--|---|---|---|
| 1.1 Maximise utilisation of current infrastructure | 2.1 Increase and diversify revenue sources | 3.1 Optimise port performance | 4.1 Build and maintain good corporate governance | 5.1 Meet human capital needs for the future |
| 1.2 Accommodate future demand | 2.2 Expand product and service offering | 3.2 Leverage ICT to improve efficiencies and productivity | 4.2 Enhance corporate citizenship footprint | 5.2 Retain and develop talent |
| 1.3 Optimise land usage and planning | 2.3 Establish and enhance national and global brand presence | 3.3 Manage revenue and cost | 4.3 Improve stakeholder relations | 5.3 Optimise human capital availability |
| 1.4 Optimise contribution of ICT | 2.4 Continuously enhance positive customer experience | 3.4 Entrench efficient asset management | 4.4 Drive supplier localisation and diversity | 5.4 Create a learning and development culture |
| 1.5 Rehabilitate and upgrade critical infrastructure | 2.5 Promote effective customer communications | 3.5 Nurture a positive corporate culture | 4.5 Ensure compliance with affirmative action and include marginalised groups | 5.5 Reinforce positive labour relations |

KEY PERFORMANCE INDICATORS



The table below summarises Namport's performance against key performance indicator targets for the year ended 31 March 2017.

| KEY PERFORMANCE INDICATORS | Target | Actual |
|---|----------|--------|
| OPERATION PERFORMANCE | | |
| Container moves per hour per vessel | 30 | 28 |
| TEU volume growth | 12% | 0.4% |
| FINANCIAL PERFORMANCE | | |
| Year-on-year increase in turnover | 11% | -2% |
| Earnings before interest and tax (EBIT) | 12% | 9% |
| Return on assets | 2.13% | 1.15% |
| Profit per tonne (N\$) | 13.43 | 10.51 |
| EBIT/employee monthly (N\$) | 8,936 | 7,014 |
| Current ratio | 3.0 | 1.7 |
| Debtors days | 56 | 65 |
| Interest on investment | 7.9% | 7.5% |
| Total debt/equity ratio | 1.21 | 1.19 |
| Debt to equity ratio | 0.86 | 0.66 |
| Debt-service coverage ratio | 4.20 | 5.8 |
| EMPLOYEES, CUSTOMERS AND SAFETY PERFORMANCE | | |
| Number of employees | 967 | 982 |
| Total cost of employment | 55% | 55% |
| Training (% of payroll) | 3% | 3% |
| Employee climate index | 75% | 72% |
| Customer satisfaction index | 75% | 70% |
| Lost-time injury frequency rate (LTIFR) | 0.75 | 0.46 |
| Safety, health, environment and quality international standards certification | Retained | Retain |

FINANCIAL PERFORMANCE REPORT



INTRODUCTION

The Group results for the Namibian Ports Authority (Namport) for the year ended 31 of March 2017 comprise of the Authority, which operates the two ports at Walvis Bay and Lüderitz and the following subsidiaries:

Elgin Brown & Hamer Namibia (Pty) Limited

Namport holds 52.5 percent of the issued share capital of Elgin Brown & Hamer Namibia (Pty) Limited (EBH). EBH is involved in the ship and rig repair business, primarily focusing on offshore supply vessels which operate along the western coast of Africa. It runs three floating docks at the Port of Walvis Bay.

Lüderitz Boatyard (Pty) Limited

Lüderitz Boatyard is wholly owned by Namport and predominantly focuses on the repair of fishing vessels. It operates a dry dock facility at the Port of Lüderitz.

Namport Property Holdings (Pty) Limited

This is also a wholly-owned subsidiary of Namport. Its mandate is to oversee the management of the Authority's portfolio of properties at the ports of Walvis Bay and Lüderitz. It is, however, currently dormant.

RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The Group changed its financial year end from 31 August to 31 March, effective from the 2015-2016 financial year. Hence, the comparative results presented in this report cover the seven-month period ended 31 March 2016. For comparability and trend analysis, these results were extrapolated to 12 months and adjusted for periodic or non-repetitive events.

The change in the financial year was to align the Group's year-end to the shareholder's fiscal calendar and ensure harmony in periodic reporting.

Operating environment

The year ended 31 March 2017 was an extremely challenging one for the Group. The company sustained strain against the backdrop of continued depression in commodity and oil prices and the recent severe liquidity constraints on the local market.

A significant proportion of the Authority's throughput is dependent upon favourable market conditions for the local and regional mining industries. Hence, prevalent low commodity prices during the period under review, and resultant negative impact on mining activity, saw concomitant material declines in both mining reagent and chemical imports and exports of mineral ores through the Authority's two ports.

Furthermore, low oil prices and the ensuing economic challenges in one of the Authority's main markets, namely Angola, resulted in significant decreases in both direct imports into Angola and trans-shipments at the Port of Walvis Bay for eventual discharge at ports in Angola.

However, to ensure sustainability, the Group has broadened its market canvassing locally, in the region, in Asia, Europe and the Americas, enhancing its service to shipping lines, offshore supply vessel operators, importers and exporters.

Initiatives to develop the corridors from the ports of Walvis Bay and Lüderitz continued to bear fruit with notable increases in cargo flows, especially along the Trans-Caprivi



A syncrolift operator places docking blocks on the vessel stabilising beams, Port of Walvis Bay.

Corridor, serving mining, agricultural and manufacturing industries in Zambia and the Democratic Republic of Congo.

Aggressive cost containment measures and operational restructuring were implemented within the Group during the year under review, resulting in material savings in operational expenses, at the same time streamlining general and non-critical capital expenditure in line with depressed business volumes.

Operating results

Group revenue for the year increased a nominal 3 percent. However, it is commendable that this increase in year-on-year revenue, though marginal, comes on the back of a downward trend in the global shipping market and reaffirms the inroads the Group is making into alternative markets in the region. These advances sustain throughput volumes at

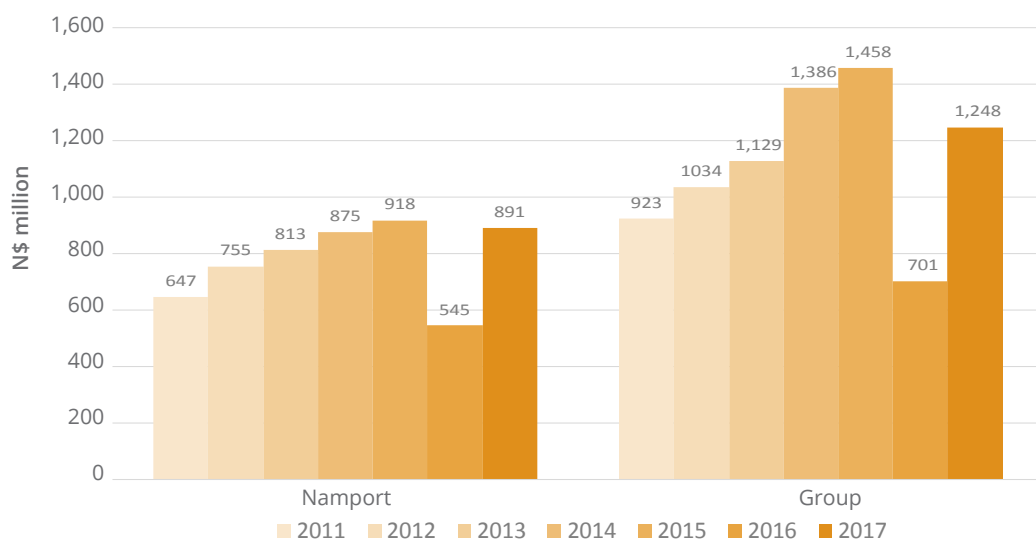
the Port of Walvis Bay and the Port of Lüderitz, as well as boost operations of the ship repair facilities.

Group operating profit increased by 96 percent as a result of increased revenue and less-than-proportionate increases in operating costs, giving credence to the cost rationalisation exercises implemented by the Group during the year under review.

However, operating profit before tax decreased year-on-year by 30 percent, mainly due to foreign exchange losses incurred on the hedge contract taken out to cover foreign currency pegged milestone payments due to the Port of Walvis Bay New Container Terminal.

The graphs, below and on the following pages, provide an overview of the Group's revenue and profitability over the years.

Figure 1: Namport and Group: Revenue: (N\$ million) 2011-2017





Liquidity

The Group continued to roll out major capital projects and acquisitions during the reporting year, consistent with the drive to gear Namibia as the logistics hub for the region.

Significantly, the construction of the New Container Terminal Project at the Port of Walvis Bay has reached an advanced stage. As a result, there were notable decreases in the overall liquidity position of the Group, as cash reserves and investments, accumulated over the years, were applied to the contractual payments due on the project and other cargo-handling equipment acquisitions. These expenditures complemented contributions from the Group's shareholder, as well as an external loan.

Exerting further pressure on the liquidity position of the Group were the current market conditions which have impacted customer ability to service their debts for services rendered in a timely manner. Overall, however, the Group maintained a fairly strong liquidity position as at the end of the reporting period.

Gearing

The Group's gearing has in general remained stable during the year under review with additional long-term borrowing being confined to the drawdowns made on the loan secured from the African Development Bank (AfDB) for the partial funding of the new container terminal at the Port of Walvis Bay.

Barring the additional borrowing from the AfDB, the Group's gearing has significantly decreased and it is envisaged that this position will be consolidated in the future as funding for infrastructure and equipment requirements shifts from traditional forms of financing to strategic partnerships.

The trend in current and gearing ratios is provided in the graphs below.

Credit rating

Namport retained an investment grade rating of AA+ during the period under review, despite a negative outlook. The favourable rating is underpinned by the continued direct and indirect support the Authority enjoys from the shareholder which puts it in a strong position to drive the establishment of Namibia as the logistics hub for the region.

Fitch further acknowledged that Namport maintains a competitive serve edge and a robust network of links to the hinterland, while confirming that the current expansion project at the Port of Walvis Bay gives the Authority a good margin of safety in growth of handling capacity into the future.

Looking to the future

There are good indications of an improvement in the challenging market conditions which dominated the period under review. The shipping industry is on a consolidation

Figure 2: Return of Assets: (%) 2011-2017

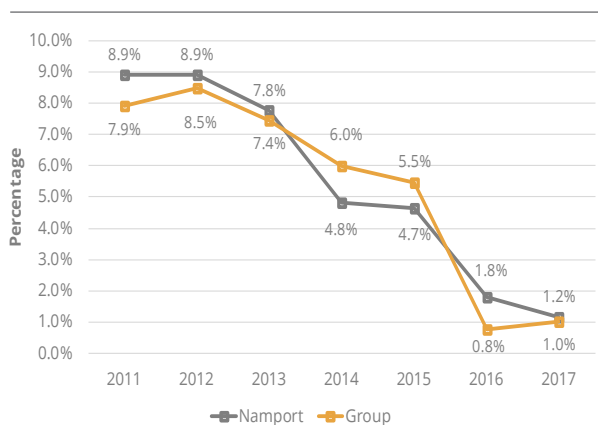
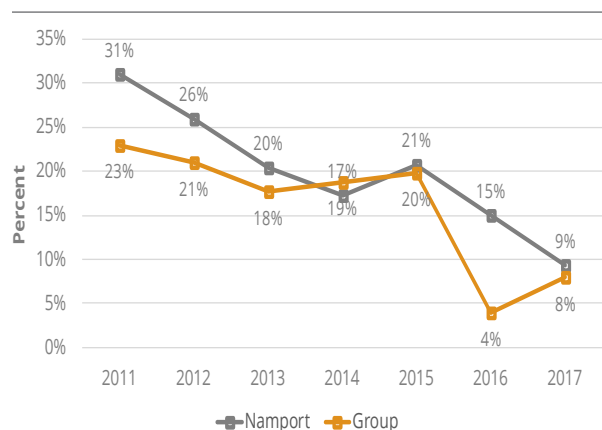


Figure 3: Operating Profit Margin: (%) 2011-2017



Vessels anchored in the bay area at the Port of Lüderitz.

drive to streamline expenditure and maintain low rates in a highly competitive environment. It is therefore imperative that the Group augments its overall handling capacity and operational efficiency, to be able to compete aggressively for trans-shipment business from shipping lines and corridor cargo into the hinterland.

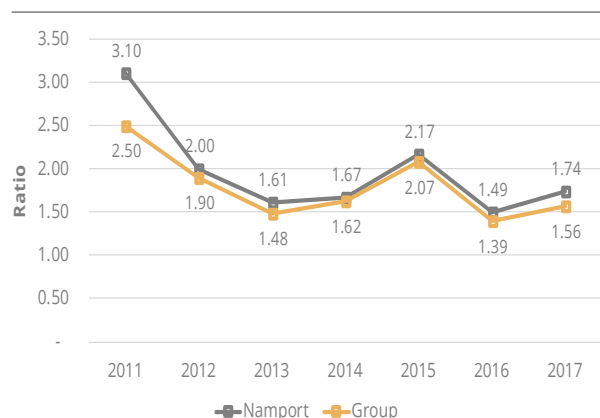
Furthermore, a constrained ship-repair market has eroded shipyard margins and lean cost structures will be pertinent for business sustainability in the future.

The Group is pleased to report that the expansion of facilities at the Port of Walvis Bay remains on course. The new container terminal is scheduled to come on stream in the second half of the 2018 calendar year. This will see the Authority enhance its service offering capacity, *inter alia*, through the introduction of world-class cargo handling equipment and automation of operations at the port.

Cost rationalisation initiatives at the ship repair yard continue to produce promising results, which are envisaged to continue into the foreseeable future.

The Group continues to make inroads into markets in the neighbouring countries of Zambia, Botswana, South Africa and beyond. Through an improved rail and road network, significant spin-offs in mineral exports and raw material imports are expected to flow the Group's ports.

Figure 4: Current Ratio: 2011-2017



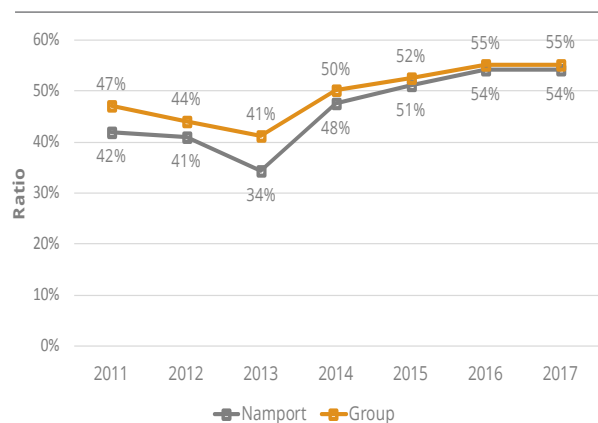
CONCLUSION

The Group continues to weather the storm and has steadfastly maintained a strong liquidity position and overall operational profitability in spite of the tough operating environment.

Encouraging in-roads have been made into new markets. New shipping lines have begun calling at the Authority's ports and it is envisaged that this upward trend will be consolidated in the future. The Group will finalise its expansion programme over the medium term and strengthen its capacity to handle forecast growth volumes in the region.

Enjoying success in the future will depend upon the Group's ability to arrange meaningful and mutually beneficial partnerships with the private sector and upon gearing the Group's infrastructure to ramp up its service rendering capacity.

Figure 5: Debt Ratio: (%) 2011-2017



FACILITATING TRADE



PORT OPERATIONS AND BUSINESS DEVELOPMENT

The 2016-2017 reporting period was difficult due to the global economic downturn, but also provided the company with important opportunities to streamline and consolidate its operations.

PORT OPERATION CHALLENGES

The imbalances in global markets during 2016, which resulted in declining commodity prices (of oil, uranium and copper, among others), less demand from China and a decline in cargo availability in the market, had serious implications for Namport.

Changes in the shipping industry will continue to exert an influence on Namport in the year ahead. Worldwide, the shipping industry is deploying mega ships and this is being driven by the need to derive maximum benefits from economies of scale through service consolidation and reduction of port calls.

The average vessel size of the current fleet of container vessels is 8,000 twenty-foot equivalent container units (TEUs), the largest container ship being just under 20,000 TEUs. Traditionally, when larger vessels are acquired by shipping lines, older vessels are cascaded onto other trade routes, particularly the Europe–Africa trade route ports. The key trends in container vessel size on our trade routes (more than 6,000 TEUs on most trade lanes) are 6,569 TEU vessels on the Asia -South Africa route and 7,188 TEU vessels on the Europe–South Africa route.

These sizes pose a challenge for Namport because the entrance to the Port of Walvis Bay is by way of a channel which must be negotiated before ships can berth at the quayside. The channel is 14.5m deep and needs to be deepened and widened in order to accommodate mega-vessels.

Currently, the maximum container vessel size handled at the Port of Walvis Bay is 5,700 TEUs. Namport is under considerable pressure to accommodate 9,000 TEU vessels at the container terminal.

Dredging the port and entrance channel to accommodate 9,000 TEU and larger vessels will require considerable investment which will effect Walvis Bay's ability to accommodate larger vessels in the foreseeable future. The authority will commission a feasibility study in the coming financial year to assess the viability of deepening the port.

Globally, shipping lines have streamlined their operations by closing vessel-sharing agreements and dropping sea-freight rates. This streamlining of operations had a knock-on effect on ports, because shipping lines further look to ports for additional savings by demanding for reduction in port tariffs. This puts pressure on port authorities like Namport whose fixed overheads have not decreased.

PORT OPERATION PERFORMANCE

A detailed breakdown of the ports' performance is provided later in the report. Overall, cargo volumes handled during 2016-2017 decreased by 3 percent, but a slight increase of 0.4 percent was experienced in the number of TEUs, despite the sluggish global economy.

Bulk imports, in particular wheat and grain destined for Namibia, recorded a high growth of 64 percent compared with the previous reporting period. Similarly, sugar imports in 2-tonne bags increased by 51 percent, while fuel imports showed a smaller increase of 4 percent compared with the previous period.

Sulphuric acid imports recorded a decline of 16 percent, which was attributed to one of Namport's mining clients sourcing this product from a local supplier.



Cargo crew (in the back) Abraham Humbilemo, (front, left to right) Loide Kalomho, Hendrina Mbidja, Hulda Klaaste and Bernadette Andapo at the quayside of the main jetty in the Port of Lüderitz.

With regards to the export of commodities produced in Namibia, bulk and bagged salt presented a 10 percent and 63 percent growth respectively. The strong growth of bagged salt exports points to improved acceptance of this product in new and traditional markets internationally. Consequently, Namibian businesses in the salt-industry supply chain also benefited through the opening of new opportunities, all of which contributed to the stimulation of the Namibian economy.

Shipping lines continue to demand increased efficiency and productivity. Our performance for Maersk during the period under review was 31 berth moves per hour (against a target of 30), and for CMA CGM 29 moves per hour (against a target of 25).

OPERATIONAL AND BUSINESS PROCESS ACTIVITIES

In compliance with the International Maritime Organisation (IMO) requirements regarding container weight verification, Namport successfully implemented the SOLAS weight

verification system on 1 June 2016. This system requires that all cargo transporters provide a verified container weight or verified gross mass (VGM) before loading cargo on a vessel, in order to prevent instances of overloading.

The year under review has provided the company an opportunity to review all its business processes through the Port Automation Project initiative. The project will assist the authority to make its processes more effective and efficient, at the same time providing world-class services to port users by mid 2019. To this end the current paper-based management of bulk and break-bulk operations will be replaced by an automated, general-cargo management system in the new financial year.

To serve the aim of making processes and services as accurate and efficient as possible, a general-cargo, terminal-operating system will be introduced during the next financial period. This system will be synchronised with the container terminal operating system and will be used at Namport's Syncrolift.



(Far left) One of the six locomotives arrive at the Port of Walvis Bay in January 2017 for TransNamib.

(Left) Mr Elias Mwenyo, Acting Senior Commercial Manager, Namport and Mr Mbahupa Tjivikua, Acting CEO of TransNamib, standing in front of one of the locomotives.

Namport also introduced a centralised Operations Planning Division during the reporting year, with the aim to provide better demand-based resource allocation. Centralised operations planning allows the company to plan vessel- and land-based operations more efficiently, reducing operating cost by the optimal allocation of people and equipment optimally. At the same time, the system will provide management early indications whether cargo handling of a particular nature is profitable or not.

IDENTIFYING AND CURATING NEW MARKETS

Namport implemented business initiatives aimed at developing its regional markets, particularly those in Zambia, Zimbabwe and the Democratic Republic of Congo. The company hosted marketing events in all countries, and also increased visits to those countries to engage targeted businesses during 2016-2017. These efforts have begun to pay off; both copper and timber exports through Walvis Bay having increased.

Container volumes are not expected to increase considerably in the short- to medium term. In the interests of broadening and diversifying its market base, Namport has instituted initiatives aimed at developing the American, European and Far-East markets. Seminars were held in these countries to inform the markets what services Namport offers.

It is anticipated that markets on the east coast of the United States can be tapped, as Walvis Bay offers a faster and more economical route for cargo destined to the East. Namport expects to attract more bulk and break-bulk cargo such as mining commodities, as aggressive investment in infrastructural development projects in Africa has stimulated growth in project cargo moving through the Port of Walvis Bay into Namibia and other SADC countries.

The current growth in break and bulk-break cargo helps off-set the current decline in container volumes. However, as the global economy improves, container volumes are expected to increase moderately. In addition, Namport is currently in negotiations with a Brazilian poultry production company to distribute cargo via Namibia.

SYNCROLIFT

The Syncrolift is one of two commercial ship repair facilities in Walvis Bay, and the only common user facility. The Syncrolift continues to contribute to the economic well-being of local marine engineering firms.

Despite the global economic turndown, the Syncrolift has experienced a slight increase of 8 percent in volumes during the year under review. This nominal increase occurred because the facility lifting capacity was restricted to 90 percent of its operating capacity.

This assessment was confirmed in a feasibility study carried out in 2004 which stated that the practical limit for the repair bays is 65 percent. An assessment on the Syncrolift platform indicated that the platform can dock and undock up to 470 vessels per annum, while repair bays are limited to 370 vessels per annum.

These figures indicate that the Syncrolift platform can reliably handle additional vessels if the repair bay capacity is increased, which would be in line with one of Namport's key strategies, namely to maximise current capacity and accommodate future demand.

Because the Syncrolift was commissioned in 1972, the age of the infrastructure remains a concern, especially in the case of the concrete structure of the north/south repair jetties resulting from exposure to weather conditions and rusting.

Budgetary provision has been made for infrastructural rehabilitation and maintenance on the Syncrolift's platform and side transfer early in the new financial year.

THE YEAR AHEAD

As previously mentioned, the Port Automation Project is a high priority for Namport. Tenders relating to the project will be advertised in the year ahead, because partial implementation must be initiated ahead of the commissioning of the new container terminal. Currently, Namport uses the NAVIS SPARCS N4 container terminal operating system. The same system is to be implemented at the new terminal.

A marketing strategy for the new container terminal has been drawn up and the authority will investigate the possibility of private-sector participation in terminal operations.

While change is often uncomfortable in a corporate organisation, it is generally felt most acutely by the labour force. Despite the many streamlining measures introduced by management during the reporting year, no unrest on the part of permanent staff was noted.

The company has also embarked on an impact-based consultative and collaborative change-management and organisational strategy in the affected divisions, to ensure that all employees will participate fully. One purpose of management's ongoing communication with employees is to communicate a fundamental fact, that it is only through strategic realignment of processes that jobs can be secured over the long term.



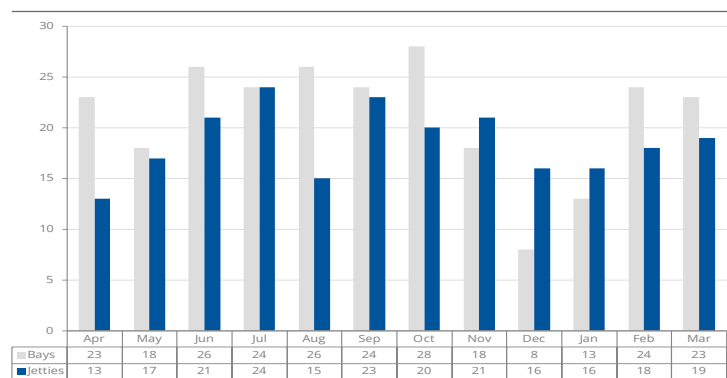
OPERATIONAL PERFORMANCE

Syncrolift performance

Vessel docking

During the reporting year, the Syncrolift docked 223 vessels in repair bays and 254 vessels on repair jetties, a combined total of 477 vessels processed. These figures represent a slight increase of 0.5 percent compared with a combined total of 475 vessels during the previous reporting period.

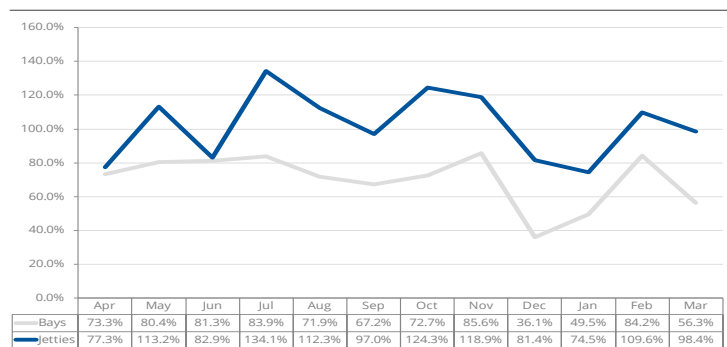
Figure 6: Syncrolift: Vessel docking: (number of vessels)



Bay and jetty utilisation

The jetties were utilised 95 percent and the bays 69 percent of the time. The total metres occupied and utilised on the repair bays came to 103,683 metres, representing a 70.2 percent occupation. Total metres occupied and utilised on the jetties were 146,791 metres, indicating 102.8 percent occupation, due to double and triple banking.

Figure 7: Syncrolift: Utilisation of repair bays and jetties: (percentage)



Maintenance repairs being done on vessels at the Syncrolift, Port of Walvis Bay.

EBH NAMIBIA



FLOATING DOCKS SHIP REPAIR ACTIVITIES

Boasting three floating docks strategically located in Walvis Bay, well-equipped onsite workshops and highly skilled trade professionals, EBH Namibia is a diligent shipyard with a passion for detail that provides indispensable support to customers in all categories of ship repair.

PERFORMANCE

As anticipated since late 2014, the 'lag' effect of the sustained low oil price on the downstream oil and gas market has impacted EBH's operations. In the wake of the suspension of many oil exploration projects globally, and specifically on the west coast of Africa, EBH Namibia has, since November 2015, experienced a substantial decline in docking activities.

However, EBH Namibia has remained resilient and has taken necessary precautions on the slow road to recovery from the effects of the volatile market. We have succeeded in harnessing our own unique characteristics and skill sets to facilitate growth and improve the business during the past financial year.

The company reached its operational peak early in 2017 which culminated in the successful completion of a leading-edge bulbous bow replacement project on the oil-product tanker, Huascar. At an overall length of 176m, breadth of 32.2m and weighing 25,060 tons, the Huascar is the widest and heaviest vessel ever lifted by EBH Namibia (pictured on the next page at bottom). Other significant projects successfully managed during the reporting period were the Saipem TAD and Deep Stim.

EBH Namibia views skills development as an important contribution to its competitive advantage, efficiency and, ultimately, its profitability and long-term sustainability. As such, the company continuously offers in-house and external

training initiatives with the aim of upgrading the skills of its Namibian employees.

CHALLENGES

Ensuring sustainable business, despite the global downturn related to the oil price crisis, has been a major challenge and ultimately, a great achievement for the company.

EBH Namibia initiated a stabilisation plan in April 2016, which included performance improvement projects and cost-cutting initiatives. In addition, the plan explores a number of diversification possibilities which decrease our exposure in one key market, creating more flexibility regarding staff-to-product activity ratios. The adjustments have served us well.

Ultimately, the success of EBH Namibia totally depends on the efforts of our employees, on the support of our business partners, and most importantly, on our clients.

LOOKING FORWARD

Continuous improvement is an ongoing strategy at EBH Namibia: it feeds into our overall strategy to ensure future sustainability and growth in market share.

The company will continuously and consistently evaluate its level of efficiency in all areas of business, focusing on cost reduction making improvements in systems as the need appears.

Continuing operations like we have conducted since our inception in 2006 — providing world-class service to the international maritime and oil-and-gas sector, as well as contributing significantly to Namibia's economy — is of utmost importance to all stakeholders of the company.



Saipem TAD barge awaiting dry-docking alongside EBH Namibia's Namdock number 3 floating dock, Port of Walvis Bay.



EBH Namibia successfully completed the bulbous bow fabrication and replacement on an oil product tanker at the Port of Walvis Bay.



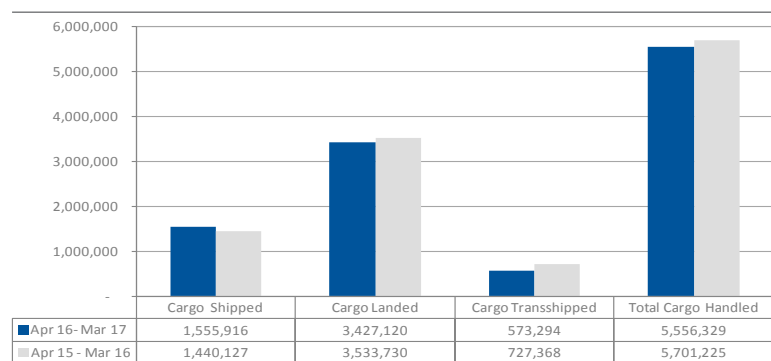
OPERATIONAL PERFORMANCE

Volume performance

Total cargo volumes

Namport handled 5,556,329 tonnes of cargo in the reporting period, amounting to a decrease of 3 percent compared with the same period the previous year. Cargo landed and cargo trans-shipped reflected a decrease of 8 percent and 21 percent, respectively. Cargo shipped increased by 8 percent compared with the previous year.

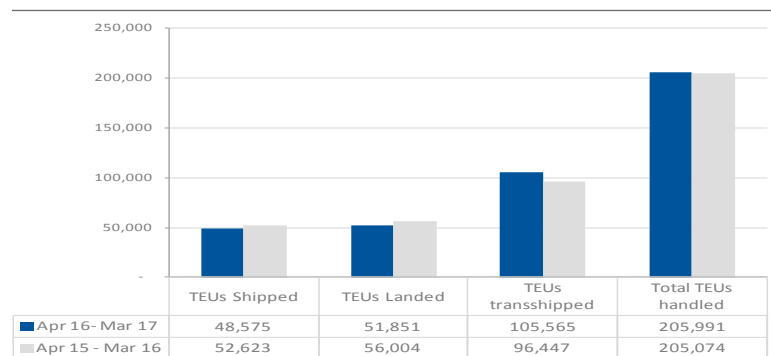
Figure 8: Port of Walvis Bay and Lüderitz: Cargo volumes (tonnes)



Containers

Namport experienced an increase of 0.4 percent in the number of twenty-foot equivalent units (TEUs) handled in the reporting period: 205,991 TEUs (2015/16: 205,074), despite the sluggish global economy. Containers shipped decreased by 8 percent and landed decreased by 7 percent year-on-year. Containers trans-shipped increased with 9 percent.

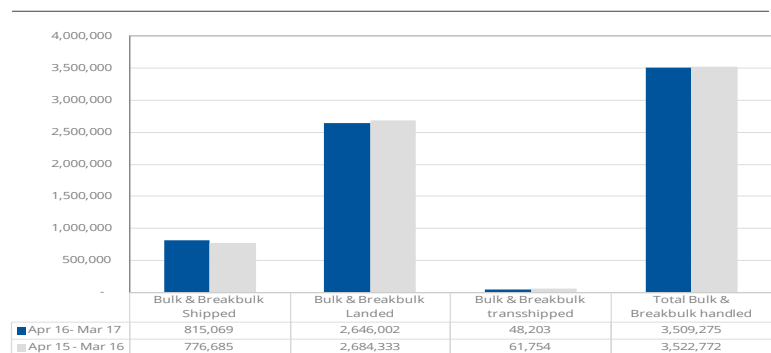
Figure 9: Port of Walvis Bay and Lüderitz: Containers handled (TEUs) (number)



Bulk and break-bulk cargo

Namport handled 3,509,275 tonnes of bulk and break-bulk cargo, a small decrease compared with the previous year (2015/16: 3,522,772). Bulk and break-bulk cargo shipped increased by 5 percent, while landed and trans-shipped reflected a decrease of 1 percent and 22 percent, respectively.

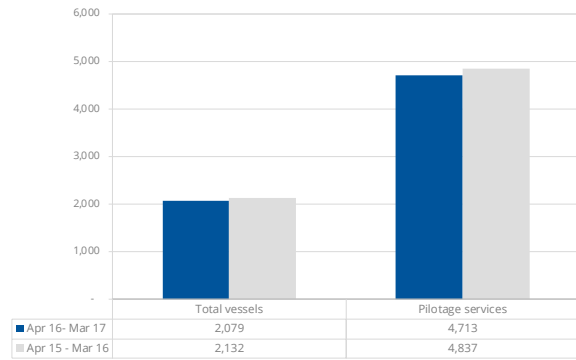
Figure 10: Port of Walvis Bay and Lüderitz: Bulk and break-bulk (tonnes)



Vessels and pilotage services

Namport experienced a slight decrease of 2 percent in the number of vessels that visited its two ports: 2,079 compared with 2,132 the previous year. Pilotage services were also slightly lower: 4,713 compared with 4,837 vessels.

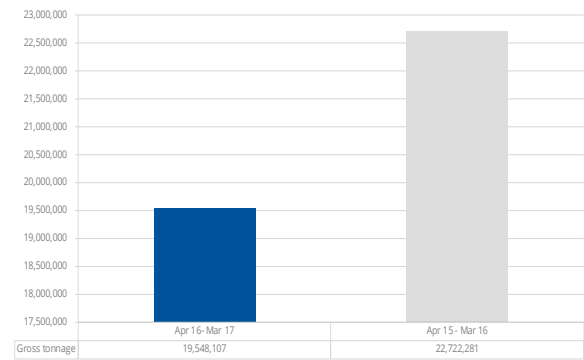
Figure 11: Port of Walvis Bay and Lüderitz: Containers handled (TEUs) (number)



Vessel gross tonnage

The vessel gross tonnage handled by Namport decreased by 14 percent: 19,548,107 tonnes compared with 22,722,281 tonnes the previous year.

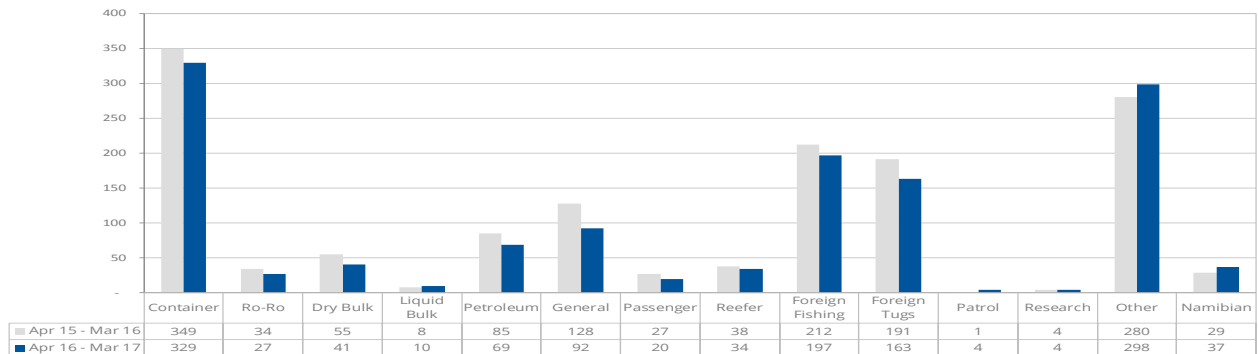
Figure 12: Port of Walvis Bay and Lüderitz: Vessel gross tonnage (tonnes)



Port of Walvis Bay: Type of vessel calls

Overall, fewer calls from most types of vessels were experienced during the reporting period, with the exception of dry bulk vessels, Namibian and other types not specified.

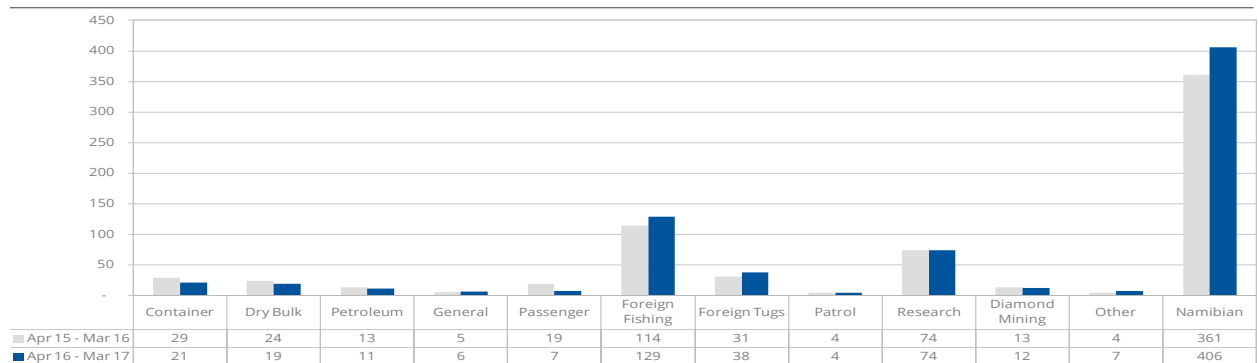
Figure 13: Port of Walvis Bay: Vessel calls (number of vessels)



Port of Lüderitz: Type of vessel calls

Most of the calls were Namibian vessels, foreign fishing vessels and tugs. Other visits were similar to the previous period.

Figure 14: Port of Lüderitz: Vessel calls (number of vessels)



OPERATIONAL PERFORMANCE



Commodity performance

Port of Walvis Bay: Commodities imported, exported and trans-shipped

Slightly more than 5 million tonnes of commodities moved through the Port of Walvis Bay during the reporting period. Imports accounted for 63 percent; exports for 26 percent and trans-shipments for 11 percent. Petroleum products accounted for the bulk of imported commodities, 42 percent of all imports, while nearly a quarter of exports consisted of bulk salt. Total imports and trans-shipments were lower, while total imports increased by 15 percent.

Figure 15: Port of Walvis Bay: Main commodities imported (tonnages)

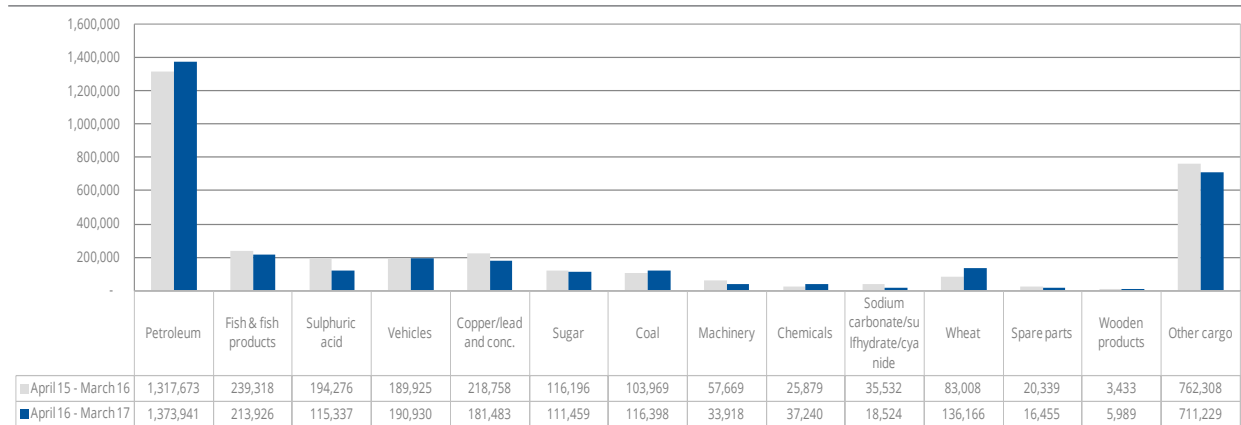


Figure 16: Port of Walvis Bay: Main commodities exported (tonnages)

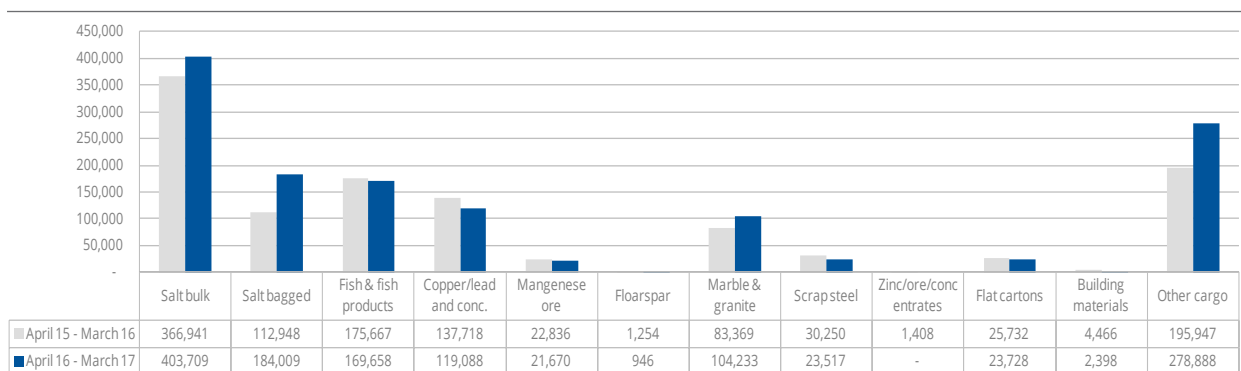


Figure 17: Port of Walvis Bay: Main commodities trans-shipped (tonnages)

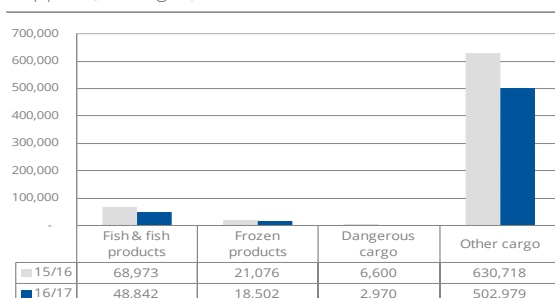
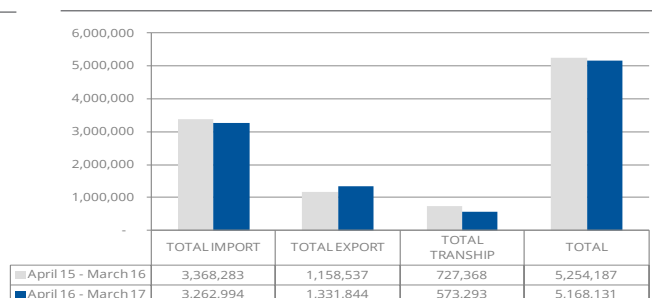


Figure 18: Port of Walvis Bay: Total commodities handled (tonnages)





Sem Haindongo from the Marine department, securing a pilot vessel along the quayside at the Port of Lüderitz.

Port of Lüderitz: Commodities imported, exported and trans-shipped

The total tonnage of commodities moved through the Port of Lüderitz declined by 13 percent compared with the previous year, despite an increase of 37 percent of sulphur imports and 17 percent in wet fish. Zinc, zinc concentrate and ore exports recorded a substantial decrease of 25 percent, while lead concentrates declined by 44 percent. No trans-shipment of commodities was carried out at the Port of Lüderitz.

Figure 19: Port of Lüderitz: Main commodities imported (tonnages)

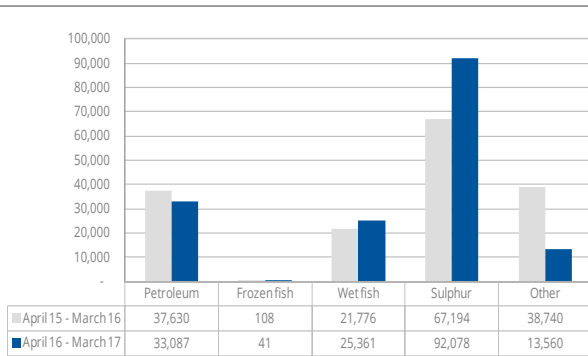


Figure 20: Port of Lüderitz: Main commodities exported (tonnages)

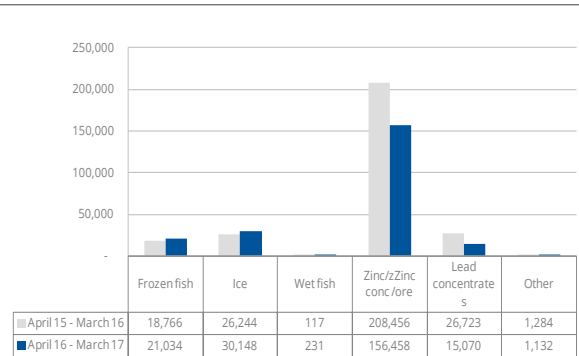
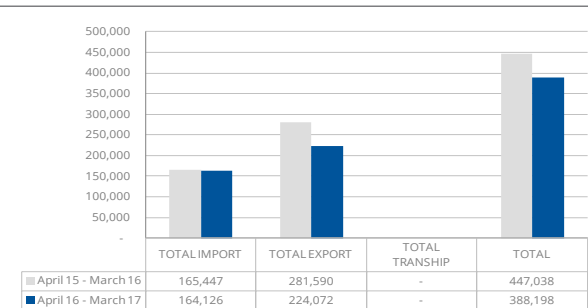


Figure 21: Port of Lüderitz: Total commodities handled (tonnages)



TESTIMONIAL: PLAYING OUR PART



ST HELENA AIRPORT PROJECT

Until February 2016, the remote south Atlantic island of St Helena was accessible only by sea. At a cost of £270 million, the St Helena Airport is the biggest project in design, construction, operation and transfer that the British Government has ever undertaken. It is, without doubt, an engineering undertaking of a lifetime. It represented one of the largest construction projects ever awarded to the South African construction company, Basil Read. The runway was built with cement sourced from Otavi-based Ohorongo Cement and shipped all the way from the Port of Walvis Bay to the island. Namport played its part in the successful completion of the project.

From: TEMLETT, Graham [mailto:gtemlett@basilread.co.za]
 Sent: Tuesday, September 6, 2016 9:45 AM
 To: Bisey Uirab (CEO) (Namport)
 Cc: Raymond C. Visagie; Elias Mwenyo (Namport); SMITH, Eugene
 Subject: St Helena Airport Project - THANK YOU

Dear Mr Uirab

This mail serves to say a big thank you to you and your Namport team for the successful accomplishment of the construction of the St Helena Airport. Without Namport's team, facilities and resources the completion of this prestigious project would not have been possible in the time frame achieved.

From the outset of our negotiations with Namport in October 2011 to present day, we are proud to have been associated with the Namport Walvis Bay Port and the cooperation we enjoyed in fulfilling a mammoth logistics solution for the construction of the St Helena Airport, situated on the second most remote inhabited island in the world. We truly appreciate the support and team spirit we experienced in the WVB Port working with our BR WVB Operations Manager (Eugene Smith) and his small team.

The regular (every 21 days or so) shipping of plant, materials, fuel and equipment to the Island via WVB Port using our charter vessel, the NP Glory 4, with very few hitches contributed to an almost zero delay in supply of all the necessary support to our Island construction team. In all, +- 80,000 tons of cargo was successfully shipped to the Island on 48 voyages between July 2012 and October 2015.

I have included photographs showing some of the final products achieved on the Island.

Thank you again for your support in assisting Basil Read to deliver a facility the St Helena Government can be proud of.

Best regards

Graham Temlett Pr Eng

SHAP: General Manager - Off Island



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ENHANCING CUSTOMER SERVICE DELIVERY AND PORT EFFICIENCY THROUGH ICT



Established in 2012, the ICT Department is the newest department at Namport and has an important role to play in the future development of the port. With its mandate being to leverage technology to improve productivity and efficiency at the port, the department initiated a detailed overview of the company's process chain to determine how technological interventions could bring about greater efficiency.

Improved efficiency at Namport is not achieved by replacing people, necessarily, but rather by identifying superfluous or ineffective steps in our process chains and consequently 'removing the clutter'. By streamlining Namport's processes, information can be managed and used more effectively, which in turn means that necessary actions can be initiated in a more timely manner. Fast turnaround being the essence of logistics activities, capturing the most comprehensive information possible for repeated use by the port community is something we aim to achieve.

THE ICT MASTER PLAN

During the 2015/16 financial year, in order to identify where change was needed in the process chain, the ICT department conducted a Port Business Information Study which identified 181 areas that needed to be addressed. A total of 93 initiatives were then decided upon, and these were then grouped into 18 'packages' or separate interventions. From this point, the ICT Master Plan was developed, which defined goals and how they would be achieved.

The objective of the first phase of the ICT Master Plan, namely to automate the port, is as ambitious as it is critical to the port's future development. Targets set out in the first phase included: automating the access gate to the port,

installing access control, setting up appropriate security and surveillance along the port perimeter and over the port range (which includes the seafront national border), and installing the technological apparatus to increase yard accuracy. The reasoning behind each of these targets is discussed below.

AUTOMATING THE ACCESS GATE

Currently, access to the port is by means of a manual sign-in procedure, which often results in traffic backing up at the gate. By automating the gate this backlog can be avoided by requiring clients to register their trucks and drivers in advance, making the process of gaining access to the port easier, faster and more efficient. The need for dedicated entry and exit gates has also been identified.

- **Access control**

By automating access control at the gate, the port will know who has entered and exited the port limits, and be able to monitor staff movement to keep track of working hours.

- **Security and surveillance**

Given the value and potentially confidential nature of the cargo moving through the port, securing the premises is a priority concern. The current security strategy prevented any containers from going missing during the past three years. As part of the ICT Master Plan, automating security and surveillance will be further enhanced, and will include perimeter security, CCTV and proactive visibility. In addition, high-definition cameras and radar will cover the seafront national border and the port limits. Installing this automated system will help the port monitor possible threats, as well as reduce pilferage.





Marine department staff members Johanna Theofelius, Acting Coxswain; Changs Maswahu, Trainee Marine Pilot; Setson Amutenya, Marine Engineer Officer; Oretoveni Kandanga, Acting Assistant Engineer Officer, and Shahied Humphries, Dual Purpose Rating officer, in front of a Namport pilot vessel, Port of Walvis Bay.

- **Yard accuracy**

Automating operations will increase efficiency with regards to cargo handling; optimum routes for cargo positioning will be flagged, reducing wastage due to re-handling. The current average turnaround time for trucks is 25 minutes. Through automation it is hoped the time will be reduced to 15 minutes. More efficient handling produces shorter turnaround times, which means the port will be able to handle more cargo and earn more revenue.

REFINING THE IMPLEMENTATION OF THE ICT MASTER PLAN

Namport's Five-year Strategic Plan was developed with the needs of the new cargo terminal, initiated in 2014, in mind. It was hoped that the automation of the existing infrastructure could be dovetail with the automation of the new terminal. For this reason a tender was announced at the beginning of 2016 for the implementation of a terminal operating system. However, delays in construction necessitated a revision of timelines to align the automation process with the completion of the new container terminal.

In order to prevent stalling the automation project completely until completion of the container terminal, it was decided to isolate certain targets and to proceed with the implementation in a piecemeal fashion. It was decided to fast-track some of the packages, starting with the implementation of a terminal operating system, which would allow the port to manage both containerised and non-containerised cargo..

An automated reefer reading system will be implemented thereafter, then a business intelligence and management information package. The latter provides an overview capability to decision-makers, notes opportunities for process improvement, and produces analytical tools for process review.

In addition, a base infrastructure implementation was accomplished, which upgraded the network, WIFI facility and servers. Doing this, a virtual pool of capacity was created, which the port can deploy dynamically whenever it is required.

The port's telephone system will also be upgraded with new digital technology. Satellite links and a video conferencing package have been added, as efficiency and cost-cutting measures. These facilities allow easier communications with the Port of Lüderitz, as well as with directors and stakeholders based in Windhoek.

MOVING FORWARD

Despite several challenges implementing the Technology Master Plan, the ICT Department continues to search for innovative ways to overcome the challenges it encounters while fulfilling its mandate.

An awareness campaign addressing IT governance is currently being rolled out. The campaign's purpose is education of Namport's employees concerning correct IT usage, the personal liability associated with IT usage and the importance of IT security from a corporate point of view. Internal ICT policies are being drafted and auditing capabilities established. The campaign will soon be supported by a roadshow which will take Namport's IT programme to other facilities and offices.

The ICT Department is an agent of change. In the interest of greater efficiency, it will persevere to bring about vital streamlining and adaptation of company processes through the use of technology.

OUR PEOPLE

HUMAN RESOURCES MANAGEMENT



In support of Namport's strategic outcomes, the Human Resource (HR) Department identified the following strategies related to HR management at Namport

ENERGISE HUMAN CAPITAL DEVELOPMENT

- Meet human-capital needs into the future
- Retain and develop talent
- Optimise human-capital availability
- Create a learning and development culture
- Strengthen positive labour relations

Various tactics and activities have been developed and implemented for each of these strategies. The focus for HR management at Namport during the reporting period was twofold, namely preparation for provision of manpower at the new container terminal, and development of the current workforce to attain its full potential.

PREPARING FOR FUTURE NEEDS

With the completion of the new container terminal drawing near, preparation to recruit its workforce began. In anticipation, a revision of Namport's recruitment policy was carried out. The specific demands of every department were analysed and critical needs and training gaps identified. Development of maritime skills, pilots, tug masters and engineers, at a cost of N\$8 million, was one area of focus.

Namport emphasises skills development on an on-going basis and offers bursaries to full-time and part-time students (in relevant fields) and supports promising apprentices. To date, N\$28 million has been invested in developing the company's human resources since 2008.

A bursary day was held on 28 June 2016 to celebrate the achievements of our bursary recipients and to demonstrate that Namport is committed to building employee capacity.

TRAINING AND DEVELOPMENT

Namport invested a total of N\$8 million during the current reporting year on training and workforce development. Most of the training investment were allocated towards:

- Technical training by cadets who attended mandatory training in South Africa
- Technical training by general employees who attended technical training in Namibia and South Africa, and
- Allowances paid to technical apprentices.

During the reporting period, Namport signed a Memorandum of Understanding (MoU) with the World Maritime University (WMU) to facilitate Namport's access to that institution's vast storehouse of knowledge and information on maritime affairs. The World Maritime University is a postgraduate institution founded in 1983 by the International Maritime Organisation (IMO), a specialised agency of the United Nations.

The university offers executive and professional development courses that meet the capacity-building needs of countries which maintain maritime activities. The MoU sets terms by which WMU and Namport will work together in specified areas, broadly defined to incorporate shipping and port management, maritime safety and security, maritime environmental management and ocean governance.

The terms of the MoU specify that the university will train each year at least three candidates. One candidate will be sponsored by Namport, the other two will be considered for fellowships by the university's donors. Participation in this programme will not be limited to Namport employees, but will also be available for government employees.



Lahja Mwaetako, an employee at the Syncrolift, Port of Walvis Bay.

1.



2.

2. A bursary day was held to celebrate the achievements of our bursary recipients; some of our bursary recipients with HR Manager: Jacob Orange.



3.

3. CEO Bisey /Uirab presents a bursary to Gretchen Nikodemus, second-year Logistics student at the Namibia University of Science and Technology.

In addition, Namport entered into a Service-level Agreement with the Transnet Maritime School of Excellence located in Durban, South Africa. The area of focus here is specialised, statutory training in port and maritime operations.

The Transnet Maritime School of Excellence is renowned for a variety of maritime and port operational programmes relevant to Namport's activities.



4. At the signing of the MoU: Dr Felix Musukubili (HR Executive), H.E. Morina Muuondjo (Namibian Ambassador to Sweden), Dr Cleopadra Doumbia-Henry (WMU President), Mr Bisey /Uirab (Namport CEO), Mr Bengt Strenger (former CEO, MTC Namibia), Prof Neil Bellefontaine (WMU Vice President).

4.



5.

5. Namport has benefited from the formalised relationship with the World Maritime University. A Namport marine pilot, Abisai Konstantinus, who graduated with an MSc in Shipping Management and Logistics in 2015, was acknowledged with a one of the highest student accolades bestowed by the university. Namport is indeed proud of his achievement, which will benefit both Namport and Namibia as a whole.



1. Employees of the marine department received certificates for completed training in STC and STS.



2. CAT Mechanical Lifting Equipment Coordinator, Mr Frans Kagadhinwa receives a long-service award from Mr Kavin Harry, Executive: Finance and Dr Felix Musukubili, Executive: Human Resources.

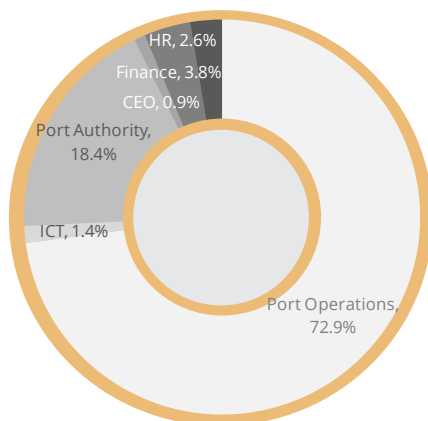
CURRENT WORKFORCE PROFILE

At the close of the reporting period, Namport's workforce stood at 958 permanent employees and 19 long- and short-term employees.

Seventeen percent of the permanent employees are female, 83 percent are males. The skewed ratio is largely attributable to the fact that males dominate the marine industry.

The Affirmative Action Committee has been tasked to address this imbalance. A total of 1,177 positions have been allocated at Namport. Our current workforce therefore reflects a total of 213 vacancies or 18 percent. It is anticipated that these vacancies will be filled as the new container terminal nears completion.

Employees are allocated to Namport's departments according to the pie chart below:



MANAGING CHANGE

Given the challenging economic situation and the resulting pressure on Namport and its employees, a programme of change-management was initiated in the reporting period. The programme aimed to streamline the company's processes for greater efficiency and through Tulongeni Pamwe, to inculcate a company-wide best-practice culture.

The *Step-Up* programme has been implemented from the bottom up. Besides analysing the company's culture and business approach and assessing areas in which improvements are needed, the programme will redefine the company's values and encourage Namport employees to take ownership.

The importance of commitment under difficult conditions has been stressed. Hopefully the initiatives will foster resilience among our employees. A roadshow was assembled to share them with everyone in the organisation.

On another note, the company expressed appreciation to the employees who have given Namport many years of dedicated service. A total of 123 long-service awards were presented during the year.

SOCIAL DIMENSIONS OF EMPLOYMENT

Namport has announced the introduction of a housing scheme, which the company plans to establish in the near future. An accelerated programme for female employees in leadership positions is also in place. This programme, driven by the Transformational Committee headed by the CEO, will examine areas that would benefit through a transformation in gender-based attitudes.

A Wellness Policy has also been introduced. The policy aims to empower employees in the care of physical,



3. Dr Felix Musukubili, HR Executive, with his HR team at the Namport school exhibition held at the Walvis Bay Municipality town hall.



4. CEO Bisey /Uirab and Manager: Human Resources Services, Ms Tuyeimo Martin, express appreciation to Mr Otto Vigirius for 35 years of dedicated, hard work.

psychological and financial well-being. The concentrated drive to promote employee health and well-being led to the establishment of the wellness facility. N\$1 million was spent to build and equip a modern gym for Namport's employees on the port premises. The centre was inaugurated by the CEO on 11 November 2016 under the theme 'Healthy body, healthy mind'.

Besides obvious health implications, accessibility of a gym also promotes mental well-being because exercise revitalises people which, of course, has a positive effect on productivity.

As part of the wellness programme, counselling sessions were also offered during the year, addressing problems associated with alcohol and drug abuse, addiction, domestic violence, depression, emotional health, family health, chronic disease management and financial wellness. Counselling was also helpful with the issues of absenteeism management and fitness for work. In total, 63 counselling sessions were conducted.

The company also maintained its solidarity fund, a financial vehicle designed to help employees put aside money in preparation for the traditionally cash-strapped month of January. The fund aims to help employees learn the benefits of saving and planning for the future.

EMPLOYEE RELATIONS

During the year under review the Employee Relations Communications Framework was introduced. This policy was created to facilitate communication with the trade unions represented at the ports.

Namport is aware how important it is that employees are able to air concerns and grievances in a fashion define by

mutual respect and the framework was drawn up to foster a conducive environment. The framework also establishes timelines for the resolution of issues and makes provision for quarterly briefings during which information can be shared with employees.

EMPLOYEE MOVEMENT

Twenty-one external appointments were recorded during the reporting period, all of which were employees below management level. A corresponding number of 21 internal promotions were recorded over the same period.

During the year, 43 positions were terminated, of which 20 were by resignation. No terminations were recorded on management level. The overall employee turnover was 3.1 percent for the financial year.

THE YEAR AHEAD

While the reporting period fell within a challenging time, in many respects the year was also successful because the company prioritised the redefinition of its business culture and promoted change in its relationship with employees.

It is hoped that, through initiatives introduced over the past year, our people will not only be motivated by their generous salaries, but also by their employment with a vibrant company whose role in regional and national economies is crucial.

We are confident that our human-resource initiatives will foster open communication with employees and hope that each individual will feel valued for her or his contribution to Namport's success. Namport is fully aware that its employees are its greatest resource, and the key to the company's success.



1 & 2. The Namport Social Investment Fund donated 200 mattresses at a value of N\$50,000 to Eddie Bowe Primary School located in Khorixas. The school has more than 700 registered learners, of which 350 reside in the school hostel. Ninety-five percent of the hostel boarders come from economically challenged families from surrounding farms.

Namport hosted the Port Users' Dinner, recognising its customers for their support throughout the year.

3. (Left to right) Bisey /Uirab, Namport's CEO; Elias Mwenyo, (Acting) Senior Manager Commercial; Raymond Visagie, Executive: Port Operations; Cliff Shikuambi, Executive Assistant to the CEO; Amos Shiyuka, Namport Social Investment Fund Trustee; and Mbingee Hindjou, Namport Social Investment Fund Trustee.

4. (Left to right) Nangula Shailemo, Manager: Management Accountant; Phillip Coetzee, Woker Freight Services, and Bisey /Uirab, Namport's CEO.

5. NSIF contributed N\$50, 000 towards COSDEC SME incubation programme.

(Left to right) Ms. Mirjam Valombola; COSDEC board member, Ms. Koesha Martin; COSDEC Business Development & Marketing manager with five recipients, Namport's Tana Pesat and Jeremy Muller.

Winners of the 2016 School Competition:

6. First prize: Duinesig Combined School.

7. Second prize: Kuisebmond Secondary School.

8. Third prize: the International School of Walvis Bay.



OUR COMMUNITIES

It is a matter of corporate responsibility that Namport understands how its business activities affect the environment and the communities in which it operates, and to initiate changes and programmes which make a beneficial contribution to both.

Namport wants to be a good neighbour and citizen, to contribute to causes affecting the development of the nation, and to work towards minimising the impact our business on society and the environment.

With this goal in mind, the company created the Namport Social Investment Fund (NSIF), whose aim is improving the socio-economic status of Namibians, and benefiting communities through our operations. The fund focuses primarily on projects associated with high financial value. At the same time, Namport supports community development with sponsorships and donations.

NAMPORT SOCIAL INVESTMENT FUND

Through the NSIF, Namport seeks to make a difference in the following areas important to our communities

- Entrepreneurial development through small- and medium enterprise (SME), supporting skills and enterprise in Namibia;
- Health, encouraging and supporting primary health-care projects, improving health surveillance along Namibia's key transport corridors;
- Environment, promoting environmental stewardship, and
- Education, promoting all its aspects such as science and mathematics advancement, quality education and sanitation at rural schools, among others.

Since the inception of NSIF in 2006, the fund has been a recipient for N\$25 million. More than N\$20 million have been spent on community projects; N\$380,895.00 has been pledged for additional projects.

We support any initiative that aims to uplift the quality of education in our country, from sponsoring the construction of classrooms and school halls to providing learner tools and supplies.

Namport Biggest-Brainer Science Quiz Competition

The Namport Biggest-Brainer Science Quiz Competition was hosted by the National Commission on Research Science and Technology (NCRST). Namport sponsored N\$1 million, hosting the competition in order to expose Namibian learners to subjects in the fields of Science and Technology. The competition included a special category entitled, Maritime in Namibia. The promotion of education in mathematics and science is an important vehicle to promote science-savvy culture, will empower science as a national development tool.

Schools throughout the country were equally encouraged to participate in the science quiz competition. Schools wanting to participate were required to register through their respective Ministry of Education regional offices. Regional co-ordinators were responsible for the registration process and registration forms. The competition was hosted in all the regions except Kunene and a total of 3,106 learners participated. No entry fee was required to enter. The competition was organised on four levels: school, circuit, regional and national.

In the first stage of the competition, all registered secondary schools conducted a written, multiple-choice test of ten questions. The top four performers from each school were promoted to the next level. The second stage involved all the teams of the secondary schools in their respective circuits. Participants wrote a multiple-choice test of ten questions at a school selected by circuit inspectors. The top team of a circuit moved on to the next stage.

The regional stage of the competition was hosted in Ongwediva during the Science Technology and Innovation Festival (12–16 November 2016). During this stage, the winning schools in each circuit competed against each other to answer a set of questions. The quiz master, a time keeper and three judges carried out the question-and-answer session, which was broadcast by NBC national radio. The top team in a region was promoted to the national level competition.

In the final stage, regional teams competed against each other to answer a set of questions. The event was held at the Safari Hotel in Windhoek, and was broadcast live on NBC television. The winner of the competition was Delta Secondary School from Khomas Region, and the runner-up, was Namib High School from Erongo Region.

Entrepreneurship: COSDEC Incubation Programme

The COSDEC Business Support Centre runs incubation units for people who have launched a business enterprise or who are looking to start a business. The incubation units assist entrepreneurs to grow their business. The programme promotes successful entrepreneurs who contribute to economic development by supplying local products and services in Swakopmund and the Erongo Region.

Every year COSDEC Swakopmund takes on four businesses under incubation for a period of one year hoping that they will grow to provide employment opportunities in future. They are supported with business training, hands-on supervision and guidance, financial loans, premises and office support by the Business Development Support Centre.

The NSIF provided N\$50,000 in sponsorships for four entrepreneurs, on behalf of Namport. The funds were divided equally among the four SMEs (N\$12,500.00 each) and used for start-up capital.

The four recipients who were sponsored were Paulina Shipombo for her joinery and cabinet-making business, Gisela Garoes for needlework, arts and crafts, Bianca Guriras for handmade accessories and jewellery, and Sinslerley Alexia Awaras for her food and catering business.

NAMPORT AND UNAM SIGN RESEARCH AGREEMENT

Namport recently committed itself to invest approximately N\$3 million over a three-year period, to conduct a number of research activities through three phases to measure factors of health at the Walvis Bay Lagoon following construction of the new container terminal at the Walvis Bay Harbour. The first phase was scheduled to commence in February 2017 and the final phase should be concluded in December of 2019. The three-year project will be conducted by researchers from UNAM's Sam Nujoma Marine and Coastal Resources Research Centre in Henties Bay. Centre Director, Professor Edosa Omoregie, will supervise the project.

Rapid development at the coast, a need for ecological management, the need to generate baseline data for knowledge about lagoon ecosystems to promote effective management and sustainable utilisation, are some of the factors which recommend the research. Recent deaths of flamingos from algal mats and due to the effects of the expansion project of the Port of Walvis Bay Port on siltation, water flow and lagoon biodiversity was also a contributing factor which necessitated the research agreement.

Research objectives include establishing a baseline ecological data which will enable future identification of changes in the lagoon's ecological character (requested by Namport), providing assessments of lagoon biodiversity as wetland indicator organisms, and identifying and quantifying organic and heavy metals within the ecosystem to determine current pollution levels.

The researchers will assess and establish causes of flamingo mortality as well as the food and feeding habits of flamingos at the lagoon. Identified research activities will provide recommended management strategies for the wetland and possible mitigation measures to counter negative impacts on the Ramsar site. The research will also equip the participating institutions to be better placed for establishing long-term environmental monitoring programs for the coastal wetland and to contribute to the development and the subsequent incorporation of the Walvis Bay Management Plan and the Walvis Bay Nature Reserve Management Plan at the end of the research.

During the reporting year, the NSIF made the following funds available:

| Commitments/pledges 2016-2017 | Pledged amount |
|---|---------------------|
| Namungelele Community Project | N\$300,000 |
| St Gabriels Emergency & Disaster Centre | N\$120,000 |
| Ouma Christina's Soup Kitchen | N\$25,000 |
| Walvis Bay Kids Have Children's Home | N\$500,000 |
| J Brandt Primary School | N\$589,613 |
| Kanyumara Primary School | N\$50,000 |
| Namibia Media Holdings (media camp for schools) | N\$50,000 |
| The Haven of Happiness | N\$28,000 |
| Shafiq Bardien medical expenses | N\$5,270 |
| Duneside High School | N\$36,000 |
| Women Who Care | N\$20,000 |
| Walvis Bay Child and Family Centre | N\$40,000 |
| Faith Academy | N\$5,000 |
| Helping Hands | N\$5,000 |
| Lawhill Maritime School | N\$500,000 |
| Omatjete Primary School | N\$75,546 |
| TOTAL | N\$2,349,429 |

Marine department employees (from left to right) Freddy Engelbrecht, Lukas Sakeus, Wayne Visagie and Pinehas Haufiku standing on a pilot vessel at the Port of Lüderitz.

SPONSORSHIP AND DONATIONS

In addition to the NSIF's activities, Namport supported various community initiatives. The tenth Namport Erongo Business & Tourism Expo 2016 was sponsored by Namport at a value of N\$450,000. Namport has supported this initiative for nine years running. The Expo offers businesses an opportunity to exhibit their products in an exciting and professionally appointed venue.

The Expo is the third largest in Namibia and was established mainly to complement the Government's policies in support of Vision 2030 — a vision whose aim is to transform Namibia into an industrialised country, built on skilled human resources for the eradication of the scourge of poverty, disease and under-development.

STAKEHOLDER ENGAGEMENT

Namport does not operate in a void; a number of external stakeholders influence its activities, just as Namport depends on them. These include, among others:

- Government and other regulatory authorities which regulate our industry and assist in the development of, and access to, export markets through trade and other agreements
- customers who make use of Namport's services and facilities
- service providers along the logistics supply chain, such as shipping lines, clearing agents, the customs department, cargo owners and transport service providers
- suppliers of consumables and services to our ports and facilities, and
- members of communities within which we operate.

We believe that constructive relationships with all stakeholders is critical for the long-term sustainability of our business and the Namibian maritime industry as a whole. For this reason, Namport engages its stakeholders on a regular basis and follows a policy of inclusive decision-making and transparency.

Our visitors programme forms an important aspect of stakeholder engagement. During the year under review, we received numerous visits from external stakeholders.

In March 2016, the President of Namibia, His Excellency Hage G. Geingob, and his counterpart from Mali visited Namport and the oil-tanker jetty currently under construction northeast of the existing Port of Walvis Bay.

They were accompanied by first ladies Madam Monica Geingos, Madam Ketia Aminata Maiga, the Minister of Fisheries, Hon. Bernhardt Esau and the Minister of Works and Transport, Hon. Alpheus !Naruseb, Erongo Governor Cleophas Mutjavikua, Walvis Bay Mayor Immanuel Wilfred and several town councillors.

The president of Mali, Ibrahim Boubacar Keita, hailed the Namport offshore container terminal and national oil storage projects of huge importance for the region and expressed confidence in the future of Namibia. He said: "What I observed is an eloquent demonstration of Namibia's ambition towards achieving economic development. These projects will help neighbouring countries and are in line with our integration policies."

Namport also places great value on exposing youngsters to its activities, and therefore a programme of school visits to the port is maintained. During the period under review, visits were received from 60 schools, familiarising learners with the port's activities.

Namport was proud to receive distinguished guests during the reporting period, welcoming two presidents in March 2016.

1. (Seated, left to right) Madam Monica Geingos, First Lady of the Republic of Namibia; Madam Keita Aminata Maiga, First Lady of the Republic of Mali; His Excellency Dr Hage G Geingob, President of the Republic of Namibia; His Excellency Ibrahim Boubacar Keita, President of the Republic of Mali and Ms Ipupa Kasheeta, Director of Ceremonies. (Standing) Namport staff with (behind Dr Geingob) Minister of Works and Transport, Hon. Alpheus !Naruseb and Bisey /Uirab, Namport CEO.

2. His Excellency Dr Hage G Geingob, President of Namibia, meets with members of staff of Namport. Minister of Works and Transport, Hon. Alpheus !Naruseb, accompanied the two Presidents on their visit to Namport.

3. Staff members of Namport and Chinese Harbour Engineering Company, the contractors of the oil tanker jetty northeast of the existing Port of Walvis Bay, discuss progress on the project.

4. Learners from the Dr Abraham Iyambo Secondary School from Eenhana visited Namport during the reporting year.

5. Namport CEO Bisey /Uirab and the representative of the National Commission on Research Science and Technology, at the signing ceremony of the Namport Biggest Brainer Science Quiz competition in June 2016, which Namport sponsored to the amount of N\$1 million.

6. Learners from the Amwiibi Senior Secondary School, Epembe Circuit, Ohangwena Region, visited the harbour where learners were introduced to the daily activities in a busy and expanding port.



LOOKING AFTER OUR PEOPLE AND THE ENVIRONMENT

SAFETY, HEALTH, ENVIRONMENT & QUALITY



Namibian Port Authority (Namport) has developed and implemented a Safety, Health, Environment and Quality (SHEQ) Management System, which uses OSHAS 18001 (Health & Safety), ISO 14001 (Environmental Management) and ISO 9001 (Quality Management) as a framework which facilitates organisational documentation and improvement of practices to better meet the needs and expectations of customers, stakeholders and interested parties.

In addition, Namport was successfully re-certified by NQA South Africa in the above-mentioned international standards in the reporting period. Our SHEQ Management System uses a *Plan, Do, Check and Act* (PDCA) model to address the identified risk and opportunities within our operation.

Achieving balance among factors of environment, society and the economy is crucial to meet the needs of the current generation without compromising the needs of future generations. For this reason Namport, through its SHEQ Management and Namibia Social Investment Fund, is committed to environmental stewardship, social upliftment and economic progression, all striving to establish sustainable development.

The systemic and process approach embedded in the SHEQ Management System allows the company to contribute to the environmental pillar of sustainability.

Some of the achievements realised through the SHEQ Management System are:

- Protecting the environment through the prevention and mitigation of environmental impacts, realised with continuous implementation of the Environmental Management Plan of the new container terminal. Other operational mechanisms include monitoring and application of environmental and pollution tariffs to individuals and organisations guilty of polluting inside the port limits.
- Assisting Namport in the fulfilment of SHEQ compliance obligations, such as conducting Environmental Impact Assessments (EIA) for all listed activities as per the Environmental Management Act (Act 7 of 2007).
- Enhancing environmental performance by monitoring significant factors.
- Retaining certifications for the SHEQ Management System: ISO 14001, ISO 9001 and OHSAS 18001.





Flamingos feeding in the Walvis Bay lagoon.

STATISTICS

PORT OF WALVIS BAY

| Number of vessel visits to the port of Walvis Bay (by type of vessel) | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|
| | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | 7 months | Apr/Mar |
| | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | Sep/Mar | 16/17 |
| | | | | | | | 15/16 | |
| Container | 576 | 578 | 594 | 558 | 506 | 448 | 216 | 356 |
| Reefer | 36 | 32 | 33 | 40 | 33 | 41 | 18 | 34 |
| Foreign fishing vessels | 192 | 246 | 216 | 202 | 199 | 197 | 131 | 197 |
| Namibian fishing vessels | 51 | 38 | 47 | 17 | 10 | 14 | 21 | 37 |
| Petroleum | 79 | 66 | 52 | 59 | 63 | 83 | 48 | 69 |
| General cargo vessels | 185 | 186 | 186 | 160 | 196 | 203 | 107 | 163 |
| Other | 522 | 439 | 497 | 505 | 513 | 409 | 346 | 489 |
| TOTAL | 1641 | 1585 | 1625 | 1541 | 1520 | 1395 | 887 | 1345 |

| Main Commodities handled at the Port of Walvis Bay (Freight tonnes) | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | 7 months | Apr/Mar |
| | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | Sep/Mar | 16/17 |
| | | | | | | | 15/16 | |
| LANDED | | | | | | | | |
| Petroleum | 883,760 | 979,548 | 995,067 | 1,111,846 | 1,149,777 | 1,203,224 | 750,661 | 1,373,941 |
| Fish & Fish Products | 137,795 | 145,336 | 159,043 | 180,609 | 238,973 | 240,151 | 139,399 | 213,926 |
| Sulphuric Acid | 245,328 | 344,545 | 336,862 | 216,898 | 157,869 | 378,575 | 72,443 | 115,337 |
| Vehicles | 302,261 | 214,651 | 345,330 | 357,088 | 355,933 | 257,820 | 108,910 | 190,930 |
| Copper / Lead and Conc. | 160,176 | 182,643 | 194,342 | 177,721 | 177,296 | 239,013 | 117,917 | 181,483 |
| Sugar | 85,689 | 115,601 | 99,684 | 112,179 | 106,346 | 113,411 | 66,139 | 111,459 |
| Coal | 64,421 | 135,934 | 70,399 | 79,060 | 69,368 | 107,966 | 60,499 | 116,398 |
| Machinery | 76,938 | 56,382 | 40,298 | 35,088 | 68,169 | 61,887 | 29,771 | 33,918 |
| Chemicals | 17,055 | 4,181 | 6,025 | 22,264 | 75,020 | 51,140 | 15,283 | 37,240 |
| Sodium Carbonate | 38,657 | 64,945 | 48,849 | 68,706 | 49,334 | 41,976 | 7,634 | 18,524 |
| Wheat | 35,460 | 50,554 | 57,028 | 54,368 | 39,683 | 75,116 | 52,569 | 136,166 |
| Spare Parts | 10,522 | 10,558 | 10,235 | 12,141 | 39,768 | 22,576 | 13,208 | 16,455 |
| Wooden Products | 4,409 | 2,838 | 2,002 | 22,044 | 38,478 | 9,945 | 2,024 | 5,989 |
| Other Cargo | 575,713 | 638,595 | 853,683 | 823,035 | 759,444 | 779,751 | 421,713 | 711,229 |
| TOTAL | 2,638,184 | 2,946,311 | 3,218,846 | 3,273,046 | 3,325,456 | 3,582,551 | 1,858,168 | 3,262,994 |
| SHIPPED | | | | | | | | |
| Salt | 597,667 | 705,558 | 687,448 | 651,880 | 366,713 | 583,536 | 348,619 | 587,717 |
| Fish & Fish Products | 139,275 | 147,336 | 165,107 | 159,972 | 191,410 | 194,234 | 73,774 | 169,658 |
| Copper / Lead and Conc. | 83,893 | 77,107 | 110,854 | 105,587 | 107,800 | 135,652 | 84,986 | 119,088 |
| Manganese Ore | 79,314 | 89,832 | 112,794 | 151,514 | 95,282 | 43,230 | 6,402 | 21,670 |
| Fluorspar | 112,206 | 98,878 | 96,802 | 65,791 | 62,145 | 16,801 | - | 946 |
| Marble and Granite | 25,735 | 31,300 | 42,364 | 93,079 | 85,847 | 78,940 | 47,243 | 104,233 |
| Scrap Steel | 17,140 | 22,198 | 25,124 | 30,712 | 37,686 | 32,054 | 17,600 | 23,517 |
| Zinc / Ore / Concentrates | - | 10,124 | 67,319 | 126,150 | 35,593 | 683 | 1,584 | - |
| Flat Cartons | 18,635 | 19,904 | 21,139 | 17,696 | 11,534 | 22,695 | 16,619 | 23,728 |
| Building Materials | 44 | 44 | 132 | 88 | 4,480 | 9,751 | 1,012 | 2,398 |
| Other Cargo | 165,604 | 169,959 | 126,816 | 160,815 | 171,869 | 167,523 | 122,088 | 278,888 |
| TOTAL | 1,239,511 | 1,372,240 | 1,455,898 | 1,563,282 | 1,170,357 | 1,285,098 | 719,926 | 1,331,844 |
| Trans-shipped | | | | | | | | |
| General Cargo | 1,023,476 | 871,886 | 1,535,541 | 1,297,532 | 876,822 | 884,319 | 407,108 | 573,293 |
| Total | 4,901,170 | 5,190,437 | 6,210,285 | 6,133,860 | 5,372,635 | 5,751,968 | 2,985,202 | 5,168,131 |

STATISTICS (CONTINUED)

PORT OF WALVIS BAY

| Cargo handled at the Port of Walvis Bay (Freight tonnes) | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | 7 months | Apr/Mar |
| | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | Sep/Mar | 16/17 |
| Cargo landed | | | | | | | | |
| Bulk and Break-bulk | 603,680 | 852,755 | 906,800 | 901,236 | 817,002 | 964,092 | 581,565 | 1,000,872 |
| Containerised | 905,415 | 769,462 | 980,117 | 1,043,067 | 1,200,808 | 1,036,661 | 453,499 | 772,844 |
| Sulphuric Acid | 245,328 | 344,545 | 336,862 | 216,898 | 157,869 | 378,575 | 72,443 | 115,337 |
| Petroleum landed | 883,760 | 979,548 | 995,067 | 1,111,846 | 1,149,777 | 1,203,224 | 750,661 | 1,373,941 |
| | 2,638,184 | 2,946,311 | 3,218,846 | 3,273,046 | 3,325,456 | 3,582,551 | 1,858,168 | 3,262,993 |
| Cargo shipped | | | | | | | | |
| Bulk and Break-bulk | 786,230 | 910,864 | 856,031 | 849,957 | 461,611 | 619,422 | 363,186 | 614,100 |
| Containerised | 453,281 | 461,376 | 599,867 | 713,325 | 708,746 | 665,676 | 356,740 | 717,745 |
| | 1,239,511 | 1,372,240 | 1,455,898 | 1,563,282 | 1,170,357 | 1,285,098 | 719,926 | 1,331,845 |
| Cargo trans-shipped | | | | | | | | |
| Bulk and Break-bulk | 10,073 | 4,066 | 7,874 | 41,894 | 38,941 | 29,887 | 54,840 | 48,203 |
| Containerised | 1,013,403 | 867,820 | 1,527,667 | 1,255,638 | 837,881 | 854,432 | 352,268 | 525,090 |
| | 1,023,476 | 871,886 | 1,535,541 | 1,297,532 | 876,822 | 884,319 | 407,108 | 573,293 |
| Total Cargo | 4,901,170 | 5,190,437 | 6,210,285 | 6,133,860 | 5,372,635 | 5,751,968 | 2,985,202 | 5,168,131 |
| Containers handled at the port of Walvis Bay (Twenty-foot Equivalent Units) | | | | | | | | |
| Landed | 46,746 | 51,721 | 66,190 | 70,987 | 82,495 | 68,111 | 29,428 | 50,258 |
| Shipped | 44,879 | 41,734 | 50,634 | 60,492 | 62,153 | 60,584 | 27,879 | 47,248 |
| Trans-shipped | 156,118 | 126,723 | 217,586 | 170,338 | 108,404 | 108,851 | 58,648 | 105,565 |
| Total TEUs | 247,743 | 220,178 | 334,410 | 301,817 | 253,052 | 237,546 | 115,955 | 203,071 |
| Vessel visits | 1,641 | 1,585 | 1,625 | 1,541 | 1,520 | 1,395 | 887 | 1,345 |

STATISTICS (CONTINUED)

PORT OF LÜDERITZ

| Cargo handled at the Port of Lüderitz (Freight tonnes) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------------------|------------------|
| | Sep/Aug 09/10 | Sep/Aug 10/11 | Sep/Aug 11/12 | Sep/Aug 12/13 | Sep/Aug 13/14 | Sep/Aug 14/15 | 7 months Sep/Mar 15/16 | Apr/Mar 16/17 |
| Break-bulk | | | | | | | | |
| Cargo landed | | | | | | | | |
| Fuel | 31,923 | 30,264 | 35,936 | 46,828 | 44,159 | 32,684 | 28,301 | 33,087 |
| Fish | 30,631 | 24,490 | 22,193 | 22,500 | 20,694 | 24,397 | 9,993 | 25,361 |
| Sulphur | 74,773 | 69,540 | 66,017 | 79,517 | 105,888 | 50,695 | 34,099 | 92,078 |
| General Cargo | 1,325 | 3,604 | 3,730 | 10,522 | 5,999 | 26,572 | 22,512 | 5,328 |
| Total landed | 138,652 | 127,898 | 127,875 | 159,367 | 176,740 | 134,348 | 94,905 | 155,853 |
| Cargo shipped | | | | | | | | |
| Fish & Bait | 1,444 | 256 | 46 | 6,199 | 5,711 | 956 | - | 374 |
| Ice | 28,645 | 23,949 | 23,630 | 18,705 | 17,433 | 29,252 | 12,487 | 29,594 |
| Zinc / Zinc Conc. | - | 7,541 | - | 10,996 | 284,314 | 182,954 | 109,338 | 155,269 |
| Lead & Lead Con | - | - | - | - | 33,651 | 16,415 | 10,308 | 15,070 |
| Other | 89,984 | 145,772 | 131,879 | 139,949 | 53,000 | 10,624 | 42 | 663 |
| Total shipped | 120,073 | 177,519 | 155,555 | 175,849 | 394,110 | 240,201 | 132,175 | 200,970 |
| Cargo Trans-shipped | | | | | | | | |
| Fish | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total Trans-shipped | - | - | - | - | - | - | - | - |
| Total | 258,725 | 305,416 | 283,430 | 335,216 | 570,850 | 374,549 | 227,080 | 356,823 |
| Containerised Cargo | | | | | | | | |
| Landed | 1,430 | 1,628 | 1,760 | 8,575 | 8,656 | 2,728 | 8,910 | 8,273 |
| Shipped | 87,656 | 33,286 | 26,730 | 28,277 | 24,980 | 21,142 | 4,510 | 23,102 |
| Trans-shipped | - | - | - | - | - | - | - | - |
| Total | 89,086 | 34,914 | 28,490 | 36,852 | 33,636 | 23,870 | 13,420 | 31,375 |
| Total Cargo | 347,811 | 340,330 | 311,920 | 372,068 | 604,486 | 398,419 | 240,500 | 388,198 |
| Containers handled at the port of Lüderitz (Twenty-foot Equivalent Units) | | | | | | | | |
| Landed | 4,663 | 4,436 | 1,324 | 1,460 | 1,073 | 925 | 604 | 1,593 |
| Shipped | 3,913 | 4,140 | 1,400 | 1,532 | 1,121 | 1,391 | 570 | 1,327 |
| Total TEUs | 8,576 | 8,576 | 2,724 | 2,992 | 2,194 | 2,316 | 1,174 | 2,920 |
| Vessel visits | 918 | 1,021 | 940 | 823 | 724 | 774 | 369 | 734 |

STATISTICS (CONTINUED)

PORT OF WALVIS BAY AND PORT OF LÜDERITZ COMBINED

| Cargo handled at the Port of Walvis Bay Port of and Luderitz (Freight tonnes) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | Sep/Aug | 7 months | Apr/Mar |
| | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | Sep/Mar | 16/17 |
| Cargo landed | | | | | | | | |
| Bulk and Break-bulk | 635,636 | 950,388 | 998,740 | 1,013,775 | 949,583 | 1,065,755 | 648,169 | 1,123,638 |
| Containerised | 906,845 | 771,090 | 981,877 | 1,051,642 | 1,209,464 | 1,039,389 | 462,409 | 781,117 |
| Sulphuric Acid | 245,328 | 344,545 | 336,862 | 216,898 | 157,869 | 378,575 | 72,443 | 115,337 |
| Petroleum landed | 915,683 | 1,009,813 | 1,031,002 | 1,158,674 | 1,193,936 | 1,235,908 | 778,962 | 1,407,028 |
| | 2,703,492 | 3,075,836 | 3,348,481 | 3,440,988 | 3,510,852 | 3,719,627 | 1,961,983 | 3,427,119 |
| Cargo shipped | | | | | | | | |
| Bulk and Break-bulk | 906,303 | 1,088,383 | 1,011,586 | 1,025,806 | 855,721 | 859,622 | 495,361 | 815,069 |
| Containerised | 540,937 | 494,662 | 626,597 | 741,601 | 733,726 | 686,818 | 361,250 | 740,847 |
| | 1,447,240 | 1,583,045 | 1,638,183 | 1,767,408 | 1,589,447 | 1,546,440 | 856,611 | 1,555,916 |
| Cargo trans-shipped | | | | | | | | |
| Bulk and Break-bulk | 10,073 | 4,066 | 7,874 | 41,894 | 38,941 | 29,887 | 54,840 | 48,203 |
| Containerised | 1,013,403 | 867,820 | 1,527,667 | 1,255,638 | 837,881 | 854,432 | 352,268 | 525,090 |
| | 1,023,476 | 871,886 | 1,535,541 | 1,297,532 | 876,822 | 884,319 | 407,108 | 573,293 |
| Total cargo handled | 5,174,208 | 5,530,767 | 6,522,205 | 6,505,928 | 5,977,121 | 6,150,387 | 3,225,702 | 5,556,329 |
| Containers handled at the Port of Walvis Bay and Port of Lüderitz (Twenty-foot Equivalent Units) | | | | | | | | |
| Landed | 51,409 | 56,157 | 67,514 | 72,447 | 83,568 | 69,036 | 30,032 | 51,851 |
| Shipped | 48,792 | 45,874 | 52,034 | 62,024 | 63,274 | 61,975 | 28,449 | 48,575 |
| Trans-shipped | 156,118 | 126,723 | 217,586 | 170,338 | 108,404 | 108,851 | 58,648 | 105,565 |
| Total TEUs | 256,319 | 228,754 | 337,134 | 304,809 | 255,246 | 239,862 | 117,129 | 205,991 |
| Vessel visits Walvis Bay and Lüderitz | | | | | | | | |
| Number | 2,559 | 2,606 | 2,565 | 2,364 | 2,244 | 2,169 | 1,256 | 2,079 |

CORPORATE GOVERNANCE AT NAMPORT



STATEMENT BY THE BOARD CHAIRPERSON

The Namport Board remained a source of strategic leadership during the 2016-2017 financial year by guiding management to adopt sound corporate governance practices in a continually evolving environment. The Board commits itself to go above and beyond the basic requirements, in order to achieve Namport's vision to become the best-performing, world-class, hub seaport in Africa.

In this Annual Report the Authority highlights continued execution of its core mission. Namport has taken many innovative steps, continuing development of a reliable seaport infrastructure and strengthening the foundation for the movement of goods into the SADC region and

throughout Africa. Each step reflects the forward-thinking of a committed leadership team and the hard, often unsung work of dedicated staff, at the same time maintaining fiduciary and ethical prudence.

NAMPORT CORPORATE GOVERNANCE STRUCTURE

The Board carries responsibility and accountability for the affairs and performance of the Authority. It provides overall strategic oversight and direction in the governance of the Authority with the aim of achieving greater transparency, integrity and accountability in accordance with internationally accepted best practice, specifically the principles set out in the King III Code and the Corporate Governance Code of Namibia (NamCode). Namport's governance structure is as follows

GOVERNMENT AS SHAREHOLDER

(REPRESENTED BY THE MINISTRY OF WORKS AND TRANSPORT)

BOARD OF DIRECTORS

The Board is the focal point of the governance structure; it is responsible for the overall strategic direction of the organisation and the performance of business, creating value for the shareholders and ensuring a sustainable business environment for all stakeholders.

BOARD AUDIT & INVESTMENT COMMITTEE

Composition:
J. Comalie (chair)
A. Kanime
P. Mushimba
(external member)

BOARD RISK COMMITTEE

Composition:
A. Kanime (chair)
J. Comalie

BOARD HUMAN RESOURCES COMMITTEE

Composition:
O. Shikongo (chair)
M. Shakwa
S. Amunkete
(external member)

BOARD TENDER COMMITTEE

Composition:
M. Shakwa (chair)
J. Muadinohamba

BOARD STRATEGIC COMMITTEE

Composition:
J. Muadinohamba
(chair)
O. Shikongo
B. Mbuere (external
member)

CHIEF EXECUTIVE OFFICER (CEO)

The CEO is responsible for the day-to-day operations and management of the organisation and ensures execution of strategy with assistance from the Executive Committee.



Cargo crew employees (from left to right) Loide Kalomho, - Hulda Klaaste, Paul Bostander, Johannes Naindjala, Salomo Amutenya, Bernadette Andapo, Kennedy Bengela and Hendrina Mbidja near the Port control offices in the Port of Lüderitz.

BOARD GOVERNANCE

The Board has a unitary board structure comprised of five non-executive directors, each appointed for a three-year term. The Board of Directors has powers delegated to it by the Governance Agreement signed with the Portfolio Minister. Each director signs a performance agreement with the Portfolio Minister, in accordance with the Public Enterprises Governance Act.

The Board, in turn, delegates some of its powers to the Chief Executive Officer, through the Delegation of Authority which clearly sets out the powers of the Portfolio Minister, as shareholder, the Board, the Chief Executive Officer, the various Board Committees and Management, as well as the respective Limits of Authority of each party. The Delegation Framework serves as a guide to reporting mechanisms from its Board Committees, the subsidiary companies and management.

The Board and its committees are further guided by a Board Charter, which clearly defines the role and responsibility of the Board, the protocol of Board meetings, etc. The Board Committees are established to assist the Board in fulfilling its duties and responsibilities. The activities of the various Board Committees do not reduce the individual and collective responsibilities of the Board as a whole in regard to their fiduciary duties and responsibilities.

The governance structure and representation is reviewed on a regular basis to ensure that the Authority is aligned to international best practices and that the structure meets the strategic and business needs of the Authority.

DIRECTOR'S SKILLS AND EXPERIENCE

The collective professional background of the Board members provides for a balanced mix of attributes and skills that enables the Board to fulfil its duties and responsibilities. The Board's breadth of experience is set below and requires experience in relevant sectors

and business, with several directors having prior board experience and having held executive management positions.

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

BOARD COMMITTEES

The Board established five sub-committees which are directly tasked to assist the Board to fulfil its duties and responsibilities. As much as the duties and responsibilities of the Board committees are in addition to those of the Board, the Board is ultimately responsible for the actions and decisions of Board committees. The Chairperson of each committee submits minutes and recommendations on matters requiring approval of the Board, as well as reports on the activities of the committees.

Each Board Committee's membership consists of two independent non-executive directors and, where necessary, an independent committee member is appointed to provide the committee with technical skills.

Overall, the Board is satisfied that the Board Committees executed their duties and carried their responsibilities in accordance with their respective Committee Charters. The roles and membership of the five committees are provided below.

Board Audit and Investment Committee

The Board Audit and Investment Committee assists the Board in discharging its duties relating to the safe-guarding of assets, evaluation of internal control frameworks, ICT governance and ensuring that financial and non-financial risks are managed. It monitors the integrity of the financial statements and oversees the financial reporting process in order to ensure the management of financial risks.

For the period under review, the members of the Board Audit and Investment Committee were Ms Jennifer Comalie (Chairperson) and Mr Andrew Kanime, supported by Mr Patrick Mushimba, who provided technical advice on ICT related matters.

The Committee is responsible for assessing the adequacy and effectiveness of the established accounting, financial reporting, and other internal control systems with the support of the Internal Audit function, which is headed by Mr Alfred Rieth as the Chief Internal Auditor. It supports a climate of discipline and control that reduces the risk of fraud.

Board Human Resources Committee

The Board Human Resources Committee oversees the implementation of the human resources strategy and the remuneration strategy to ensure performance, as well as to attract, retain and motivate human resources of the quality and calibre required by the Authority. It assists the Board in discharging its responsibilities to ensure fair and responsible remuneration of all employees and is responsible for the development of a remuneration philosophy and policy statement to enable a reasonable assessment by stakeholders of reward practices and governance processes.

The Chairperson of the Board is responsible for the nominations and succession planning of the directors, in consultation with the shareholder. Nominations to the Board are made based on the skills and expertise required as identified in the annual board evaluation.

For the period under review, the members of the Board Human Resources Committee were Mr Otto N Shikongo (Chairperson) and Ms Matilda K Jankie-Shakwa. Mr Simeon Amunkete served as an independent member of the Committee.

Board Strategic Committee

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

For the period under review, the members of the Board Strategic Committee were Mr Jeremia Muadinohamba (Chairperson) and Mr Otto N Shikongo, supported by Mr Bertholdt Mbuere as an independent member of the Committee to provide technical advice.

In the absence of new key strategic projects, no meetings were held for the Board Strategic Committee and progress reports on ongoing projects were tabled at the main Board meetings.

Board Risk Committee

The Board Risk Committee assists the Board in discharging its responsibilities in regards to risk governance, risk policy determination, risk assessment and reporting. The Committee further ensures that risk and compliance standards and policies are well-documented and support group strategies by being fit-for-purposes and effective in operation.

A comprehensive risk-review process was put in place during the year under review. Its aim was to test the risk appetite of Namport and to ensure that the risk register was up to date with current developments.

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

Board Tender Committee

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

The members of the Board Tender Committee for the period under review were Ms Matilda Jankie-Shakwa (Chairperson) and Mr Jeremia Muadinohamba, who served on the Committee until the end of his term on the Board and was replaced by Mr Andrew Kanime.

Following the implementation of the National Procurement Act, the Board Tender Committee was dissolved, during the year under review.

COMPANY SECRETARY

The Board is supported by the Company Secretary, whose role is to ensure the efficient administration of board governance and that decisions of the Board of Directors are executed and implemented. She is responsible for ensuring compliance with statutory and regulatory requirements and that all policies and procedures are reviewed on a regular basis.

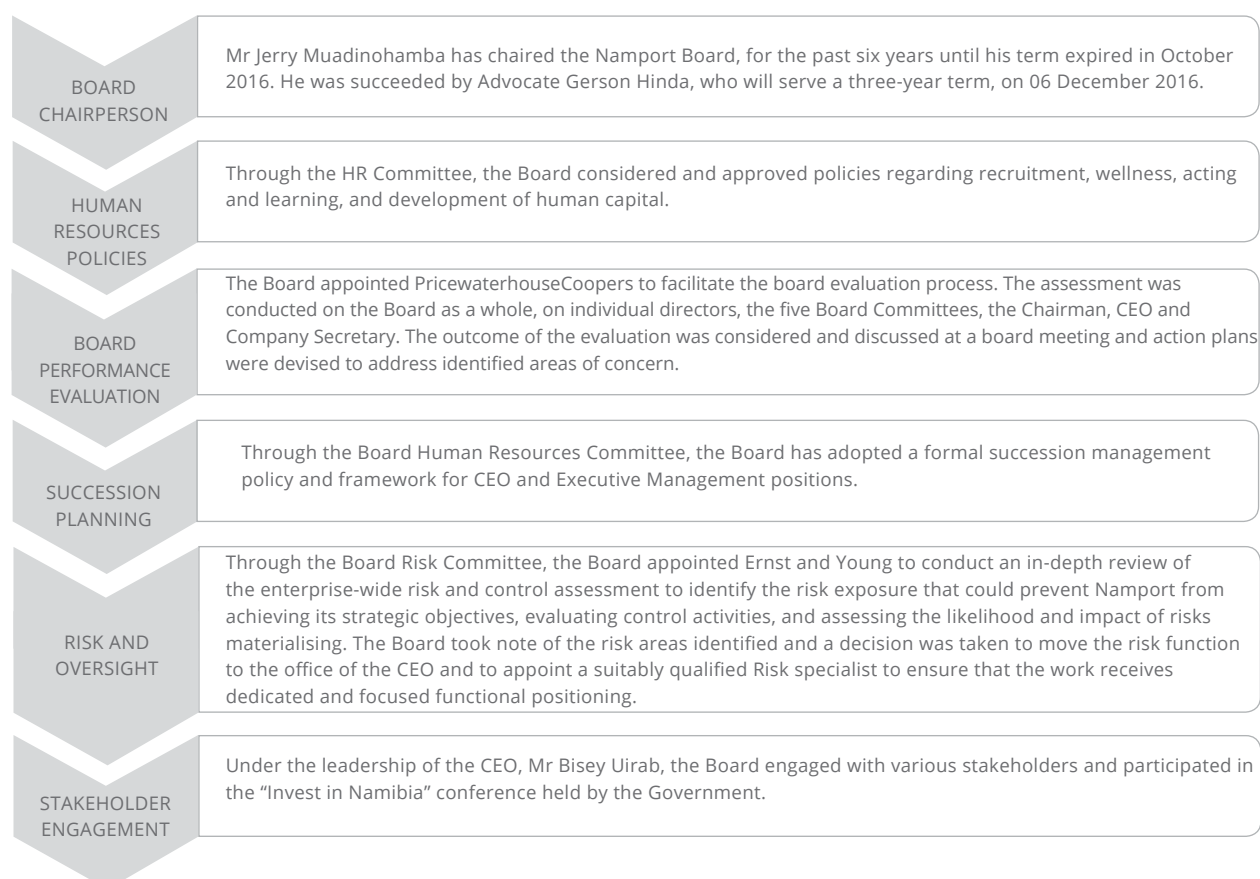
All directors have access to the strategic advice and services of the Company Secretary and the Chairman relies heavily on the support of the Company Secretary to ensure the effective functioning of the Board and to derive guidance on the director's responsibilities.

The Company Secretary is the eyes and ears of the Board and provides support and guidance to the Board in matters relating to governance, compliance and

ethical practices at Namport. She is also responsible for the training and development of the directors and for keeping Board members abreast of relevant changes in legislation and governance principles. The Company

Secretary is appropriately empowered to access all Namport's resources. Ms Ndahambelela Haikali is the Company Secretary of Namport and is suitably qualified as a Chartered Secretary.

KEY ACTIVITIES AND FOCUS AREAS OF THE BOARD AND ITS COMMITTEES IN THE 2016-2017 FINANCIAL YEAR



MEETINGS OF THE BOARD

The Board and its committees meet on a quarterly basis to ensure that the Board carries out its duties and responsibilities effectively and diligently. Ad hoc meetings are held when necessary. The table below indicates when each director attended Board and Board Committee meetings during 2016-2017.

| DIRECTOR | BOARD | AUDIT & INVESTMENT COMMITTEE | HUMAN RESOURCES COMMITTEE | RISK COMMITTEE | TENDER COMMITTEE | STRATEGIC COMMITTEE |
|-------------------------|-------|------------------------------|---------------------------|----------------|------------------|---------------------|
| Number of meetings held | 6 | 4 | 4 | 2 | 6 | 1 |
| Mr J Muadinohamba | 4* | - | - | - | 3 | 1* |
| Advocate G Hinda | 1* | - | - | - | - | - |
| Mr A Kanime | 6 | 4 | - | 2* | 3 | - |
| Mr O Shikongo | 4 | - | 4* | - | - | 1 |
| Ms M Jankie- Shakwa | 6 | - | 4 | - | 6* | - |
| Ms J Comalie | 6 | 4* | - | 2 | - | - |

* Indicates the director who chaired the meeting

KEY PERFORMANCE INDICATORS

| | 2016/17 | 2015/16 | 2014/15 | 2013/14 | 2012/13 | 2011/12 | 2010/11 | 2009/10 | 2008/09 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Turnover (N\$ '000) | 890,770 | 544,593 | 917,801 | 874,533 | 812,926 | 755,163 | 646,792 | 566,025 | 615,819 |
| Operating profit (N\$ '000) | 82,652 | 81,847 | 190,494 | 166,406 | 166,406 | 194,203 | 202,623 | 165,851 | 264,303 |
| Profit before taxation (N\$ '000) | 73,066 | 111,845 | 260,645 | 217,288 | 217,288 | 254,996 | 231,817 | 192,679 | 290,032 |
| Return on assets | 1% | 2% | 5% | 4% | 8% | 9% | 9% | 8% | 14% |
| Return on equity | 3% | 4% | 9% | 9% | 12% | 15% | 15% | 14% | 24% |
| Operating profit margin | 9% | 15% | 21% | 19% | 20% | 26% | 31% | 29% | 43% |
| Total assets (N\$ '000) | 6,323,814 | 6,180,611 | 5,603,167 | 4,871,807 | 2,801,144 | 2,878,856 | 2,605,919 | 2,287,723 | 2,031,006 |
| Shareholder's interest (N\$ '000) | 2,892,937 | 2,834,512 | 2,745,824 | 2,554,242 | 1,835,903 | 1,696,642 | 1,499,722 | 1,350,700 | 1,221,285 |
| Long-term borrowings (N\$ '000) | 1,898,188 | 1,654,149 | 1,262,388 | 634,971 | 132,678 | 364,089 | 514,097 | 466,958 | 367,534 |
| Debt: Equity ratio | 0.66 | 0.58 | 0.46 | 0.25 | 0.07 | 0.21 | 0.34 | 0.35 | 0.31 |
| Current ratio | 1.74 | 1.49 | 2.17 | 1.67 | 1.61 | 1.98 | 3.14 | 3.43 | 3.69 |
| Debt-service coverage ratio | 5.8 | 6.8 | 5.9 | 3.6 | 4.1 | 16.2 | 2.8 | 4.9 | 3.1 |
| Training as % of payroll | 4% | 3% | 6% | 6% | 7% | 4% | 5% | 2% | 3% |
| Number of employees | 981 | 1,004 | 986 | 854 | 829 | 825 | 692 | 611 | 601 |
| Turnover per employee (N\$ '000) | 908 | 542 | 931 | 1,024 | 981 | 915 | 935 | 926 | 1,025 |
| Assets per employee (N\$ '000) | 6,446 | 6,156 | 5,683 | 5,705 | 3,379 | 3,490 | 3,766 | 3,744 | 3,241 |

NAMIBIAN PORTS AUTHORITY

AND ITS SUBSIDIARIES

GROUP ANNUAL
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017





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The vehicle shed of the Technical department in the Port of Lüderitz.

STATEMENT OF RESPONSIBILITY BY BOARD OF DIRECTORS

The directors are required in terms of the Namibian Ports Authority Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the 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 group 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 groups cash flow forecast for the 12 months ended to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements. The group annual financial statements have been examined by the company's external auditors and their report is presented on page 65.

The group annual financial statements and company annual financial statements, which were prepared on a going concern basis, were approved by the Board of Directors on 13 July 2017 and are signed on its behalf by:

await signature

.....
G Hinda
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 March 2017 has been carried out to my satisfaction.

Junias Etuna Kandjeke
Auditor General

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

We have audited the consolidated and separate financial statements of the Namibian Ports Authority, which comprise the directors' report, statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of the Authority and the group as at 31 March 2017, and its consolidated and separate financial performance, changes in equity and its consolidated and separate 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
CHARTERED ACCOUNTANTS (NAMIBIA)
REGISTERED ACCOUNTANTS AND AUDITORS
Per: R Theron
13 July 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

| | Notes | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|--|-------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 5,333,834 | 4,741,748 | 4,905,714 | 4,302,488 |
| Intangible Assets | 4 | 16,801 | 16,210 | 16,801 | 16,210 |
| Investments | 5 | 538,382 | 802,001 | 538,326 | 802,001 |
| Investments in subsidiaries | 6 | - | - | 3,152 | 3,152 |
| Loan to subsidiaries | 7 | 309 | - | 3,553 | 2,966 |
| Prepayments | 12 | 25,000 | 25,000 | 25,000 | 25,000 |
| Operating lease asset | 8 | 249,782 | 214,759 | 249,782 | 214,759 |
| Channel levy Fund Investment | 18 | 122 | 119 | 122 | 119 |
| Deferred tax assets | 21 | 80,510 | 76,210 | 31,769 | 76,210 |
| Total non-current assets | | 6,244,739 | 5,876,047 | 5,774,218 | 5,442,905 |
| Current assets | | | | | |
| Inventories | 10 | 13,873 | 17,780 | 3,255 | 1,439 |
| Trade and other receivables | 11 | 248,748 | 207,240 | 168,508 | 171,819 |
| Prepayments | 12 | 165,595 | 212,718 | 165,595 | 212,718 |
| Current tax asset | 24 | 22,046 | 22,046 | 22,046 | 22,046 |
| Foreign exchange contract | | 9,137 | - | 9,137 | - |
| Other financial assets | 9 | 131,810 | 237,506 | 131,810 | 237,506 |
| Cash and cash equivalents | 13 | 27,320 | 111,926 | 49,246 | 92,178 |
| Total current assets | | 618,528 | 809,216 | 549,596 | 737,706 |
| TOTAL ASSETS | | 6,863,268 | 6,685,263 | 6,323,814 | 6,180,611 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Capital account | 14 | 50,344 | 50,344 | 50,344 | 50,344 |
| Revaluation reserve | 15 | 468,288 | 494,611 | 468,288 | 494,611 |
| Retained earnings | | 2,454,040 | 2,373,977 | 2,374,305 | 2,289,557 |
| Shareholders' interest | | 2,972,672 | 2,918,932 | 2,892,937 | 2,834,512 |
| Non-controlling interest | | 77,077 | 80,936 | - | - |
| Total capital and reserves | | 3,049,749 | 2,999,868 | 2,892,937 | 2,834,512 |
| Non-current liabilities | | | | | |
| Long-term borrowings | 16 | 251,439 | 275,020 | 81,914 | 104,538 |
| African Development Bank | 17 | 1,816,274 | 1,549,611 | 1,816,274 | 1,549,611 |
| Special purpose funds | 18 | 2,591 | 2,468 | 2,591 | 2,468 |
| Deferred Income | 19 | 299,186 | 251,440 | 299,186 | 251,440 |
| Severance pay provision | 20.1 | 6,010 | 5,605 | 6,010 | 5,605 |
| Post retirement medical aid provision | 20.2 | 5,829 | 5,980 | 5,829 | 5,980 |
| Loans from shareholders | | 3,276 | 3,171 | - | - |
| Operating lease liability | 8 | 941 | 1,398 | - | - |
| Deferred tax liabilities | 21 | 1,025,215 | 1,009,598 | 902,805 | 932,457 |
| Total non-current liabilities | | 3,410,761 | 3,104,291 | 3,114,609 | 2,852,099 |
| Current liabilities | | | | | |
| Trade and other payables | 22 | 275,707 | 359,359 | 206,984 | 297,302 |
| Short-term portion of long-term borrowings | 16 | 61,594 | 141,699 | 43,826 | 116,652 |
| African Development Bank | 17 | - | 28,662 | - | 28,662 |
| Special purpose funds | 18 | 7,738 | 8,678 | 7,738 | 8,678 |
| Provisions | 23 | 57,721 | 42,706 | 57,721 | 42,706 |
| Total current liabilities | | 402,760 | 581,104 | 316,269 | 494,000 |
| Total liabilities | | 3,813,522 | 3,685,395 | 3,430,878 | 3,346,099 |
| TOTAL EQUITY AND LIABILITIES | | 6,863,268 | 6,685,263 | 6,323,814 | 6,180,611 |



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | 12 Months Group 2017 N\$ '000 | 7 Months Group 2016 N\$ '000 | 12 Months Authority 2017 N\$ '000 | 7 Months Authority 2016 N\$ '000 |
|--|-------|--|---------------------------------------|--|---|
| Revenue | 25 | 1,247,582 | 701,189 | 890,770 | 544,593 |
| Other Income | | 26,328 | 3,674 | 16,129 | 1,091 |
| Total income | | 1,273,910 | 704,863 | 906,899 | 545,684 |
| Operating costs | | (1,181,678) | (677,427) | (824,248) | (463,837) |
| Employee costs | | (542,852) | (321,841) | (501,147) | (274,081) |
| Other costs | 26 | (440,908) | (238,210) | (145,580) | (84,109) |
| Depreciation and impairment charges | | (160,945) | (92,337) | (141,947) | (81,445) |
| Maintenance costs | | (36,973) | (25,039) | (35,575) | (24,202) |
| Operating Profit | 27 | 92,233 | 27,436 | 82,652 | 81,847 |
| Fair value adjustments on financial assets | 28 | 35,614 | 32,268 | 35,611 | 32,268 |
| Interest income | 29 | 18,424 | 14,346 | 17,839 | 10,980 |
| Finance costs | 30 | (36,498) | (23,299) | (14,311) | (12,021) |
| Foreign exchange loss | | (48,725) | (1,229) | (48,725) | (1,229) |
| Profit Before Tax | | 61,048 | 50,751 | 73,066 | 111,845 |
| Taxation | 31 | (11,167) | (3,366) | (14,641) | (23,159) |
| Profit for the year | | 49,881 | 47,385 | 58,425 | 88,686 |
| Profit for the year/period | | 49,881 | 47,385 | 58,425 | 88,686 |
| Other comprehensive income | | - | - | - | - |
| Revaluation surplus net of tax | | - | - | - | (5,744) |
| Total comprehensive income for the year | | 49,881 | 47,385 | 58,425 | 82,942 |
| Profit for the year attributable to: | | | | | |
| Owners of the parent | | 53,740 | 66,979 | | |
| Non-controlling interest | | (3,859) | (19,594) | | |
| | | 49,881 | 47,385 | | |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 53,740 | 66,979 | | |
| Non-controlling interest | | (3,859) | (19,594) | | |
| | | 49,881 | 47,385 | | |

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

| | Capital N\$ '000 | Reval- uation reserve N\$ '000 | Retained earnings N\$ '000 | Non- controlling interest N\$ '000 | Total N\$ '000 |
|--|------------------------|---|----------------------------------|---|-------------------|
| Group | | | | | |
| Year ended 31 March 2017 | | | | | |
| Balance 1 April 2016 | 50,344 | 494,611 | 2,373,977 | 80,936 | 2,999,868 |
| Total comprehensive income for the period | - | - | 53,740 | (3,859) | 49,881 |
| Transfer - revaluation depreciation and impairment | - | (26,323) | 26,323 | - | - |
| Balance as at 31 March 2017 | 50,344 | 468,288 | 2,454,040 | 77,077 | 3,049,749 |
| Year ended 31 March 2016 | | | | | |
| Balance 1 April 2016 | 50,344 | 522,278 | 2,279,331 | 100,530 | 2,952,483 |
| Total comprehensive income for the year | - | - | 66,979 | (19,594) | 47,385 |
| Transfer - revaluation depreciation and impairment | - | (27,667) | 27,667 | - | - |
| Year ended 31 March 2017 | 50,344 | 494,611 | 2,373,977 | 80,936 | 2,999,868 |
| Authority | | | | | |
| Year ended 31 March 2017 | | | | | |
| Balance 1 April 2016 | 50,344 | 494,611 | 2,289,556 | - | 2,834,511 |
| Total comprehensive income for the year | - | - | 58,425 | - | 58,425 |
| Transfer - revaluation depreciation and impairment | - | (26,323) | 26,323 | - | - |
| Year ended 31 March 2017 | 50,344 | 468,288 | 2,374,305 | - | 2,892,937 |
| Year ended 31 March 2016 | | | | | |
| Balance 1 April 2015 | 50,344 | 522,278 | 2,173,203 | - | 2,745,825 |
| Total comprehensive income for the year | - | - | 88,686 | - | 88,686 |
| Transfer - revaluation depreciation and impairment | - | (27,667) | 27,667 | - | - |
| Year ended 31 March 2016 | 50,344 | 494,611 | 2,289,556 | - | 2,834,511 |



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|---|-------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| Cash flows from operating activities | | | | | |
| Cash receipts from customers | | 1,368,119 | 1,188,432 | 1,011,307 | 979,872 |
| Cash paid to suppliers and employees | | (1,259,856) | (1,049,477) | (897,083) | (842,234) |
| Cash generated by operations | 32 | 108,262 | 138,955 | 111,724 | 137,638 |
| Interest received | | 18,424 | 14,346 | 17,839 | 10,980 |
| Interest paid | | (36,498) | (23,299) | (14,311) | (12,021) |
| Tax paid | | - | (2,296) | - | (1,755) |
| Net cash flow from operating activities | | 90,188 | 127,706 | 115,252 | 134,842 |
| Cash flows from investment activities | | | | | |
| Additions to property, plant and equipment | 3 | (759,056) | (1,043,861) | (750,044) | (1,028,125) |
| Additions to intangible assets | | (369) | (2,624) | (369) | (2,624) |
| Additions to investments | | (59) | - | - | - |
| Borrowing cost capitalised | | 104,010 | 47,642 | 104,010 | 47,642 |
| Movement in channel levy fund investment | | 3 | 24,986 | 3 | 24,986 |
| Proceeds from disposal of property, plant and equipment | | 1,809 | 1,174 | 1,037 | 878 |
| Movement in prepayment | | 47,123 | 68,917 | 47,123 | 68,917 |
| Proceeds from maturing investments | | 326,635 | - | 326,639 | - |
| Loan extended to subsidiary | | (203) | - | (587) | (214) |
| Net cash outflow from investing activities | | (280,107) | (903,766) | (272,188) | (888,540) |
| Cash flows from financing activities | | | | | |
| Proceeds from long-term borrowings | | 280,878 | 447,552 | 280,878 | 447,408 |
| Interest paid on long term borrowings | | (118,225) | (35,659) | (118,225) | (35,659) |
| Repayment of long-term borrowings | | (104,142) | (65,247) | (95,450) | (50,643) |
| Increase in special purpose funds | | (940) | (25,800) | (940) | (25,800) |
| Government grant received | | 47,741 | 50,000 | 47,741 | 50,000 |
| Net cash inflow from financing activities | | 105,312 | 370,846 | 114,004 | 385,306 |
| Net increase in cash and cash equivalents | | (84,607) | (405,214) | (42,933) | (368,392) |
| Cash and cash equivalents at the beginning of year | | 111,926 | 517,140 | 92,179 | 460,571 |
| Cash and cash equivalents at the end of year | 13 | 27,320 | 111,926 | 49,246 | 92,179 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017



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 group's financial statements were authorised for issue by the Board of Directors on 31 August 2017.

1. Statement of compliance

The group's 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 Namibia Dollars, rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain freehold land, structures and buildings, floating craft and machinery and equipment as set out in note 3 below and the measurement of certain financial instruments at fair value and deferred tax assets that are carried in terms of its individual standard.

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Authority and entities controlled by the Authority (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's financial statements are disclosed.

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

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

2.1 Significant judgements

In preparing the group's financial statements, management is required to make estimates and assumptions that affect the amounts presented in the group's 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's financial statements. Significant judgements include:

a) Trade receivables and Loans and receivables

The group assesses its trade receivables, loans and receivables for impairment at each 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 the 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.



2.1 Significant judgements (continued)

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.

f) Provisions

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

g) Impairment testing

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

h) Post employment benefit obligations

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

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

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

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

Depreciation

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

The assets are depreciated over the following periods:

| | |
|------------------------------|---------------|
| Building & Structures | 5 – 50 years |
| Machinery & Equipment | 2 – 15 years |
| Floating craft | 4 - 20 years |
| Furniture & Office Equipment | 3 – 10 years |
| Computer Equipment | 3 – 5 years |
| Motor Vehicles | 2 – 5 years |
| Floating dock | 25 - 40 years |
| Leasehold improvement | 3 - 5 years |

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

Dredging expenditure is categorized into capital dredging and maintenance dredging.

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

Maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. On average the

2.2 Property, plant and equipment (continued)

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

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

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

The gain or loss arising from disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.3 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Computer software

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

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

2.4 Investments in subsidiaries

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

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

2.5 Financial Instruments

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

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

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

Financial liabilities measured at amortised cost.

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

Initial recognition and measurement

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

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

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

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

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Financial assets and financial liabilities are recognised on the statement of financial position when the group has become party to the contractual provisions of the instruments.

Subsequent measurement

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

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

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

Fair value determination

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

Impairment of financial assets

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



2.5 Financial instruments (continued)

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.

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 counter-parties. 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, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The 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.

De-recognition

A financial asset is de-recognised 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

2.5 Financial instruments (continued)

- 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 de-recognised 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.

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.

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

2.12 Government grants

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

2.13 Borrowing costs

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

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

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

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

2.14 Translation of foreign currencies

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

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

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.

2.15 Employee benefits(continued)

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.

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.

2.16 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is

3 Property, plant and equipment

| Group | Land, structures & buildings | Floating Craft & dock | Vehicles, machinery, equipment and furniture | Leased Assets | Assets under construction | Total |
|-------------------------------|------------------------------|-----------------------|--|---------------|---------------------------|------------------|
| | N\$'000 | N\$'000 | N\$'000 | N\$'000 | N\$'000 | N\$'000 |
| 31 March 2017 | | | | | | |
| Opening carrying value | 1,381,927 | 440,306 | 546,505 | 67,285 | 2,305,725 | 4,741,748 |
| Additions | 1,022 | 7,879 | 14,491 | 3,657 | 750,458 | 777,507 |
| Impairment | - | - | (4,310) | - | - | (4,310) |
| Disposals | 4,041 | 24,815 | 18,115 | - | - | 46,971 |
| Transfer | - | - | - | - | (72,284) | (72,284) |
| Depreciation | (68,015) | (13,230) | (71,864) | (2,689) | - | (155,798) |
| Closing carrying value | 1,318,976 | 459,769 | 502,937 | 68,253 | 2,983,898 | 5,333,834 |
| Cost or valuation | 2,080,377 | 643,426 | 1,053,664 | 84,099 | 2,983,898 | 6,845,464 |
| Accumulated depreciation | (761,402) | (183,656) | (550,727) | (15,846) | - | (1,511,631) |
| Carrying value | 1,318,976 | 459,769 | 502,937 | 68,253 | 2,983,898 | 5,333,834 |
| 31 March 2016 | | | | | | |
| Opening carrying value | 1,230,846 | 428,355 | 552,041 | 63,987 | 1,513,341 | 3,788,570 |
| Additions | - | 21,719 | 4,950 | 4,812 | 1,041,625 | 1,073,106 |
| Impairment | - | - | - | - | - | - |
| Disposals | - | - | (494) | - | (29,682) | (30,176) |
| Transfer | 187,026 | - | 32,531 | - | (219,559) | (2) |
| Depreciation | (35,945) | (9,768) | (42,523) | (1,514) | - | (89,750) |
| Closing carrying value | 1,381,927 | 440,306 | 546,505 | 67,285 | 2,305,725 | 4,741,748 |
| Cost or valuation | 2,075,314 | 610,732 | 1,025,368 | 80,442 | 2,305,725 | 6,097,581 |
| Accumulated depreciation | (693,387) | (170,426) | (478,863) | (13,157) | - | (1,355,833) |
| Carrying value | 1,381,927 | 440,306 | 546,505 | 67,285 | 2,305,725 | 4,741,748 |

| | Group 2017 N\$ '000 | Group 2016 N\$ '000 |
|--|---------------------------|---------------------------|
| Carrying value of property, plant and equipment as security: | | |
| Vehicles, machinery, equipment and furniture - instalments sales | 62,773 | 73,449 |
| Marine bonds over the floating docks | 177,000 | 177,000 |
| | 239,773 | 250,449 |



3 Property, plant and equipment (continued)

| Authority | Land, structures & buildings | Floating Craft | Vehicles, machinery, equipment and furniture | Leased Assets | Assets under construc- tion | Total |
|-------------------------------|------------------------------------|-------------------|---|------------------|--------------------------------------|------------------|
| | N\$'000 | N\$'000 | N\$'000 | N\$'000 | N\$'000 | N\$'000 |
| 31 March 2017 | | | | | | |
| Opening carrying value | 1,359,798 | 118,827 | 534,506 | - | 2,289,357 | 4,302,488 |
| Revaluation | - | - | - | - | - | - |
| Additions | 1,024 | 72 | 6,856 | - | 742,092 | 750,044 |
| Disposals | - | - | (4,310) | - | - | (4,310) |
| Transfer | 4,043 | 24,815 | 19,266 | - | (53,828) | (5,705) |
| Depreciation | (68,015) | (5,406) | (63,380) | - | - | (136,801) |
| Closing carrying value | 1,296,851 | 138,307 | 492,938 | - | 2,977,620 | 4,905,717 |
| Cost or valuation | 2,058,252 | 293,908 | 986,741 | 74 | 2,977,620 | 6,316,595 |
| Accumulated depreciation | (761,402) | (155,600) | (493,803) | (74) | - | (1,410,879) |
| Carrying value | 1,296,851 | 138,307 | 492,938 | - | 2,977,620 | 4,905,717 |
| 31 March 2016 | | | | | | |
| Opening carrying value | 1,208,717 | 124,118 | 537,377 | - | 1,483,503 | 3,353,715 |
| Additions | - | 56 | 2,656 | - | 1,025,413 | 1,028,125 |
| Impairment | - | - | - | - | - | - |
| Disposals | - | - | (494) | - | - | (494) |
| Transfer | 187,028 | - | 32,531 | - | (219,559) | - |
| Depreciation | (35,947) | (5,347) | (37,564) | - | - | (78,858) |
| Closing carrying value | 1,359,798 | 118,827 | 534,506 | - | 2,289,357 | 4,302,488 |
| Cost or valuation | 2,053,185 | 269,021 | 964,929 | 74 | 2,289,357 | 5,576,566 |
| Accumulated depreciation | (693,387) | (150,194) | (430,423) | (74) | - | (1,274,078) |
| Carrying value | 1,359,798 | 118,827 | 534,506 | - | 2,289,357 | 4,302,488 |

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

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

| | Group 2017 N\$ '000 | Group 2017 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|---|------------------------------------|------------------------------------|--|--|
| Carrying value of assets pledged as security - instalment sales agreements: | | | | |
| Vehicles, machinery, equipment and furniture | 62,773 | 73,449 | 62,773 | 73,449 |

| | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|----------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| 4 Intangible assets | | | | |
| Computer software | | | | |
| Cost | 46,371 | 40,633 | 46,371 | 40,633 |
| Accumulated depreciation | (29,570) | (24,423) | (29,570) | (24,423) |
| | <u>16,801</u> | <u>16,210</u> | <u>16,801</u> | <u>16,210</u> |
| Opening carrying value | 16,210 | 16,172 | 16,210 | 16,172 |
| Additions | 369 | 2,625 | 369 | 2,625 |
| Transfer | 5,369 | - | 5,369 | - |
| Amortisation | (5,147) | (2,587) | (5,147) | (2,587) |
| Closing carrying value | <u>16,801</u> | <u>16,210</u> | <u>16,801</u> | <u>16,210</u> |

5 Investments

At fair value through profit and loss designated:

| | | | | |
|------------------------------|----------------|----------------|----------------|----------------|
| Endowment assurance policies | 538,382 | 802,001 | 538,326 | 802,001 |
| Disclosed as: | | | | |
| Non-current assets | 538,382 | 802,001 | 538,326 | 780,056 |
| Current assets | - | - | - | - |
| | <u>538,382</u> | <u>802,001</u> | <u>538,326</u> | <u>780,056</u> |

| | | | | |
|--|--------|---------|--------|--------|
| Carrying value of investments pledged as security to third parties limited to value of loans | 50,268 | 389,564 | 50,268 | 79,939 |
|--|--------|---------|--------|--------|

| | | | | |
|---|--------|--------|--------|--------|
| The value of the loans for which this investments are pledged as security | 50,268 | 79,939 | 50,268 | 79,939 |
|---|--------|--------|--------|--------|

The fair values of the endowment assurance policies were determined by discounting all future cash flows at the indicative fixed returns of the individual policies.

6 Investments in subsidiaries

| | 2017 % Holding | 2016 % Holding | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|--|-------------------|-------------------|-------------------------------|-------------------------------|
| Elgin Brown & Hamer Namibia (Pty) Ltd. | 52.50% | 52.50% | 3,150 | 3,150 |
| Namport Property Holdings (Pty) Ltd. | 100% | 100% | 1 | 1 |
| Lüderitz Boatyard (Pty) Ltd. | 100% | 100% | 1 | 1 |
| | | | <u>3,152</u> | <u>3,152</u> |

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

7 Loans to subsidiaries

| | | | |
|--|------------|--------------|--------------|
| Elgin Brown & Hamer Namibia (Pty) Ltd. | 250 | 890 | 640 |
| Namport Property Holdings (Pty) Ltd. | 12 | 12 | 12 |
| Lüderitz Boatyard (Pty) Ltd. | 47 | 2,651 | 2,314 |
| | <u>309</u> | <u>3,553</u> | <u>2,966</u> |

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



| | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|--|---------------------------|---------------------------|-------------------------------|-------------------------------|
| 8 Operating lease asset / (liability) | | | | |
| Non-current assets | 249,782 | 214,759 | 249,782 | 214,759 |
| Non-current liability | (941) | (1,398) | - | - |
| | 248,841 | 213,361 | 249,782 | 214,759 |

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

9 Other financial assets

| | | | | |
|--------------------|----------------|----------------|----------------|----------------|
| Insurance asset | 131,810 | 237,506 | 131,810 | 237,506 |
| | 131,810 | 237,506 | 131,810 | 237,506 |
| Non-current assets | - | - | - | - |
| Current assets | 131,810 | 229,432 | 131,810 | 229,432 |
| | 131,810 | 119,996 | 131,810 | 119,996 |

The fair value of interest rate swaps and insurance asset is the estimated amounts that the Authority would receive or pay to terminate the swap and the insurance contracts at the statement of financial position date.

10 Inventories

| | | | | |
|--|---------------|---------------|--------------|--------------|
| Work in progress | 6,203 | 7,264 | - | - |
| Consumable stores, net of impairment provision | 7,670 | 10,516 | 3,255 | 1,439 |
| | 13,873 | 17,780 | 3,255 | 1,439 |

11 Trade and other receivables

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Trade debtors | 241,870 | 199,476 | 170,304 | 170,462 |
| Provision for impairment for trade debtors | (12,801) | (10,307) | (10,752) | (6,125) |
| | 229,069 | 189,169 | 159,553 | 164,337 |
| Deposits | 754 | 753 | 17 | 17 |
| VAT | 7,955 | 6,080 | - | - |
| Staff loans | 2,754 | 3,724 | 2,754 | 3,724 |
| | 816 | 1,230 | - | - |
| Sundry receivables | 7,400 | 6,284 | 6,184 | 3,741 |
| | 248,748 | 207,240 | 168,508 | 171,819 |

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 | 60,139 | 20,799 | 13,359 | 16,399 |
| More than 30 days past due | 59,831 | 41,479 | 42,088 | 31,945 |
| | 6,742 | 14,605 | - | - |
| | 126,712 | 76,883 | 55,447 | 48,344 |

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

Reconciliation of provision for impairment for trade and other receivables:

| | | | | |
|----------------------------|---------------|--------------|---------------|--------------|
| Opening balance | 9,930 | 14,267 | 6,125 | 9,077 |
| Impairment loss recognised | 3,349 | 1,921 | 4,627 | - |
| Impairment utilised | (2,972) | (6,258) | - | (2,952) |
| | 10,307 | 9,930 | 10,752 | 6,125 |

| | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|---|---------------------------|---------------------------|-------------------------------|-------------------------------|
| 12 Prepayments | | | | |
| Prepayments | 190,595 | 237,718 | 190,595 | 237,718 |
| Disclosed as: | | | | |
| Non-current assets | 25,000 | 25,000 | 25,000 | 25,000 |
| Current assets | 165,595 | 212,718 | 165,595 | 212,718 |
| | <u>190,595</u> | <u>237,718</u> | <u>190,595</u> | <u>237,718</u> |
| 13 Cash and cash equivalents | | | | |
| Cash on hand | 122 | 34 | 27 | 19 |
| Bank balances | (39,271) | 24,466 | (17,250) | 4,733 |
| Short-term deposits | 66,468 | 87,426 | 66,468 | 87,426 |
| | <u>27,320</u> | <u>111,926</u> | <u>49,246</u> | <u>92,178</u> |
| Disclosed as: | | | | |
| Current assets | 27,320 | 111,926 | 49,246 | 92,178 |
| 14 Capital account | | | | |
| Reflects net value at which assets were transferred from the shareholder in 1994 | 50,344 | 50,344 | 50,344 | 50,344 |
| 15 Revaluation reserve | | | | |
| Opening balance | 494,611 | 522,278 | 494,611 | 522,278 |
| Transfer to retained earnings | (26,323) | (27,667) | (26,323) | (27,667) |
| | <u>468,288</u> | <u>494,611</u> | <u>468,288</u> | <u>494,611</u> |
| 16 Long-term borrowings | | | | |
| | 251,439 | 275,020 | 81,914 | 104,538 |
| Balance at beginning of the year | 416,719 | 481,370 | 221,190 | 271,833 |
| Repaid | (117,024) | (76,702) | (108,332) | (62,694) |
| Interest capitalised | 13,338 | 12,051 | 12,882 | 12,051 |
| Current portion of long term borrowing due within one year transferred to short-term borrowings | (61,594) | (141,699) | (43,826) | (116,652) |
| Capitalised finance leases | 4,409 | 7,088 | 81,914 | 104,538 |
| Other long-term loans | 308,624 | 409,631 | 43,826 | 116,652 |
| Total long-term borrowings | <u>313,033</u> | <u>416,719</u> | <u>125,740</u> | <u>221,190</u> |
| Current portion of long term borrowing due within one year transferred to short-term borrowings | (61,594) | (141,699) | (43,826) | (116,652) |
| | <u>251,439</u> | <u>275,020</u> | <u>81,914</u> | <u>104,538</u> |
| Standard Bank loan repayable over 5 years in bi-annual instalments of N\$ 10,700,000 at the "Inclusive Rate" as defined in the loan agreement. The loan is secured by an investment with a carrying value of N\$ 225 million. | - | 10,248 | - | 10,248 |
| Nedbank loan repayable over 5 years in bi-annual instalments of N\$ 15,187,042 at an interest rate of prime less 3.35% per annum. This loan is secured by an investment with a carrying value of N\$ 165 million. | - | - | - | - |



16 Long-term borrowings (continued)

| | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|---|---------------------------|---------------------------|-------------------------------|-------------------------------|
| Liabilities under instalments sale agreements with Veritas Capital are repayable over 5 years in bi-annual instalments at an interest rate of prime less 3.75% per annum. | 1 | 1 | - | - |
| Kfw loan to Namibian Government loan on-lended to the Authority. The loan is unsecured and bears interest at 10% per annum payable bi-annually in arrears. Repayable in 36 equal bi-annual instalments of N\$ 933,533. | 2,801 | 4,668 | 2,801 | 4,668 |
| Foreign loan by the European Investment Bank (EIB), secured by government guarantee, bearing interest at the greatest of 3% per annum or the interest rate applicable to comparative loans made by the lender, subsidised by 3.84%. Currently the loan bears interest at 3% per annum. Repayment will be in 30 bi-annual instalments of N\$ 6,204,934 in arrear and commenced on 15 April 2002. The total foreign facility was swapped to a South African financial institution on a Rand basis. The same terms and conditions set out in the foreign agreement apply to this swap agreement. | - | 6,689 | - | 6,689 |
| Liabilities under instalments sale agreements with Nedbank Namibia are repayable over 5 years in bi-annual instalments of N\$2,200,000 at an interest rate of prime less 3%. | 9,354 | 14,049 | 9,354 | 14,049 |
| Liabilities under instalments sale agreements with Nedbank Namibia are repayable over 5 years in bi-annual instalments of N\$ 4,980,000 at an interest rate of prime less 3%. | 21,174 | 31,801 | 21,174 | 31,801 |
| Pointbreak loan bearing interest at 11.25% per annum with the accrued interest payable three monthly. The loan matured on 28 November 2014. | - | - | - | - |
| Nedbank loan is repayable over 5 years in bi-annual instalments of N\$ 2,220,000 at an interest rate of 7.25% per annum. | 20,014 | 21,117 | 20,014 | 21,117 |
| Veritas Kapital Limited loan bearing interest at 80% of the Namibian prime rate. The loan has no repayment terms and is secured by a contingent policy held by Corporate Guarantee. | 29,326 | 26,894 | 29,326 | 26,894 |
| Liabilities under instalments sale agreements with Standard Bank Namibia are repayable over 3 years in bi-annual instalments of N\$ 3,455,948 at an interest rate of prime less 2%. The loan is secured by an investment with a carrying value of N\$ 225 million. | - | 13,444 | - | 13,444 |
| Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 367,958. | 31,078 | 32,522 | - | - |
| Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 1,049,026 | 68,054 | 68,075 | - | - |
| Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 1,887,920 | 83,752 | 87,845 | - | - |
| Liabilities under instalments sale agreements with Futeni are repayable in bi-annually instalments of N\$ 6,030,742 at an interest rate of prime less 2% per annum. | 20,943 | 31,263 | 20,943 | 31,263 |
| Liabilities under instalments sale agreements with First National Bank Namibia are repayable over 3 years with quarterly instalments of N\$4,852,151 at an interest rate of prime less 2.25%. | - | 14,224 | - | 14,224 |

| 16 Long-term borrowings (continued) | Group | Group | Authority | Authority |
|--|----------------|----------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| Liabilities under instalments sale agreements with Development Bank of Namibia are repayable over 5 years quarterly instalments of N\$ 2,133,888 each year at an interest rate of prime less 2%. | 14,044 | 21,163 | 14,044 | 21,163 |
| Liabilities under instalments sale agreements with Development Bank of Namibia are repayable over 5 years quarterly instalments of N\$ 2,133,888 each year at an interest rate of prime less 2%. | 8,087 | 12,186 | 8,087 | 12,186 |
| Liabilities under instalments sales agreements at repayable in monthly instalments between N\$ 3,271 to N\$ 33,497 at an effective interest rate ranging from prime less 1% to prime less 2% per annum | 4,409 | 7,087 | - | - |
| Total borrowings | 313,035 | 416,720 | 125,742 | 221,190 |

17 African Development Bank

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Balance at beginning of the year | 1,549,611 | 1,118,882 | 1,549,611 | 1,118,882 |
| New loans raised | 280,878 | 447,408 | 280,878 | 447,408 |
| Interest capitalised | 104,010 | 47,642 | 104,010 | 47,642 |
| Interest repaid | (118,225) | (35,659) | (118,225) | (35,659) |
| Current portion of African Development Bank loan | - | (28,662) | - | (28,662) |
| Total loan | 1,816,274 | 1,549,611 | 1,816,274 | 1,549,611 |
| Disclosed under: | | | | |
| Non-current liabilities | - | 28,662 | - | 28,662 |
| Current liabilities | 1,816,274 | 1,578,273 | 1,816,274 | 1,578,273 |
| | 1,816,274 | 1,606,935 | 1,816,274 | 1,606,935 |

African Development Bank loan repayable over 15 years in semi-annual instalments, following a 5 year grace period commencing from the date of signature of the Agreement. The loan bears an interest equivalent to the JIBAR floating base rate less 0.6%. Interest are paid semi-annually from inception of loan. This loan is fully guaranteed by the Government of the Republic of Namibia.

18 Special purpose funds

| | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|
| Channel levy Fund | 122 | 119 | 122 | 119 |
| Navigational Aids Fund | 2,469 | 2,349 | 2,469 | 2,349 |
| Namport Social Investment Fund | 7,738 | 8,678 | 7,738 | 8,678 |
| | 10,329 | 11,146 | 10,329 | 11,146 |
| Disclosed under: | | | | |
| Non-current liabilities | 2,591 | 2,468 | 2,591 | 2,468 |
| Current liabilities | 7,738 | 8,678 | 7,738 | 8,678 |
| | 10,329 | 11,146 | 10,329 | 11,146 |

The Authority manages and administers these funds on behalf of third parties. Utilisation of available resources is restricted in terms of the rules of such Funds.



| 19 Deferred income | Group | Group | Authority | Authority |
|---------------------|----------------|----------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| Closing balance | 299,186 | 251,440 | 299,186 | 251,440 |
| Capital grant: | | | | |
| Namibian Government | 297,746 | 250,000 | 297,746 | 250,000 |
| Japanese Government | 1,440 | 1,440 | 1,440 | 1,440 |
| | 299,186 | 251,440 | 299,186 | 251,440 |

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.

Capital grant received from The Namibian Government represents funds received towards the New Container Terminal. These funds may only be used for this project.

20 Severance pay provision and Post retirement medical aid obligation

20.1 Severance pay provision

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Present value of the defined benefit obligation-wholly unfunded | 6,010 | 5,605 | 6,010 | 5,605 |
| Movement for the year: | | | | |
| Opening balance | 5,605 | 4,973 | 5,605 | 4,973 |
| Net amount recognised in the statement of comprehensive income | 405 | 632 | 405 | 632 |
| | 6,010 | 5,605 | 6,010 | 5,605 |
| Net amount recognised in the statement of comprehensive income | | | | |
| Current service cost | 522 | 265 | 522 | 265 |
| Interest cost | 552 | 262 | 552 | 262 |
| Benefit payments | (19) | - | (19) | - |
| Actuarial (gains) losses | (650) | 105 | (650) | 105 |
| | 405 | 632 | 405 | 632 |
| Key assumptions used: | | | | |
| Investment return | 9.20% | 9.30% | 9.20% | 9.30% |
| Salary inflation rate | 8.20% | 8.90% | 8.20% | 8.90% |

20.2 Post retirement medical aid obligation

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Present value of the defined benefit obligation-wholly unfunded | 5,829 | 5,980 | 5,829 | 5,980 |
| Movement for the year: | | | | |
| Opening balance | 5,980 | 5,635 | 5,980 | 5,635 |
| Net amount recognised in the statement of comprehensive income | (151) | 345 | (151) | 345 |
| | 5,829 | 5,980 | 5,829 | 5,980 |
| Net amount recognised in the statement of comprehensive income | | | | |
| Current service cost | 523 | 278 | 523 | 278 |
| Interest cost | 583 | 295 | 583 | 295 |
| Benefit payments | (344) | (118) | (344) | (118) |
| Actuarial (gains) losses | (913) | (110) | (913) | (110) |
| | (151) | 345 | (151) | 345 |
| Key assumptions used: | | | | |
| Investment return | 9.50% | 9.60% | 9.50% | 9.60% |
| Medical inflation rate | 8.40% | 9.10% | 8.40% | 9.10% |

| 21 | Deferred tax | Group | Group | Authority | Authority |
|--|---|----------------|----------------|----------------|----------------|
| | | 2017 | 2016 | 2017 | 2016 |
| | | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| | Balances at beginning of the year | 933,388 | 929,659 | 856,246 | 833,089 |
| | Decrease/(increase) in tax losses available for set off | 23,723 | (74,858) | 23,723 | (55,491) |
| | Revaluation | (12,965) | (13,627) | (12,965) | (12,964) |
| | Net taxable temporary differences | 408 | 92,216 | 4,031 | 91,613 |
| | Balances at the year end | 944,555 | 933,390 | 871,036 | 856,247 |
| Comprising of liabilities / (assets): | | | | | |
| | Work in progress | - | | 1,364 | 783 |
| | Endowment Investments | 203,442 | 296,571 | 203,442 | 296,571 |
| | Operating lease assets | 81,836 | 70,629 | 81,836 | 70,629 |
| | Borrowing cost | 68,209 | 30,377 | 68,209 | 30,377 |
| | Capital allowances | 133,544 | 161,060 | 10,374 | 19,216 |
| | New Container Terminal | 229,104 | 159,341 | 229,104 | 159,341 |
| | Revaluation of PPE | 228,940 | 241,905 | 228,940 | 241,904 |
| | Provisions for bad debt | (1,490) | (1,101) | - | - |
| | Provision for bonus | (2,383) | | | |
| | Provision for leave pay | (1,106) | (1,287) | (999) | 2,432 |
| | Prepayments | 7,957 | 8,581 | 7,523 | 7,523 |
| | Income received in advance | (662) | (97) | (662) | (97) |
| | Insurance assets | 80,300 | 76,523 | 80,300 | 76,523 |
| | Foreign exchange gain | (6,937) | (1,324) | (6,627) | 6,536 |
| | Tax loss | (80,510) | (40,385) | (31,769) | (55,491) |
| | Lease creditor | (301) | (74,411) | - | - |
| | Work in progress | 3,349 | 4,113 | - | - |
| | Consumables | 1,412 | 2,904 | - | - |
| | | 944,705 | 933,398 | 871,036 | 856,247 |
| Disclosed as: | | | | | |
| | Deferred tax assets | (80,510) | (76,210) | (31,769) | (76,210) |
| | Deferred tax liabilities | 1,025,215 | 1,009,598 | 902,805 | 932,457 |
| | | 944,705 | 933,388 | 871,036 | 856,247 |
| 22 Trade and other payables | | | | | |
| | Trade payables | 228,117 | 268,963 | 191,771 | 260,842 |
| | VAT | 7,080 | | 7,080 | - |
| | Deposits received | 40 | - | - | - |
| | Foreign exchange contract | 970 | - | - | - |
| | Accrued leave payables | 4,590 | - | - | - |
| | Accrued bonus | 8,474 | - | - | - |
| | Accrued expenses | 1,987 | 110 | - | - |
| | Other payables | 24,449 | 90,286 | 8,133 | 36,460 |
| | | 275,707 | 359,359 | 206,984 | 297,302 |

**23 Provisions**

| | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|--------------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| | Opening Balance | Additions | Utilised | Closing Balance |
| 31 March 2017 | | | | |
| Provision for leave pay | 34,423 | 12,451 | (6,807) | 40,067 |
| Provision for bonuses | 5,416 | 27,656 | (18,262) | 14,810 |
| Provision for customer rebates | 2,867 | 1,082 | (1,105) | 2,844 |
| | 42,706 | 41,189 | (26,174) | 57,721 |
| 31 March 2016 | | | | |
| Provision for leave pay | 29,564 | 5,917 | (1,058) | 34,423 |
| Provision for bonuses | 30,683 | 9,546 | (34,813) | 5,416 |
| Provision for customer rebates | 2,028 | 839 | - | 2,867 |
| | 62,275 | 16,302 | (35,871) | 42,706 |
| Authority | | | | |
| 31 March 2017 | | | | |
| Provision for leave pay | 34,423 | 12,451 | (6,807) | 40,067 |
| Provision for bonuses | 5,416 | 27,656 | (18,262) | 14,810 |
| Provision for customer rebates | 2,867 | 1,082 | (1,105) | 2,844 |
| | 42,706 | 41,189 | (26,174) | 57,721 |
| 31 March 2016 | | | | |
| Provision for leave pay | 29,564 | 5,917 | (1,058) | 34,423 |
| Provision for bonuses | 30,683 | 9,546 | (34,813) | 5,416 |
| Provision for customer rebates | 2,028 | 839 | - | 2,867 |
| | 62,275 | 16,302 | (35,871) | 42,706 |

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 performance management policy of the Authority.

Customer rebates

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

24 Current tax

| | | | | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Balance at beginning of the year | (22,046) | (19,243) | (22,046) | (20,291) |
| Taxation charge for the year | 14,641 | 22,617 | 14,641 | 23,159 |
| Adjustment to deferred tax | (14,641) | (23,665) | (14,641) | (23,159) |
| Net payments made during the year | - | (1,755) | - | (1,755) |
| | (22,046) | (22,046) | (22,046) | (22,046) |
| Disclosed as: | | | | |
| Current assets | 22,046 | 22,046 | 22,046 | 22,046 |
| Current liabilities | - | (1,048) | - | - |

| 25 Revenue | Group | Group | Authority | Authority |
|--|------------------|----------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| Rendering of services: | | | | |
| Cargo services | 273,675 | 157,205 | 273,675 | 157,205 |
| Marine services | 113,379 | 63,056 | 113,379 | 63,056 |
| Port Authority services | 472,789 | 308,597 | 472,789 | 308,597 |
| Synchrolift services -dry dock | 33,661 | 17,085 | 33,661 | 17,085 |
| Ship repairs - floating dock | 356,075 | 156,254 | (2,734) | (1,350) |
| Rebates and discounts | (2,734) | (1,350) | - | - |
| Rendering of services | 737 | 342 | - | - |
| | 1,247,582 | 701,189 | 890,770 | 544,593 |
| 26 Other costs by nature | | | | |
| Abnormal losses | 1,138 | | | |
| Advertising, promotions and marketing | 9,020 | 6,548 | 7,865 | 5,776 |
| Administration cost | 5,089 | 3,857 | - | - |
| Audit fees | 3,031 | 1,651 | 1,619 | 930 |
| Bad debts | (564) | 421 | - | (2,951) |
| Bank Charges | 917 | 433 | 685 | 297 |
| Claims | 1,511 | 1,140 | 1,511 | 1,140 |
| Cleaning | - | 4 | - | - |
| Commissions paid | 3,398 | (469) | - | - |
| Computer expenses | 9,660 | 5,230 | 8,042 | 4,284 |
| Consulting fees | 6,056 | 3,247 | 4,168 | 2,057 |
| Consumables and materials | 1,060 | 780 | 1,060 | 780 |
| Cost of sales | 239,622 | 114,160 | - | - |
| Diesel, petrol, lubricants and tyres | 24,611 | 14,042 | 24,611 | 14,042 |
| Directors emoluments | 1,556 | 1,073 | 1,556 | 1,073 |
| Discount allowed | 1,434 | 870 | - | - |
| Donations | 3,946 | 1,629 | 3,202 | 859 |
| Entertainment and refreshments | 5,051 | 4,356 | 4,919 | 4,118 |
| Foreign exchange losses | - | 10,244 | - | - |
| General expenses | - | 10 | - | - |
| Insurance | 14,538 | 9,441 | 9,270 | 6,071 |
| Legal fees | 704 | 367 | 188 | 180 |
| Licenses | 255 | 144 | 255 | 144 |
| Loss on disposal of fixed assets | 3,672 | 680 | 3,294 | - |
| Memberships and subscriptions | 668 | 3,313 | 668 | 680 |
| Municipal charges | 5,193 | - | 5,193 | 3,313 |
| Rental | 14,098 | 6,381 | 2,843 | 1,865 |
| Retrenchment and general office expenses | 12,024 | | | 3,597 |
| Safety, health and environmental | 4,631 | 3,597 | 4,631 | 3,859 |
| Secretarial fees | 1 | 70 | - | - |
| Security | 8,478 | 6,023 | 4,983 | 606 |
| Staff welfare | 889 | 903 | - | - |
| Stationery and photocopying | 923 | 606 | 923 | - |
| Subscription | 1,086 | 556 | - | - |
| Sundry | 5,473 | 300 | 5,458 | 300 |
| Training | 1,744 | 4,248 | - | - |
| Telephone, postage and courier | 3,685 | 1,906 | 3,441 | 1,763 |
| Traveling and accommodation | 5,668 | 4,934 | 4,553 | 3,811 |
| Water and electricity | 40,643 | 25,515 | 40,643 | 25,515 |
| | 440,908 | 238,210 | 145,580 | 84,109 |



| 27 Operating profit | Group | Group | Authority | Authority |
|---|---------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| Operating profit is stated after taking account of the following items: | | | | |
| Auditors' remuneration | 3,031 | 1,372 | 1,619 | 930 |
| Operating lease charges | 14,098 | 9,793 | 2,843 | 1,865 |
| Consulting fees | 6,056 | 9,915 | 4,168 | 2,057 |
| Loss on sale of property, plant and equipment | 668 | 522 | 3,294 | - |
| Depreciation of property, plant and equipment | 155,798 | 147,241 | 136,800 | 78,858 |
| Realised foreign exchange loss | 5,147 | 5,035 | 7,592 | 1,229 |
| Unrealised foreign exchange loss | 41,133 | - | 41,133 | - |
| Amortisation on intangible assets | 5,147 | 2,587 | 5,147 | 2,587 |
| 28 Fair value adjustments | | | | |
| Endowment investments | 35,614 | 24,194 | 23,807 | 24,194 |
| Insurance assets | - | 8,074 | 11,804 | 8,074 |
| | 35,614 | 32,268 | 35,611 | 32,268 |
| 29 Interest income | | | | |
| Bank balances and short-term deposits | 18,424 | 12,401 | 14,651 | 9,035 |
| Trade debtors | - | 1,945 | 3,188 | 1,945 |
| | 18,424 | 14,346 | 17,839 | 10,980 |
| 30 Finance costs | | | | |
| Long-term borrowings | 36,498 | 23,299 | 14,311 | 12,021 |
| 31 Taxation | | | | |
| Namibian normal tax | | | | |
| Current taxation | - | - | - | - |
| Deferred taxation | 11,167 | 3,366 | 14,641 | 23,159 |
| | 11,167 | 3,366 | 14,641 | 23,159 |

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 | 61,048 | 50,751 | 73,064 | 111,846 |
| Tax calculated at the statutory rate | 19,535 | 16,240 | 23,381 | 35,791 |
| Tax effects revaluation | 12,965 | (16,379) | 12,965 | (13,126) |
| Income not subject to tax | - | 6,462 | - | 494 |
| Expenses not deductible for tax | 2,390 | (2,957) | 2,019 | - |
| Utilised assessed loss | (23,723) | - | (23,723) | - |
| | 11,167 | 3,366 | 14,641 | 23,159 |

| | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|---|---------------------------|---------------------------|-------------------------------|-------------------------------|
| 32 Cash generated by operations | | | | |
| Profit before tax | 61,048 | 50,751 | 73,064 | 111,846 |
| Adjustments for: | | | | |
| Depreciation | 155,799 | 89,750 | 136,801 | 78,858 |
| Impairment-intercompany loans | 112 | - | - | - |
| Amortisation of intangible assets | 5,147 | 2,587 | 5,147 | 2,587 |
| Severance pay provision | 405 | 632 | 405 | 632 |
| Operating lease rentals straight lining | (34,567) | (20,000) | (35,023) | (20,550) |
| Loss on sale of property, plant and equipment | 3,672 | 422 | 3,294 | 494 |
| Investment revenue | (35,615) | (43,248) | (35,611) | (32,268) |
| Interest received | (17,839) | - | (17,839) | (10,980) |
| Finance costs | (581) | (3,366) | 14,311 | 12,021 |
| Finance costs capitalised to long term borrowings | 36,498 | 23,299 | - | - |
| Post retirement medical aid provision | (151) | 345 | (151) | 345 |
| Unrealised loss on exchange difference | 40,163 | (3,528) | 41,133 | 21,036 |
| | 214,090 | 97,644 | 185,531 | 164,021 |
| Changes in working capital | | | | |
| Trade and other receivables | (41,503) | 66,777 | 3,312 | 14,812 |
| Inventories | 3,907 | 11,071 | (1,816) | 297 |
| Payables and provisions | (68,233) | (36,537) | (75,303) | (41,492) |
| | 108,262 | 138,955 | 111,724 | 137,638 |

33 Commitments**Authorised capital expenditure:**

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Authorised and contracted for | 3,090,013 | 1,951,913 | 3,078,013 | 1,488,756 |
| Authorised, but not yet contracted for | 2,010,033 | 295,468 | 2,010,033 | 737,664 |
| | 5,100,046 | 2,247,381 | 5,088,046 | 2,226,420 |

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained profits, mortgage facilities, existing cash resources, funds internally generated, Government Grants, and by African Development Bank. Approximately 97% of authorised and contracted for expenditure relates to the port expansion project contracted to China Harbour Engineering Company Ltd (CHEC).

34 Contingent liabilities

| | | | | |
|---|---------|---------|---------|---------|
| Provision of suretyship on financing facilities to EBH Namibia (Pty) Ltd. | 151,150 | 151,150 | 151,150 | 151,150 |
|---|---------|---------|---------|---------|

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 Authority may 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.



35 Related parties

The Authority is wholly owned by the Namibian Government. There were no significant transactions, individually or in aggregate, entered into between the Authority and the Namibian Government except for Government Grant received as stated below.

A capital grant of N\$ 50 000 000.00 (2016: N\$ 50 000 000.00) was received from the Namibian Government for use towards the New Container Terminal. These funds may only be used for this project.

| | | | | |
|--|--------|--------|--------|-------|
| Remuneration to key management personnel | 23,146 | 26,550 | 10,465 | 5,812 |
| Directors' emoluments | | | | |
| Non-executive: For services as directors | 1,633 | 942 | 1,047 | 653 |
| A Kanime | 223 | 119 | 223 | 119 |
| J Muadinohamba | 147 | 173 | 147 | 173 |
| J Comalie | 220 | 127 | 220 | 127 |
| M Jankie-Shakwa | 220 | 127 | 220 | 127 |
| O Shikongo | 185 | 107 | 185 | 107 |
| Adv. G.S Hinda | 52 | - | 52 | - |
| Subsidiary directors | 586 | 289 | - | - |
| Non-executive: Travel and accommodation | 124 | 420 | 124 | 420 |
| | 1,757 | 1,362 | 1,171 | 1,073 |

36 Financial instruments and risk management

36.1 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.

36.2 Classification of financial assets and liabilities

Group

| Financial assets | Fair value Hierarchy | Loans & receivables | Fair value through profit & loss designated | Total |
|------------------------------|----------------------|---------------------|---|-----------|
| | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| 31 March 2017 | | | | |
| Investments | Level 2 | - | 538,382 | 538,382 |
| Loans to subsidiaries | | 309 | | |
| Other financial assets | Level 2 | - | 131,810 | 131,810 |
| Channel levy fund investment | Level 2 | - | 122 | 122 |
| Trade and other receivables | | 248,748 | - | 248,748 |
| Cash and cash equivalents | | 27,320 | - | 27,320 |
| | | 276,377 | 670,314 | 946,381 |
| 31 March 2017 | | | | |
| Investments | Level 2 | - | 802,001 | 802,001 |
| Loans to subsidiaries | | - | | |
| Other financial assets | Level 2 | - | 237,506 | 237,506 |
| Channel levy fund investment | Level 2 | - | 119 | 119 |
| Trade and other receivables | | 207,240 | - | 207,240 |
| Cash and cash equivalents | | 111,926 | - | 111,926 |
| | | 319,166 | 1,039,626 | 1,358,792 |

36.2 *Classification of financial assets and liabilities*
(continued)

| | Group | Group | Authority | Authority |
|------------------------------|---|---------------------------|-----------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Group | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| Financial liabilities | | | | |
| | Other financial liabilities at amortised cost | Finance lease obligations | Special purpose funds | Total |
| 31 March 2017 | | | | |
| Long-term borrowings | 313,033 | 4,409 | - | 317,443 |
| African development bank | 1,816,274 | - | - | 1,816,274 |
| Special purpose funds | - | - | 10,329 | 10,329 |
| Trade and other payables | 275,707 | - | - | 275,707 |
| | 2,405,015 | 4,409 | 10,329 | 2,419,754 |
| 31 March 2016 | | | | |
| Long-term borrowings | 141,699 | 275,020 | - | 416,719 |
| African development bank | 1,578,273 | - | - | 1,578,273 |
| Other financial assets | - | - | - | - |
| Special purpose funds | - | - | 11,146 | 11,146 |
| Operating lease liability | - | - | - | - |
| Trade and other payables | 359,359 | - | - | 359,359 |
| | 2,079,331 | 275,020 | 11,146 | 2,365,497 |

Authority

| Financial assets | Fair value Hierarchy | Loans & receivables | Fair value through profit & loss designated | Total |
|------------------------------|----------------------|---------------------|---|------------------|
| | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| 31 March 2017 | | | | |
| Investments | Level 2 | - | 538,326 | 538,326 |
| Loans to subsidiaries | | 3,553 | - | 3,553 |
| Other financial assets | Level 2 | - | 131,810 | 131,810 |
| Channel levy fund investment | Level 2 | - | 122 | 122 |
| Trade and other receivables | | 359,102 | - | 359,102 |
| Cash and cash equivalents | | 49,246 | - | 49,246 |
| | | 411,901 | 670,258 | 1,082,159 |
| 31 March 2016 | | | | |
| Investments | Level 2 | - | 802,001 | 802,001 |
| Loans to subsidiaries | | 3,159 | - | 3,159 |
| Other financial assets | Level 2 | - | 237,506 | 237,506 |
| Channel levy fund investment | Level 2 | - | 119 | 119 |
| Trade and other receivables | | 409,536 | - | 409,536 |
| Cash and cash equivalents | | 92,178 | - | 92,178 |
| | | 504,873 | 1,039,626 | 1,544,499 |



36.2 *Classification of financial assets and liabilities*
(continued)

| Financial liabilities | Other financial liabilities at amortised cost | Finance lease obligations | Special purpose funds | Total |
|--------------------------|---|---------------------------|-----------------------|------------------|
| | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| 31 March 2017 | | | | |
| Long-term borrowings | 43,826 | 81,914 | - | 125,740 |
| African development bank | 1,816,274 | - | - | 1,816,274 |
| Special purpose funds | - | - | 10,329 | 10,329 |
| Trade and other payables | 206,984 | - | - | 206,984 |
| | 2,067,085 | 81,914 | 10,329 | 2,159,328 |
| 31 March 2016 | | | | |
| Long-term borrowings | 116,652 | 104,538 | - | 221,190 |
| African development bank | 1,578,273 | - | - | 1,578,273 |
| Special purpose funds | - | - | 11,146 | 11,146 |
| Trade and other payables | 297,302 | - | - | 297,302 |
| | 1,992,227 | 104,538 | 11,146 | 2,107,911 |

36.3 Financial risk management

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

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

36.4 Liquidity risk

Liquidity risk refers to the risk that the authority 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 Authority's risk to liquidity is a result of the funds available to cover future commitments. The authority 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 on the next page analyses the authority's financial liabilities into relevant maturity authorityings 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.

36.4 Liquidity risk (continued)

Group

| | Less than 1 year N\$ '000 | Between 1 and 5 years N\$ '000 | More than 5 years N\$ '000 | Total N\$ '000 |
|-----------------------------|---------------------------------|--------------------------------------|----------------------------------|-------------------|
| 31 March 2017 | | | | |
| Long-term borrowings | 61,594 | 251,439 | 1,816,274 | 2,129,308 |
| Special purpose funds | 7,738 | 2,591 | - | 10,329 |
| Trade and other payables | 275,707 | - | - | 275,707 |
| Other financial liabilities | - | - | 3,276 | 3,276 |
| Operating lease liability | - | - | 941 | 941 |
| | 345,039 | 254,030 | 1,820,491 | 2,419,561 |
| 31 March 2016 | | | | |
| Long-term borrowings | 170,361 | 275,020 | 1,549,611 | 1,994,992 |
| Special purpose funds | 8,678 | 2,468 | - | 11,146 |
| Trade and other payables | 359,359 | - | - | 359,359 |
| Other financial liabilities | - | - | 3,236 | 3,236 |
| Operating lease liability | - | - | 1,994 | 1,994 |
| | 538,398 | 277,488 | 1,554,841 | 2,370,727 |

Authority

| | Less than 1 year N\$ '000 | Between 1 and 5 years N\$ '000 | More than 5 years N\$ '000 | Total N\$ '000 |
|--------------------------|---------------------------------|--------------------------------------|----------------------------------|-------------------|
| 31 March 2017 | | | | |
| Long-term borrowings | 43,826 | 81,914 | - | 125,740 |
| African development bank | - | - | 1,816,274 | 1,816,274 |
| Special purpose funds | 7,738 | 2,591 | - | 10,329 |
| Trade and other payables | 206,984 | - | - | 206,984 |
| | 258,548 | 84,505 | 1,816,274 | 2,159,328 |
| 31 March 2016 | | | | |
| Long-term borrowings | 116,652 | 53,895 | - | 170,547 |
| African development bank | 28,662 | - | 1,102,203 | 1,130,865 |
| Special purpose funds | 8,678 | 2,468 | - | 11,146 |
| Trade and other payables | 297,302 | - | - | 297,302 |
| | 451,294 | 56,363 | 1,102,203 | 1,439,313 |

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

| | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|-----------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| Overdraft facilities: | | | | |
| Total facilities | 43,000 | 43,000 | 23,000 | 23,000 |
| Utilised | (21,117) | (20,295) | (20,014) | (20,149) |
| | 21,883 | 22,705 | 2,986 | 3,877 |



36.5 Credit risk

The credit risk refers to the risk that a counterparty will cause financial loss to the authority 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 Authority'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 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|------------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| Investments | 538,382 | 802,001 | 538,326 | 802,001 |
| Loans to subsidiaries | - | - | 3,553 | 2,966 |
| Other financial assets | 131,810 | 237,506 | 131,810 | 237,506 |
| Channel levy fund investment | 122 | 119 | 122 | 119 |
| Trade and other receivables | 414,343 | 444,958 | 359,103 | 409,537 |
| Cash and cash equivalents | 27,320 | 111,926 | 49,246 | 92,178 |
| | <u>1,111,976</u> | <u>1,596,510</u> | <u>1,082,159</u> | <u>1,544,307</u> |

The Authority holds bank guarantees and cash deposits as security in the event of defaults on its outstanding receivables. The Authority 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

| | | | | |
|--|---------------|---------------|---------------|---------------|
| | <u>56,810</u> | <u>56,810</u> | <u>56,810</u> | <u>56,810</u> |
|--|---------------|---------------|---------------|---------------|

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

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

36.6 Market risk

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

Interest rate risk

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

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

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

Financial assets:

| | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| Floating interest bearing | 565,701 | 1,322,298 | 587,571 | 1,265,729 |
| Fixed and non-interest bearing | 646,220 | 809,581 | 494,588 | 725,449 |
| | <u>1,211,921</u> | <u>2,131,879</u> | <u>1,082,159</u> | <u>1,991,178</u> |

Financial liabilities:

| | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| Floating interest bearing | 2,129,308 | 1,574,614 | 1,942,014 | 1,365,077 |
| Fixed and non-interest bearing | 290,253 | 423,458 | 217,313 | 372,247 |
| | <u>2,419,561</u> | <u>1,998,072</u> | <u>2,159,328</u> | <u>1,737,324</u> |

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Authority'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 2016.

| 36.6 Market risk (continued) | Group | Group | Authority | Authority |
|------------------------------|----------|----------|-----------|-----------|
| | 2017 | 2016 | 2017 | 2016 |
| | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| Financial assets | 8,020 | 5,236 | 8,020 | 5,012 |
| Financial liabilities | (21,293) | (10,392) | (17,995) | (9,010) |
| Net effect on equity | (13,273) | (5,156) | (9,975) | (3,998) |

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 Authority's functional currency. The authority consider the need to take out cover on outstanding foreign currency transactions on an ad hoc basis, as and when such transactions occur. Upon the discretion of management, cover is taken out from time to time.

At the reporting date, the authority'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 authority.

Price risk

The Authority is exposed to equity securities price risk because of investments held by the authority and classified on the statement of financial position as at fair value through profit or loss. The Authority is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the authority 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 Authority'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 2016.

| | | | | |
|----------------------|--------|--------|--------|--------|
| Net effect on equity | 31,154 | 34,909 | 31,154 | 33,415 |
|----------------------|--------|--------|--------|--------|

36.7 Capital risk management

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

36.8 Fair values

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

| | Carrying values | | Fair values | |
|------------------------------|-----------------|-----------|-------------|-----------|
| | Group | Group | Authority | Authority |
| | 2017 | 2016 | 2017 | 2016 |
| Group | N\$ '000 | N\$ '000 | N\$ '000 | N\$ '000 |
| Financial assets | | | | |
| Investments | 538,382 | 802,001 | 538,326 | 802,001 |
| Other financial assets | 131,810 | 237,506 | 131,810 | 237,506 |
| Channel levy fund investment | 122 | 119 | 122 | 119 |
| Trade and other receivables | 514,288 | 419,958 | 334,103 | 419,958 |
| Cash and cash equivalents | 27,320 | 111,926 | 49,246 | 111,926 |
| | 1,211,921 | 1,571,510 | 1,053,606 | 1,571,510 |
| Financial liabilities | | | | |
| Long-term borrowings | 313,033 | 416,719 | 313,033 | 416,719 |
| African development bank | 1,816,274 | 1,578,273 | 1,816,274 | 1,578,273 |
| Special purpose funds | 10,329 | 11,146 | 10,329 | 11,146 |
| Other financial liabilities | 3,276 | 3,171 | 3,276 | 3,171 |
| Operating lease liability | 941 | 1,398 | 941 | 1,398 |
| Trade and other payables | 275,707 | 359,359 | 275,707 | 359,359 |
| Bank overdraft | - | - | - | - |
| | 2,419,561 | 2,370,066 | 2,419,561 | 2,370,066 |



| 36.6 Market risk (continued) | Group 2017 N\$ '000 | Group 2016 N\$ '000 | Authority 2017 N\$ '000 | Authority 2016 N\$ '000 |
|------------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| Authority | | | | |
| Financial assets | | | | |
| Investments | 538,326 | 802,001 | 538,326 | 802,001 |
| Loans to subsidiaries | 3,553 | 2,966 | 3,553 | 2,966 |
| Other financial assets | 131,810 | 237,506 | 131,810 | 237,506 |
| Channel levy fund investment | 122 | 119 | 122 | 119 |
| Trade and other receivables | 359,103 | 409,537 | 359,103 | 409,537 |
| Cash and cash equivalents | 49,246 | 92,178 | 49,246 | 92,178 |
| | 1,082,159 | 1,544,307 | 1,082,159 | 1,544,307 |
| Financial liabilities | | | | |
| Long-term borrowings | 125,740 | 221,190 | 125,740 | 221,190 |
| African Development Bank | 1,816,274 | 1,578,273 | 1,816,274 | 1,578,273 |
| Special purpose funds | 10,329 | 11,146 | 10,329 | 11,146 |
| Trade and other payables | 206,984 | 297,302 | 206,984 | 297,302 |
| | 2,159,328 | 2,107,911 | 2,159,328 | 2,107,911 |

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

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

37 Standards and interpretations not yet effective

At the date of authorisation of the financial statements of Namport and the authority for the year ended 31 March 2016, 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 authority's financial statements.

| Standard or interpretation | Title and details | Effective Date |
|----------------------------|---|---|
| IAS 1 | Presentation of financial statements Amendments to Disclosure initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. | Annual periods beginning on or after 1 January 2016 |
| IAS 16 (amendment) | Property, plant and equipment The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment | Annual periods beginning on or after 1 January 2013 |
| IAS 7 | Statement of Cash Flows Amendments requiring entities to disclose information about changes in their financing liabilities. | Annual periods beginning on or after 1 January 2017 |
| IAS 12 | Income Taxes Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. | Annual periods beginning on or after 1 January 2017 |
| IAS 16 and IAS 38 | Property, plant and equipment and Intangible assets Amendment to both IAS 16 and 38 establishing the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. | Annual periods beginning on or after 1 January 2016 |
| IAS 16 and IAS 41 | Property, plant and equipment and Agriculture Amendment to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 Property, plant and Equipment, rather than IAS 41, allowing such assets to be accounted for after initial recognition in accordance with IAS 16. | Annual periods beginning on or after 1 January 2016 |

| | | |
|--|---|--|
| 36.7 Standards and interpretations not yet effective (continued) | | |
| IAS 27 | Separate Financial Statements Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. | Annual periods beginning on or after 1 January 2016 |
| IAS 19 | Employee benefits Clarification of the requirements to determine the discount rate in a regional market sharing the same currency (for example, the Eurozone). | Annual periods beginning on or after 1 January 2016 |
| IAS 34 | Interim financial reporting Clarification of the meaning of disclosure of information 'elsewhere in the interim financial report' | Annual periods beginning on or after 1 January 2016 |
| IFRS 5 | Non-current assets held for sale and Discontinued Operations Changes in methods of disposal. | Annual periods beginning on or after 1 January 2016 |
| IFRS 7 | Financial instruments: Disclosures Applicability of the offsetting disclosures to condensed interim financial statements. | Annual periods beginning on or after 1 January 2016 |
| IFRS 9 | Financial Instruments Classification and measurements of financial asset. Incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 9 Financial Instruments: Recognition and Measurement | Annual periods beginning on or after 1 January 2018 |
| IFRS 10 and IAS 28 | Consolidated financial statements Amendments to Sale or Contributions of assets between and investor and its associate or joint venture. | Annual periods beginning on or after 1 January 2016 |
| IFRS 10, IFRS 12 and IAS 28 | Consolidated financial statements Amendments to investment entities: Applying the consolidation exception. | Annual periods beginning on or after 1 January 2016 |
| IFRS 11 | Joint Arrangements Amendments to Accounting for acquisitions of interest in joint operations | Annual periods beginning on or after 1 January 2016 |
| 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. |
| 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 14 | Regulatory Deferral Accounts IFRS 14 permits first-time adopters to continue to recognise amounts related to its rate regulated activities in accordance with their previous GAAP requirements when they adopt IFRS. | Annual periods beginning on or after 1 January 2016 |
| IFRS 15 | Revenue from contracts with customers Specify how and when and entity will recognise revenue | Annual periods beginning on or after 1 January 2018 |
| IFRS 16 | Leases New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. | Annual periods beginning on or after 1 January 2018 |



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