



NAMIBIAN PORTS AUTHORITY  
GROUP ANNUAL REPORT

GROUP ANNUAL  
**REPORT**  
2017/18

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CONNECTING SOUTHERN AFRICA TO THE WORLD  
AND THE WORLD TO SOUTHERN AFRICA

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PROFIT ACCOUNT

PEOPLE ACCOUNT

PLANET ACCOUNT

PROFIT ACCOUNT





## ABOUT THIS ANNUAL REPORT

The 2017/18 annual report marks the beginning of Namport's journey towards integrated reporting. It represents a summary of key strategies Namport has initiated to create short-, medium- and long-term value and informs the reader how Namport is working to address the social, economic, environmental and governance issues we have come to appreciate are vital to our stakeholders. Following the **three Ps** of integrated reporting we present:

- 'profit account' (Namport's financial and operational performance);
- 'people account' (Namport's human resources management and community activities; and
- 'planet account' (Namport's environmental sustainability activities).

Integrated reporting has become the standard by which companies report how they create value over time and articulate their commitment towards sustainability.

In compiling this report, we have taken inspiration from the guiding principles of the International Integrated Reporting Council. Future reports will adopt its suggested framework.

The report is structured to provide a balanced overview of key developments from the period under review, namely 1 April 2017 to 31 March 2018.

# WHO WE ARE, WHAT WE DO

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*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.*

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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 Namibia's ports in Walvis Bay and Lüderitz.

The Port of Walvis Bay, situated on Africa's southwestern coast, serves a convenient and fast transit route, connecting southern Africa, Europe, Asia and the Americas.

The Port of Lüderitz, located 254 nautical miles south of the Port of Walvis Bay, caters for Namibia's southern regions and provides access to South African markets in the Northern Cape.

## **GENERAL VESSEL TRAFFIC**

General vessel traffic is the heart of Namport's business. Between 2,000 and 2,250 vessels visit the ports of Walvis Bay and Lüderitz each year.

## **CONTAINER CARGO HANDLING**

The existing container terminal at the Port of Walvis Bay has a throughput capacity of 350,000 TEUs (twenty-foot-equivalent unit) per annum.

Currently under construction, the new container terminal will increase that capacity to 750,000 TEUs.

## **COMMODITY EXPORTS**

The export of commodities constitutes a major segment of Namport's activities. Salt remains the biggest export commodity handled by the Port of Walvis Bay. Other commodities the port processes include fish and fish products, copper, lead and its concentrates, marble and granite.

**THE PORT OF WALVIS BAY PROVIDES ACCESS TO SOUTHERN AFRICA, EUROPE, ASIA AND THE AMERICAS.**

## **VESSEL REPAIR FACILITY**

The Namport syncrolift is capable of lifting vessels up to 2,000 tonnes. EBH Namibia, a Namport subsidiary, operates three Panamax floating docks whose combined lifting capacity is 29,500 metric tonnes.

## **SUPPORT FOR THE FISHING INDUSTRY**

The ports of Walvis Bay and Lüderitz constitute vital links in the export of fish and fish products from Namibia to a global market.



#### FUEL IMPORTS

Petroleum imports form the largest share of commodities landed at the Port of Walvis Bay.

#### VEHICLE TRAFFIC

Imports of new and second-hand vehicles have grown steadily. A tract of land that could accommodate 3,500 vehicles has been identified for acquisition.

#### PASSENGER TRAFFIC

A global cruise-line industry has also grown steadily. The new container terminal makes provision for a dedicated, cruise-vessel berth. This development will facilitate an expansion of this market.

#### NAUTICAL RECREATION AND MARITIME TOURISM ACTIVITY

Walvis Bay's maritime tourism activities are an important contributor to the town's distinctive character. As part of Namport's planned expansion, a new waterfront and marina development will produce a facelift for the current yacht club and waterfront. This project will be carried out in cooperation with private developers.

## OUR PASSION

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#### OUR VISION:

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

#### OUR MISSION:

Namport is committed to provide world-class port services to all seaborne trade by offering excellent customer service, creating sustainable growth and promoting social responsibility, dedicated to the transformation of Namibia into a global logistics hub.

#### OUR VALUES:

- We are **committed**
- We are **connected**, and
- We **care**.

NAMPORT IS COMMITTED TO PROVIDING WORLD-CLASS PORT SERVICES TO SEABORNE TRADE.

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WE ARE THE  
PRODUCT  
OF HARD  
WORK. OUR  
PASSION FOR  
WHAT WE DO  
INSPIRES US TO  
CONTINUOUSLY  
IMPROVE AND  
SUCCEED.

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# NAMPORT GROUP

This report presents, in full, Group results for the Namibian Ports Authority (Namport) for the year ended 31 of March 2018, representing the Authority, which operates the ports at Walvis Bay and Lüderitz and the following subsidiaries:

## ELGIN BROWN & HAMER NAMIBIA (PTY) LIMITED

Namport holds 52.5 per cent of the issued share capital of Elgin Brown & Hamer Namibia (Pty) Limited (EBH). EBH performs ship and rig repair, with primary focus dedicated to offshore, supply vessels which operate along the western coast of Africa. The company runs three floating docks at the Port of Walvis Bay.

## LÜDERITZ BOATYARD (PTY) LIMITED

Lüderitz Boatyard is a wholly-owned subsidiary of Namport. The company's predominant focus is the repair of small wooden fishing vessels. It operates a dry-dock facility at the Port of Lüderitz.

## NAMPORT PROPERTY HOLDINGS (PTY) LIMITED

Also a wholly-owned subsidiary of Namport, Namport Property Holdings is mandated to oversee and manage the Authority's portfolio of properties at the ports of Walvis Bay and Lüderitz. Currently the subsidiary is dormant.

OUR PEOPLE ARE KEY TO OUR SUCCESS. THEIR ENERGY, PASSION AND ENTHUSIASM MAKE IT POSSIBLE FOR NAMPORT TO EXCEL IN THE CONTINUOUS JOURNEY, PROVIDING WORLD-CLASS PORT SERVICES TO ALL SEABORNE TRADERS.

# 2017/18 AT A GLANCE

NAMPORT PERFORMED WELL ACROSS ITS FIELDS OF PRIMARY BUSINESS ACTIVITY AND MAJOR PROJECTS. ALTHOUGH OVERALL VOLUMES DECREASED SLIGHTLY DURING THE REPORTING YEAR, REVENUE HAS INCREASED IN COMPARISON WITH THE PREVIOUS REPORTING YEAR.

## INTERNATIONAL TRENDS

### Impact of strategic alliances on a global scale

#### REALIGNMENT OF SHIPPING ROUTES

Globally, the port industry had to deal with the impact of strategic alliances formed between port authorities, container-handling entities and major shipping lines. During the reporting year, Namport experienced the impact of one such alliance and its consequence when its second-biggest container client, CMA CGM, rerouted their transshipment container vessels from Walvis Bay to Pointe-Noire in the Republic of Congo after it had invested with the French transport company, Bolloré Africa Logistics, in a massive container terminal in that port. As a direct result of this, the total number of containers processed by Namport decreased by 11.5 per cent.



## FINANCIAL PERFORMANCE

### Namport's revenue surpassed the N\$1-billion mark

During the reporting year, Namport reached a milestone when its revenue surpassed the N\$1-billion mark.

The revenue for the Authority increased from N\$891 million to N\$1.034 billion, while the Group's revenue increased from N\$1.248 billion to N\$1.368 billion. Although transshipment container volumes decreased, local and corridor import and export volumes increased, which attracted better returns than transshipments.

Operating profit for the year increased with 32 per cent, amounting to N\$121 million, up from N\$92 million in the previous financial year. This was largely due to the increase in revenue and a continued stronghold on operating costs across the Group.

Operating cost increased by 8 per cent as a result of the annual adjustment in employment and other operational costs.

## INTEGRATION OF ISO STANDARDS

### Preparing for the migration to the new ISO 45001:2018 standard

#### NAMPORT RETAINED ITS ISO CERTIFICATION

During the reporting year, much preparatory work was done to upgrade its processes and procedures to meet the new specifications of the ISO 45001:2018 standard. Internationally, the standard is being updated and integrated, specifically relating to occupational health and safety. The Safety, Health, Environment and Quality (SHEQ) team has accomplished a great deal preparing for the migration, especially ensuring that Namport's new SHEQ management system retains its alignment with our strategy.



## INFRASTRUCTURE PROJECTS

### Both major projects are progressing well

Construction on the new container terminal is progressing on schedule and the project now stands at 85 per cent completion in terms of construction work. The project has been scheduled for completion and commissioning early in the 2019/20 financial year.

The new liquid-bulk terminal at the Port of Walvis Bay's North Port, implemented by the Ministry of Mines and Energy, is currently 90 per cent completed, with completion planned for 2019 and commissioning soon thereafter.



## OPERATIONAL PERFORMANCE

### Transshipment volumes down, but bulk exports increased as world economy show signs of recovery

Namport's effort to gain a foothold in SADC and increase its market share of transit volumes in the region have begun to bear fruit. Bulk exports increased year-on-year by 7 per cent, while the export of minerals such as copper, lead and zinc has increased markedly, riding on favourable metal-exchange prices.

Equally encouraging, imports of mining chemicals and reagents have increased on the outbound leg to Ndola in Zambia and to Lubumbashi in the Democratic Republic of Congo.

Bulk and breakbulk cargo throughput was reduced by 4 per cent, mainly due to smaller volumes of commodities such as petroleum, sugar, coal, steel, wheat, bagged salt and ship spares. Bulk imports decreased by 8 per cent due to waning consumer demand, shrunken business in ship repair and reduced activity in Namibia's construction industry.

Namport processed 5.3 million tonnes of cargo during the 2018 financial year, representing 5 per cent less than the tonnage handled in the previous year. Overall container volumes decreased nearly 11 per cent, which can be largely attributed to a decline of 36 per cent in transshipment volumes.

# NAMPORT BOARD OF DIRECTORS



## ADV. GERSON HINDA, SC

CHAIRMAN

Appointed: December 2016

Advocate Hinda (Senior Counsel) is an admitted Advocate of the High Court of Namibia with experience as an acting Judge in the High Court of Namibia. He holds a master's degree in Law from Georgetown University. He is 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.



## JENNIFER COMALIE

DEPUTY CHAIRPERSON

Appointed: July 2011, reappointed July 2014, July 2017

Ms Comalie holds a BCom (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.



## MBINGEE HINDJOU

DIRECTOR

Appointed: August 2017

Mr Hindjou is a civil engineer who has worked in the construction and other industries. He has extensive experience in the oversight and execution of large-scale projects.

## THE BOARD OF DIRECTORS

Namport's Board of Directors executes the mandate received from our shareholders, namely to ensure Namport remains a world-class, responsible company.

Namport has a unitary Board of Directors (referred to as the Board).

The roles of 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 decisions.

The Board is comprised of individuals of diverse backgrounds who command an appropriate mix of skills and have the relevant experience required to serve the interests of the stakeholders.



### NANGULA HAMUNYELA

DIRECTOR

Appointed: August 2017

Mrs Hamunyela is a business executive with many years of corporate experience. She holds an MBA from Maastricht University and has worked in the banking industry with Nedbank Namibia and in the oil-and-gas industry with Engen Namibia.



### JOHANNES KANGANDJERA

DIRECTOR

Appointed: August 2017

Mr Kangandjera possesses vast knowledge of the labour-relations industry and is currently the Head of Group Human Capital at the Olthaver and List Group where he was appointed in 2007.

# CORPORATE GOVERNANCE AT NAMPORT

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## STATEMENT BY THE CHAIRPERSON OF THE BOARD

The Namport Board of Directors continued to provide strategic leadership during the 2017/18 financial year by guiding management in the adoption of sound corporate-governance practices in a continually evolving environment. The Board commits itself to advance above and beyond basic requirements, to ensure that Namport realises its vision to become the best performing, world-class port in Africa.

This Annual Report highlights the continued execution of the Authority's core mission. Namport has taken many innovative steps towards the development of a reliable, seaport infrastructure and strengthen the foundation for the movement of goods in the SADC region and throughout Africa.

Each step reflects the progressive thinking of a committed leadership team and the hard, often unsung, labour of a dedicated staff that promotes innovation, while still championing fiduciary and ethical prudence.

## COMPOSITION OF THE BOARD AND APPOINTMENT OF NEW DIRECTORS

During the period under review, the term of service of three Board members was concluded on 31 July 2017. We would like to thank Mr Otto Shikongo, Mr Andrew Kanime and Ms Mathilda Jantjie-Shakwa for their dedication and achievements on behalf of the company.

On 1 August 2017, the Minister of Works and Transport appointed Ms Nangula Hamunyela, Mr Mbingee Hindjou and Mr Johannes Kangandjera to Board membership for a period of three years.

Mrs Hamunyela is a business executive with many years of corporate experience. She holds an MBA from Maastricht University and has worked in the banking industry with Nedbank Namibia and in the oil-and-gas industry with Engen Namibia.

Mr Hindjou is a civil engineer who has worked in the construction and other industries for many years. He has extensive experience in the oversight and execution of large-scale projects.

Mr Kangandjera possesses vast knowledge of the labour-relations industry and is currently the Head of Group Human Capital at the Olthaver and List Group where he was appointed in 2007.

Ms Jennifer Comalie was re-appointed for another term to provide institutional continuity at the Board level. Ms Comalie was appointed on 14 July 2011 and is currently serving a third term of three years. She has assumed the position of Deputy Chairperson.

Currently, the Board is comprised of the following membership: Adv. Gerson Hinda, SC (Chairperson) and Board members Ms J Comalie (Deputy Chairperson), Mrs N Hamunyela, Mr J Kangandjera and Mr M Hindjou.

The Chairperson is non-executive and independent, whose independence is confirmed through assessment.

The roles of the Chairperson and Chief Executive Officer are separate and distinct. The number and stature of the directors also ensures that the principle is adequately preserved when applied to the decision-making process of the Board as a body.

Leadership relevant to corporate governance, skills, experience and expertise are factors considered during the appointment of directors. The directors' affairs and governance committee, which serves as the nominating committee, also takes into account diversity and the regulatory requirements of the Board during the appointment process.

The Board aims to ensure that it has the necessary skill, knowledge and independence of judgment to execute its functions.

# NAMPORT CORPORATE GOVERNANCE PHILOSOPHY

The Board carries responsibility and accountability for the affairs and the performance of the Authority. It provides general oversight and direction in the governance of the Authority. Its aim is to achieve greater transparency, integrity and accountability in accordance with internationally accepted best practice.

The Namport corporate governance structure, as depicted below, is aligned to the best corporate governance principles, specifically King IV and NamCode.



The Board has a unitary structure comprised of five non-executive directors, each of whom is 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, a document 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 relevant mechanisms for reporting by 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 responsibilities of the Board, Board-meeting protocol and related matters. Board committees are appointed to assist the Board in fulfilling its duties and responsibilities. The activities of Board committees do not diminish the responsibilities carried by the Board in regard to its fiduciary position within the company.

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

## BOARD COMMITTEES

During the year under review, the Board reviewed the Board committees in order to align them with the strategic plan of the Authority, namely to ensure proper execution and implementation of strategy and to support the Board in carrying out its mandate efficiently.

In response to the newly enacted Public Procurement Act, the Board resolved to dissolve the Board Tender Committee and the Board Strategic Committee and to appoint a new Social, Ethics and Sustainability Committee.

Board committees are tasked to assist the Board fulfil its duties and responsibilities. As much as the duties and responsibilities of the committees lie outside those enumerated for the Board, the Board is still ultimately accountable 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 committee. Each Board committee's membership consists of two independent, non-executive directors and, where necessary, an independent committee member is appointed to provide it with technical experience.

Overall, the Board is satisfied that Board committees have executed their duties and carried out their responsibilities in accordance with their respective committee charters. The roles and membership of the five Board committees are delineated below.

### BOARD AUDIT AND INVESTMENT COMMITTEE

The Audit and Investment Committee assists the Board discharge its duties relating to the safeguarding of assets, the evaluating of internal control frameworks, ICT governance and ensuring that financial and non-financial risks are managed. It monitors the accuracy of the financial statements and oversees the financial reporting process in order to ensure the management of financial risk is carried out.

For the period under review, the members of the Board Audit and Investment Committee were Ms Jennifer Comalie (Chairperson) and Ms Nangula Hamunyela, who replaced Mr Andrew Kanime when his term as a Board member came to an end.

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

### BOARD HUMAN RESOURCES COMMITTEE

The Human Resources Committee oversees the implementation of both the human-resources strategy and the remuneration strategy to ensure performance, as well as to attract, retain and motivate human resources of a standard and calibre on which the Authority depends.

It assists the Board in discharging its responsibilities to ensure equitable remuneration of all employees. It is responsible for the development of a remuneration philosophy and policy statement to facilitate reasonable assessment of reward practices and governance processes by stakeholders.

The Chairperson of the Board is responsible for the nominations and succession planning of the directors, in consultation with shareholders. Nominations for committee membership are based on skills and expertise identified in the annual Board evaluation.

During the period under review, the Board Human Resources Committee was chaired by Mr Otto N Shikongo until his term ended. He was replaced by Mr Johannes Kangandjera. Mr Mbingee Hindjou has replaced Ms Matilda Jankie-Shakwa. The Committee is supported by Dr Simeon Amunkete who serves as an independent member.

## BOARD SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

The purpose of the Board Social, Ethics and Sustainability Committee is to assist the Board effectively implement the strategic objective of entrenching sustainable development, and to assist the Board fulfil its corporate governance and oversight responsibilities with regards to the management of sustainable development.

Its objective is to oversee the effective implementation of the sustainability policy, strategy, management and reporting, environmental management, occupational health and safety, as well as integrated reporting.

The Board Social, Ethics and Sustainability Committee is comprised of two non-executive directors, Mr Mbingee Hindjou (Chairperson) and Adv. Gerson Hinda. A newly established committee, it has held no meetings during the period under review.

## BOARD RISK COMMITTEE

The Board Risk Committee assists the Board discharge its responsibilities with regards to risk governance, risk-policy determination, and 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-purpose and effective in operation.

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

The members of the Board Risk Committee for the period under review were Ms Nangula Hamunyela (Chairperson) and Ms Jennifer Comalie, with the Chief Executive Officer, Risk Officer and Legal Advisor attending on invitation. The committee is supported by Mr Ehren Meroro, a corporate risk specialist, who provides technical expertise.

# MEETINGS OF THE BOARD

The Board and its committees meet quarterly to ensure the Board carries out its duties and fulfils its responsibilities effectively and diligently. Ad-hoc meetings are held when required.

The table below indicates director attendance at Board and committee meetings during the reporting year.

DIRECTOR	BOARD	AUDIT & INVESTMENT COMMITTEE	HUMAN RESOURCES COMMITTEE	RISK COMMITTEE
Number of meetings held	5	3	3	3
Advocate G Hinda	4*	-	-	-
Mr A Kanime	1	1	-	1*
Mr O Shikongo	1	-	1*	-
Ms M Jankie-Shakwa	1	-	1	-
Ms J Comalie	5	3*	-	3
Mr H Hindjou	3	-	2	-
Mr J Kangandjera	3	-	2*	-
Ms N Hamunyela	3	2	-	2*

\* Indicates the director who chaired the meeting

# COMPANY SECRETARY

The Board is supported by the Company Secretary. The Company Secretary's role is to ensure the efficient administration of board governance and that decisions of the Board of Directors are implemented. Ms Ndahambelela Haikali, chartered secretary, 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 advice and services of the Company Secretary. The Chairperson relies heavily on her support to facilitate the effective functioning of the Board and to derive guidance on the directors' responsibilities.

The Company Secretary serves as eyes and ears for the Board and provides support and guidance in matters relating to governance, compliance and ethical practices established at Namport. She is responsible for the training and development of directors, for keeping Board members abreast of changes in legislation and governance principles and is appropriately empowered to access all Namport's resources.



# MANAGEMENT COMMITTEE



**BISEY /UIRAB**

CHIEF EXECUTIVE OFFICER

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**RAYMOND VISAGE**

EXECUTIVE: PORT OPERATIONS

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**KAVIN HARRY**

EXECUTIVE: FINANCE

---



**VICTOR ASHIKOTO**

EXECUTIVE: INFORMATION & COMMUNICATION  
TECHNOLOGY

---



ELZEVIR GELDERBLOEM

EXECUTIVE: PORT AUTHORITY

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DR FELIX MUSUKUBILI

EXECUTIVE: HUMAN RESOURCES

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ALFRED RIETH

CHIEF INTERNAL AUDITOR

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NDAHAMBELELA HAIKALI

COMPANY SECRETARY

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# GLOBAL AND REGIONAL ECONOMIC PROSPECTS

PORT OF  
WALVIS BAY

PERSPECTIVE ON NAMPORT'S BUSINESS ENVIRONMENT

## GLOBAL GROWTH AND ITS IMPACT ON NAMPORT

Economic growth on a global scale has eased but remains robust and is projected to reach 3.1 per cent in 2018<sup>1</sup>. It is expected to scale down over the next two years as global slack dissipates, trade and investment moderate and financing conditions tighten.

Global expansion in the trading of goods is expected to moderate to 4.3 per cent in 2018<sup>2</sup>. Trade growth will continue to ease between 2019 and 2020 as global investment decelerates.

Growth in China reached 6.9 per cent in 2017 and has remained stable. Activity

continues to shift to consumption, while investment growth rates remain well below those in recent years.<sup>3</sup>

Prices of metals, which increased by 24 per cent in 2017 due to robust global demand, rose only modestly in 2018. They are expected to increase by 9 per cent in 2018, reflecting strong demand, but then moderate in 2019. A broadening of sanctions against producers of key metals could also lead to higher prices.<sup>4</sup>

In the aftermath of an encouraging rebound in 2017, activity in commodity exports has continued to pick up in 2018. The trend is expected to continue.<sup>5</sup>

<sup>1</sup> World Bank Report: *Global Economic Prospects* (June 2018), Executive Summary, p xvii

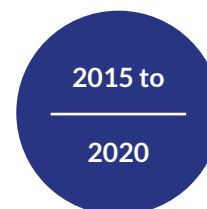
<sup>2</sup> World Bank Report: *Global Economic Prospects* (June 2018), p 17

<sup>3</sup> *Ibid*, p 16

<sup>4</sup> *Ibid*, p 20

<sup>5</sup> *Ibid*, p 21

# GROWTH IN SUB-SAHARAN AFRICA



Renewed government commitments to macroeconomic and governance reforms in Angola, South Africa and Zimbabwe have boosted investor confidence.<sup>6</sup>

Production has risen among the exporters of metals, with new mines coming on stream and increased investment in existing mines, which has been encouraged by rising metals prices. On the other hand, massive government debt is weighing on growth in cases such as Mozambique and Sierra Leone.<sup>7</sup>

Forecasts for sub-Saharan growth stand at 3.1 per cent for 2018 (up from 2.6 per cent in 2017), 3.5 per cent for 2019 and 3.7 per cent for 2020.<sup>8</sup>

The upswing in 2018 is a reflection of rising oil and metals production, encouraged by a recovery in commodity prices and improvement in agricultural production following droughts.

Forecasts of economic growth in Angola and South Africa were revised slightly upward. For Angola, expectations of a more efficient allocation of foreign exchange, rising natural-gas production, and an improved business climate would support a rebound in economic activity. In South Africa, increased business activity is expected to support ongoing recovery in investment.<sup>9</sup>

On the other hand, the nature of risks perceived across the region produce forecasts that continue to indicate a downward trend.<sup>10</sup>

A faster-than-expected tightening of monetary policy in advanced economies could suppress investor appetite for higher-risk assets in frontier markets, which would be particularly difficult for countries that rely on foreign-debt financing to bolster their large current-account deficits.

<sup>6</sup> *Ibid*, p141  
<sup>7</sup> *Ibid*, p 141  
<sup>8</sup> *Ibid*, p 143  
<sup>9</sup> *Ibid*, p 143  
<sup>10</sup> *Ibid*, p 144

Selected Sub-Saharan African country real GDP growth forecasts						
	2015	2016	2017e	2018f	2019f	2020f
Angola	3.0	0.0	1.2	1.7	2.2	2.4
Botswana	-1.7	4.3	1.8	3.0	3.3	3.8
Congo, Dem. Rep.	6.9	2.4	3.4	3.8	4.1	4.4
Kenya	5.7	5.9	4.9	5.5	5.9	6.1
Malawi	2.8	2.5	4.0	3.7	4.1	4.9
Mauritius	3.5	3.8	3.9	4.0	4.1	3.8
Mozambique	6.6	3.8	3.7	3.3	3.4	3.6
Namibia	6.0	1.1	-1.0	1.5	2.3	3.0
South Africa	1.3	0.6	1.3	1.4	1.8	1.9
Tanzania	7.0	7.0	6.4	6.6	6.8	7.0
Zambia	2.9	3.8	3.9	4.1	4.5	4.8
Zimbabwe	1.7	0.6	3.4	2.7	3.8	4.0

Source: World Bank Report: *Global Economic Prospects* (June 2018), p 146 (e = estimated; f = forecasted)

It should be noted that the World Bank's June 2018 forecast for Namibia's growth in 2018, 2019 and 2020 is much stronger than the growth figures in its January 2018 report.

Namibia real GDP growth forecasts: January 2018 versus June 2018			
	2018f	2019f	2020f
January 2018	-1.5	-1.2	0.5
June 2018	1.5	2.3	3.0

Source: World Bank Report: *Global Economic Prospects* (June 2018), p 146 (f = forecasted)

Sudden outflows of capital could trigger serious currency depreciation in some countries. A sharp decline in commodity prices would have a significant adverse impact on the region, given the heavy dependence of many economies on commodity exports. These eventualities could be precipitated by a slowdown in the growth of China's economy if the risks posed by interest-rate hikes or tensions in Sino-American trade persist.

A collapse in oil and metals prices would severely undermine efforts at fiscal consolidation and derail efforts to reign in the region's debt burden and undermine investor confidence.<sup>11</sup>

<sup>11</sup> *Ibid*, p 144

On the African continent, political transitions have opened opportunities for reform in several sub-Saharan countries, namely Angola, South Africa, Zimbabwe. If implemented, these reforms could bolster the regional outlook.

Policy reforms that target the business environment in Nigeria could proceed faster than expected and significantly boost growth in the non-oil sector. On the other hand, if political instability worsens in the face of sluggish reform, the risk of continued economic decline remains high.<sup>12</sup>

<sup>12</sup> *Ibid*, p 144

**POLITICAL TRANSITIONS IN SEVERAL SUB-SAHARAN COUNTRIES SUCH AS ANGOLA, SOUTH AFRICA AND ZIMBABWE HAVE OPENED OPPORTUNITIES FOR REFORM AND, IF IMPLEMENTED, COULD BOLSTER THE REGIONAL OUTLOOK.**

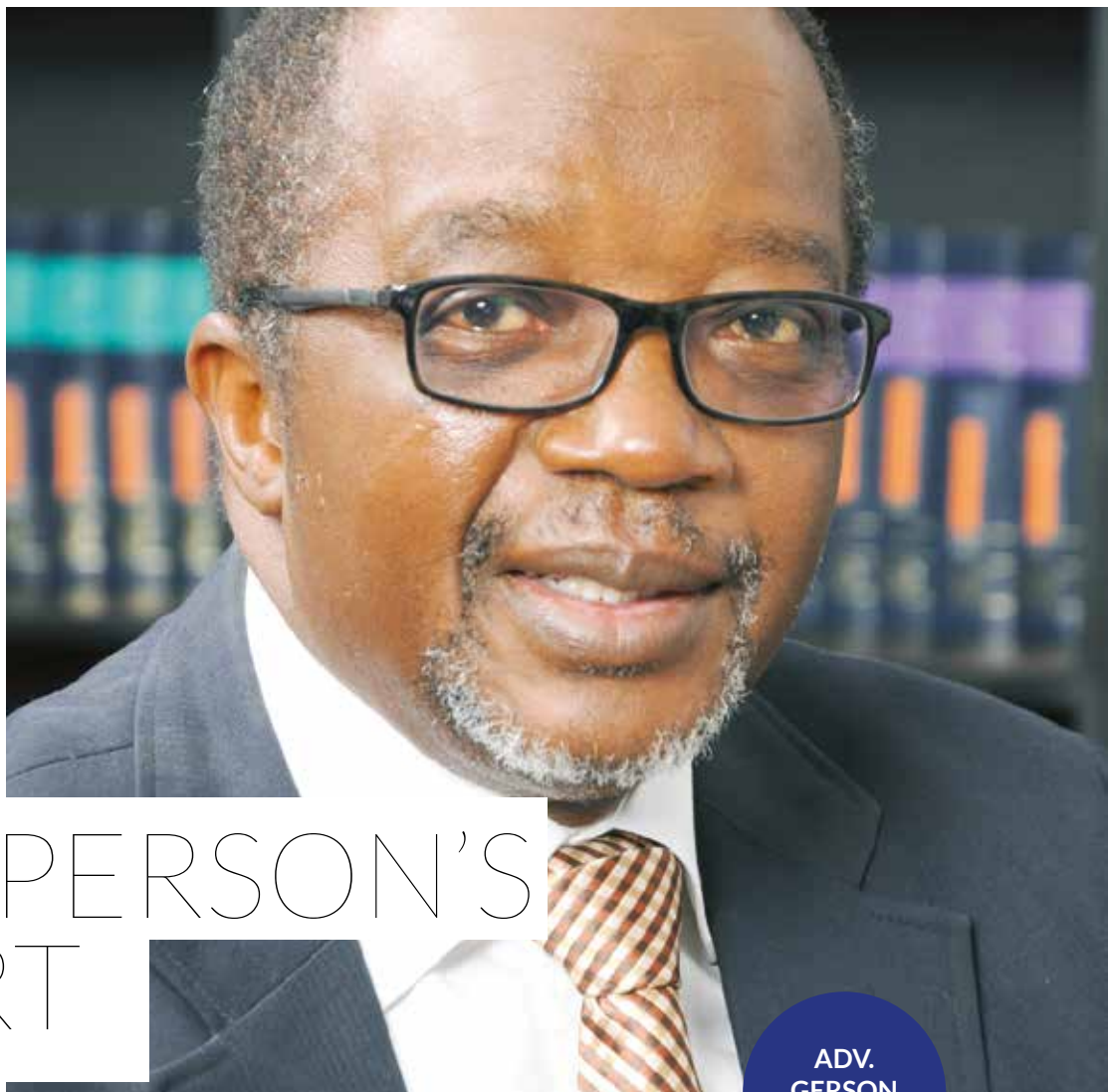


# KEY STRATEGIC OBJECTIVES

## 2018-2022 STRATEGIC OBJECTIVES

Namport has identified five key strategic objectives to address its challenges and achieve its vision of becoming the best performing world-class hub seaport in Africa over the next five years, and to position itself to take advantage of global and sub-Saharan Africa economic growth. Each objective is supported by five strategies that will facilitate the intended outcome.

STRATEGIC OBJECTIVES	1. INCREASE THROUGHPUT CAPACITY	2. DIVERSIFY AND GROW MARKET BASE	3. IMPROVE EFFICIENCIES	4. ENTRENCH SUSTAINABLE DEVELOPMENT	5. OPTIMISE HUMAN CAPITAL EFFECTIVENESS
STRATEGIES	1.1 Maximise utilisation of existing infrastructure and equipment.	2.1 Increase revenue sources by diversifying our product and service offering.	3.1 Optimise performance through continuous improvement.	4.1 Instil a good corporate governance culture.	5.1 Attract, develop and retain suitable human capital for the future.
	1.2 Create infrastructure and equipment capacity to meet future demand.	2.2 Expand and enhance national and global brand presence.	3.2 Streamline key processes by leveraging ICT.	4.2 Enhance social and environmental stewardship.	5.2 Nurture and promote a learning and performance driven culture.
	1.3 Optimise land usage and planning.	2.3 Continuously enhance positive customer experience.	3.3 Eliminate wastage and manage costs.	4.3 Cultivate effective stakeholder management.	5.3 Optimise effective use of human capital.
	1.4 Pursue strategic alliances to develop capacity.	2.4 Promote effective customer communications.	3.4 Entrench efficient physical asset management.	4.4 Promote and empower local supply chain capacity.	5.4 Re-inforce and maintain positive labour relations.
	1.5 Build industry research, development and business intelligence capacity.	2.5 Pursue business opportunities through public-private partnerships.	3.5 Improve and co-ordinate business and operational planning.	4.5 Ensure financial sustainability.	5.5 Ensure a representative and diversified workforce.



# CHAIRPERSON'S REPORT

ADV.  
GERSON  
HINDA, SC

FROM THE CHAIRPERSON OF THE BOARD OF DIRECTORS

## WELCOME TO THIS ANNUAL REPORT

Welcome to our Annual Report, which sheds light on Namport's business activities during the financial year 2017/18 and honours the trust bestowed on us to steward the company's financial resources.

The reporting year was a good one for many reasons. The Authority reached N\$1 billion in generated revenue, which is indeed a milestone, and also achieved a profit margin that was significantly higher than that achieved in previous

years. However, we are acutely aware that Namport finds itself in the midst of major changes occurring in the global maritime transport industry.

These changes impact Namport's relevance as a port authority, but equally so, Namibia's relevance as a strategically located country within the African context.

The impact of globalisation, unprecedented mobility of capital and sophisticated technology have altered the face of maritime transport irrevocably.

*IN THIS ENVIRONMENT OF GROWING INTERDEPENDENCE AND CURRENT PORT DEVELOPMENT GLOBALLY, IT IS VITAL THAT NAMPORT, AND OUR COUNTRY, FIND A UNIQUE PLACE OR 'VOICE' TO ENSURE THEY REMAIN RELEVANT. WITH THE NEW CONTAINER TERMINAL PROJECT NEAR COMPLETION, NAMPORT IS STANDING AT THE THRESHOLD OF A NEW CHAPTER IN ITS HISTORY AND IN ITS FUTURE.*

Major shipping lines are merging. More and more mega-ships are being built. In the context of vertical integration, these developments have encouraged heavy investment by shipping lines in port and container infrastructure, whose consequences produce a re-alignment of traditional shipping routes.

In an environment of growing interdependence and current port development globally, it is vital that Namport, and our country, find a unique place or 'voice' to ensure that they remain relevant. As Charles Darwin said: "It is not the strongest of the species that survives, nor the most intelligent. It is the most adaptable to change."

The New Container Terminal project is near completion — at 85 per cent at the close of the reporting year.

Currently, various business options for the operation of the new container terminal are under investigation. One option would invite a major international, private operator to operate the terminal in a public-private partnership, a strategy that has already benefited several developing nations. The option would potentially increase Namport's throughput volume, and thus its relevance in the global maritime transport business.

Namport, through the channel of the Ministry of Finance, has approached the World Bank to investigate the feasibility of appointing a private-sector operator to maximise the utilisation of the new container terminal, simultaneously boosting the country's economy.

It is, of course, vital to both the company and the country that our interests be safeguarded in whichever agreement is forged. Issues of ownership and the interests of our employees are especially crucial, as much, if not more,

than the desirability of entering a potentially lucrative alliance.

With the container terminal's completion and commissioning set for early in the 2019/20 financial year, we are confident that the best business option for Namport, in the best interests of Namibia, will be finalised soon.

On the political front, the Namibian Government has paved the way for strategic alliances that could change the way public-owned enterprises operate under the promulgation of the Public-Private Partnership Act of July 2017.

The Public Procurement Act also came into effect during the reporting year. As Namport is a public-owned enterprise, the Act has a direct impact on its procurement process.

Representing a modernisation of the public procurement process, it is to be expected that the practical implementation of the Act will require experience over time to run smoothly, as many participants are not familiar with the new bidding process. During the reporting year, Namport experienced first-hand that several tenders submitted for the port automation project could not be awarded due to non-compliance with tender requirements.

Once these teething problems are sorted, however, we are confident that the Act will greatly enhance corporate governance concerns, such as transparency and accountability.

A third piece of legislation that will impact Namport's operation is the Public Enterprises Act, which has yet to come into effect. It has been tabled in the National Assembly and is expected to be enacted in early 2019. The Public Enterprises Act will replace the current

State-owned Enterprise Governance Act and will simplify the obligations of public enterprises regarding reporting to their respective line ministries or to the Ministry of Public Enterprises.

Namport is indeed poised at the opening of a new chapter in its history, one that will write a bright future for the company.

In conclusion, and on behalf of the Board, I would like to express appreciation to Honourable Alpheus !Naruseb, former Minister of Works and Transport, now Minister of Agriculture, Water and Forestry, for his guidance and support during his tenure as our line minister.

We welcome Minister of Works and Transport, Honourable John Mutorwa, our new line minister. We look forward to a fruitful collaboration with, and guidance from him and his team.

We would like to thank three members of the Board whose terms of service have come to an end, namely Mr Otto Shikongo, Mr Andrew Kanime and Ms Mathilda Jantjie-Shakwa, and commend them for their dedication to Namport.

We welcome their replacements, Mrs Nangula Hamunyela, Mr Mbingee Hindjou and Mr Johannes Kangandjera, as well as Ms Jennifer Comalie, who has been re-appointed for another term.

Lastly, I wish to express appreciation to our Chief Executive Officer, Bisey/Uirab, and to his management team and staff for their dedication and hard work.

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

6 December 2018

# 2017/18 REVIEW: CEO'S REPORT

CEO  
BISEY  
/UIRAB



Against the backdrop of major changes in the global maritime transport industry, the 2017/18 reporting year has nurtured Namport's continued growth, with extensive operational and resource planning, prudent financial control and successful community engagement at its roots.

Namport has continued to perform well across its fields of primary business activity and major projects. Although overall volumes decreased slightly, revenue has increased in comparison with the previous reporting year.

## INTERNATIONAL TRENDS IN MARINE TRANSPORT AND THEIR EFFECT ON NAMPORT

An important aspect of today's maritime transport and port development is the ability to forge strategic alliances on a global scale.

During the reporting year, Namport experienced the distressing impact of one such alliance and its consequence, namely a realignment of shipping routes to Namport's disadvantage. CMA CGM, our second-biggest container client, rerouted their transshipment container vessels from Walvis Bay to Pointe-

Noire in the Republic of Congo after it had invested with the French transport company, Bolloré Africa Logistics, in a massive container terminal in that port.

Although CMA CGM still calls on Walvis Bay through a vessel-sharing arrangement with Maersk, our biggest client, the loss of volume significantly impacted our transshipment business.

To quantify the impact, the number of containers transshipped last year decreased by 35.6 per cent to 67,969 TEUs, in comparison with a volume of 105,565 TEUs in 2016/17. However, the total number of containers landed and shipped increased by 11.5 and 13.4 per cent respectively.

The total number of containers processed by Namport during the reporting year decreased by 11.3 per cent from 205,991 TEUs to 182,655 TEUs.

#### INTEGRATION OF ISO STANDARDS

Namport retained its ISO certification during the reporting year. In line with international updating and integration of the standards to the new ISO 45001:2018, relating to occupational health and safety, Namport is occupied with upgrading its own standards to meet the new specifications.

The SHEQ team has accomplished a great deal towards preparing for the migration, especially ensuring that our new Safety, Health, Environment and Quality (SHEQ) management system retains its alignment with our strategy. In next year's annual report, details will

be provided on the implementation of the integration process.

#### PROGRESS ON NAMPORT'S INFRASTRUCTURE PROJECTS

The New Container Terminal project is progressing well; construction is now at 85 per cent. Completion and commissioning is scheduled for early in the 2019/20 financial year. The project represents a major milestone in the history of Namport.

As highlighted in the Chairperson's Report, the implementation of the new Public Procurement Act has caused some delays in the process of awarding tenders for the port automation project. These delays arose because some of the tenders did not comply with new procedures and requirements.

The delay has created concern at Namport, especially as the ICT department had to install new technology at the container terminal to ensure its commissioning would go forward as planned.

However, plans are in place to fast-track the project now that companies submitting tenders have become familiar with the requirements of the Act.

The new liquid-bulk terminal at the Port of Walvis Bay's North Port, implemented by the Ministry of Mines and Energy, is currently 90 per cent completed. The new terminal, consisting of two heavy duty tanker berths, is expected to be completed in 2019 and commissioning soon thereafter.



*FOR THE FIRST TIME, NAMPORT'S REVENUE SURPASSED THE N\$1-BILLION MARK. WE ARE PARTICULARLY PROUD BECAUSE THIS MILESTONE WAS ACHIEVED DURING TOUGH ECONOMIC TIMES.*



## OVERVIEW OF NAMPORT'S FINANCIAL PERFORMANCE

I am pleased to report that for the first time, Namport's revenue surpassed the N\$1-billion mark. We are particularly proud because this milestone was achieved during tough economic times. Revenue increased to N\$1.368 billion (2016/17: N\$1.248 billion) for the Group and to N\$1.034 billion (2016/17: N\$891 million) for the Authority.

The Group's operating profit increased year-on-year by 32 per cent, from N\$92 million to N\$121 million and this was primarily due to the increase in revenue and containing of cost.

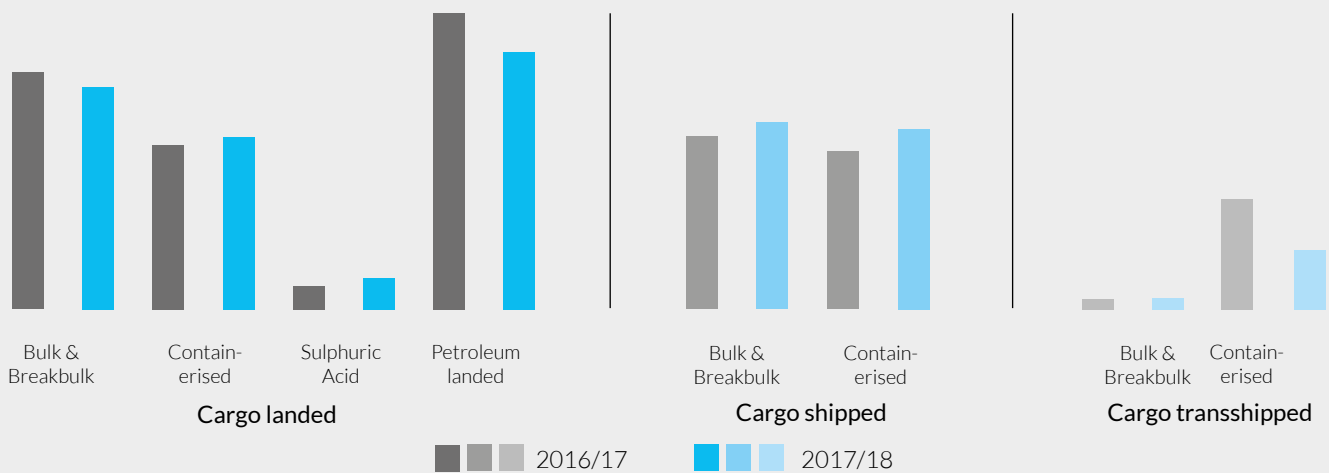
## OVERVIEW OF NAMPORT'S OPERATIONAL PERFORMANCE

As the world economy shows encouraging signs of recovery after nearly a decade of recession and sluggish growth, commodity prices, especially for copper, have shown a slight upward trend. The trend can be read in the significant increase in copper exports.

The number of vessels that called at the two ports during the reporting period decreased by 12.7 per cent from 2,079 to 1,816 vessels.

Gross tonnage increased by 1.5 per cent, from 19,557,218 to 19,849,432 tonnes, while pilotage services increased by 6.2 per cent, from 4,713 to 5,007 vessels.

## TOTAL CARGO HANDLED AT THE PORT OF WALVIS BAY AND THE PORT OF LÜDERITZ (METRIC TONNES)



Metric tonnes	Cargo landed	Cargo shipped	Cargo transshipped
2016/17	3,427,120	1,555,916	573,294
2017/18	3,243,382	1,726,932	332,899

# 7.5%

### BULK AND BREAKBULK SHIPPED

Bulk and breakbulk volumes increased year-on-year by 7.5 per cent, due to the increase in recorded in exports of salt, marble, cartons, lead concentrate and zinc.

# -8.3%

### BULK AND BREAKBULK LANDED

Bulk and breakbulk imports decreased with 8.3 per cent due to less consumer demand, a decrease in ship repair and reduced activity in Namibia's construction industry.

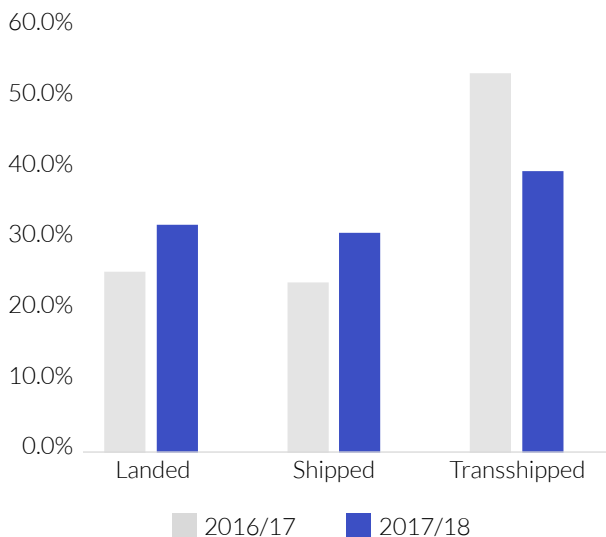
# 11.7%

### BULK AND BREAKBULK TRANSSHIPPED

Bulk and breakbulk transshipped increased with 11.7 per cent.

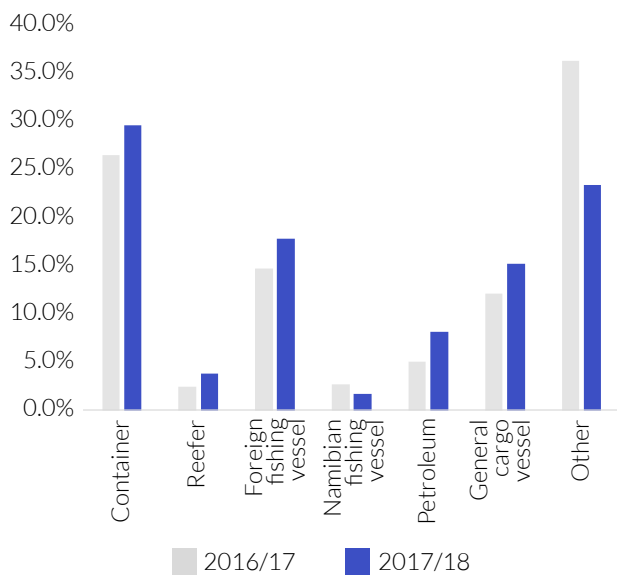
# DECREASE IN TRANSSHIPMENT CONTAINERS

CONTAINERS HANDLED AT THE PORT OF WALVIS BAY (TEUs)



# INCREASE IN CONTAINER VESSELS

NUMBER OF VESSEL VISITS TO THE PORT OF WALVIS BAY (TYPE OF VESSEL)



## CHANGE IN MARKETING STRATEGY AND MIX

In anticipation of reduced transshipment volumes, Namport changed its marketing strategy regarding the cargo mix attracted to the ports. In the past Namport focused on transshipment cargo. However, revenue collected from this service is significantly less than from local and transit cargo transported into neighbouring countries.

Refocusing our marketing activities, Namport invested much effort and resources in attracting bulk and container cargo to and from Zambia and the Democratic Republic of Congo.

Our efforts in this regard were rewarded. The total tonnage of cargo shipped increased by 11 per cent to 1,726,932 tonnes (2016/17: 1,555,916 tonnes).

## PORT OF LÜDERITZ

The Port of Lüderitz performed very well during this reporting year, turning a profit for the first time in many years. This outcome was primarily due to increased project cargo and due to the fact that Namibia's marine-diamond mining company, Debmarine Namibia, frequented the port more often for launch and repair activities. Namport looks forward to building on this relationship.

## EBH NAMIBIA

The slight increase in oil prices during the year had a positive effect on Namport's sister company, EBH Namibia, which specialises in ship repairs, focusing primarily on the oil-exploration sector.

On the other hand, improvement in the strength of the South African Rand had a negative impact on EBH Namibia's financial performance, as its customers are predominantly billed in US currency.

The partnership profile of EBH underwent changes during the reporting year. A consortium, comprised primarily of local businesses, bought out the South African company that held shares in the company. The new ownership makes EBH Namibia majority Namibian-owned.

As the majority shareholder of EBH Namibia, Namport welcomes this change in shareholding and is looking forward to the re-energising of the business.

## SUPPORTING NAMIBIA'S ECONOMY

Namport supports the localisation of procurement spend and has begun the implementation of the Public Procurement Act during the reporting year.

We continue to localise and diversify our supplier base to support the local economy.

ONLY BY  
WORKING  
TOGETHER WILL  
WE ACHIEVE  
OUR VISION  
TO BECOME  
THE BEST  
PERFORMING  
WORLD-CLASS  
PORT IN AFRICA.

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This is attested by the fact that, during the year under review, 93 per cent of our capital procurement was spent on businesses either owned or registered in Namibia, totalling N\$179 million. Of this amount, 30 per cent (N\$56 million) was spent on Namibian BEE/BBBEE-owned suppliers and 19 per cent (N\$36 million) on Namibian SME suppliers.

To date, N\$567.4 million spent on the New Container Terminal project relates to goods and services supplied by Namibian businesses, an amount representing 16.5 per cent of the total cost of the project.

Of that amount, N\$54.4 million (1.6 per cent) was spent on businesses owned by previously disadvantaged Namibians and N\$41.1 million (1.2 per cent) on Namibian SME suppliers.

### THE NATIONAL SINGLE WINDOW FOR TRADE PROJECT

Government regards trade as key to economic prosperity. Trade in greater volumes translates into greater economic prosperity. The National Single Window project was chosen from several alternatives as the best way to realise Namibia's vision to become one of the best traders across borders in speed, efficiency and low-cost trading.

The project's goal is to make business conducted with Namibia more attractive by simplifying import-export and processing procedures. The system will facilitate clearing transactions and direct electronic payment of fees, duties and taxes required for trade transactions.

Many processes required for trade processing which are currently manual, such as the issuance of cross-border permits, will be automated, enhancing the exchange of information between the agencies involved in trade. In turn, this simplification will increase the predictability of the overall process of trading with Namibia.

Once fully operational, the Single Window concept will significantly

reduce the time and cost of trading with Namibia, thereby improving Namibia's global competitiveness and its rating for the ease of doing business and trading across borders.

In essence, the Single Window project will modernise Government services, facilitate international and regional trade and reduce the burden of compliance.

### NAMPORT'S ROLE IN NATIONAL SINGLE WINDOW FOR TRADE PROJECT

In a significant development, Namport was selected as the body to implement the first phase of the National Single Window for Trade project, following an inter-ministerial workshop held in February 2017. Attended by senior public- and private-sector stakeholders, the workshop was regarded as a critical step, moving Namibia closer to implementing its vision to become a logistics hub for SADC.

Being mandated to implement the first phase of the project is a major sign of recognition for Namport and attested to the confidence Government places in the Authority to play a significant role in this important project.

One criterion of a port's efficiency on a global scale is the presence of a Single Window in the country. The successful implementation of this project can therefore greatly enhance Namport's port-efficiency ranking worldwide. The status will, in turn, attract more trade to and from Namibia.

### ALLEVIATING SHORTAGE OF MARITIME SKILLS IN NAMIBIA

Namport continues to invest heavily in the development of maritime skills. During the reporting year, two female employees were awarded master's degrees in Maritime Management at World Maritime University (WMU) in Malmö, Sweden, while one employee is busy with his doctoral thesis in maritime studies at the University of Cape Town, scheduled for completion in 2019.

In addition, four employees are pursuing the Management Development Programme with the University of Stellenbosch in South Africa, which was hosted in Windhoek.

Three employees are undergoing intensive training to become certified, Class II marine pilots, who thereafter will continue training for certification as Class I pilots.

Overall, Namport has invested N\$8 million in the training and developing of our employees and young Namibians.

### PREPARING NAMPORT'S WORKFORCE FOR CHANGES

Namport's employees play a vital role in ensuring that we meet our business objectives. The company has provided a variety of training initiatives to enhance the skills and knowledge of its staff, especially as we enter a new phase of port automation and the digital processing of information.

A new way of thinking and executing tasks will be a prerequisite to usher Namport into a digital era of operations. To support that transition, a change-management framework has been developed and will be implemented in the new financial year.

In anticipation of the commissioning of the new container terminal in mid 2019, mission-critical skills were identified and an accelerated training programme was put in place to ensure that the commissioning and daily operation of the new terminal will progress smoothly.

In addition to the training programme for employees, Namport has embarked on an intensive mentoring and development programme for its senior executives with the aim of creating a leadership pipeline.

An excellent accelerated programme has been identified and the executive team is currently undergoing training in its diverse fields.



## LOOKING AHEAD

The year ahead will surely be exciting. Not only will the new container terminal become operational, but the new North Port liquid-bulk terminal will also be commissioned.

Fully automated, the new container terminal will mark the beginning of a new era for Namport in its quest to become a 'smart port'. Other port-automation activities, such as access control at Namport's gates, security and surveillance, as well as yard accuracy, will receive much attention in the new financial year. Each of these innovations will contribute towards the goal of becoming a smart port.

We have already initiated expansion of our marketing strategy to be ready when the new container terminal goes into operation. In the new financial year, aggressive marketing efforts will ensure Namport harnesses the required cargo volumes for the new terminal upon commissioning.

While the National Single Window for Trade project has been long awaited, the first phase of that project will be implemented in the new financial year.

Having since been mandated to serve as the custodian of the platform, Namport is ready to tackle this exciting project. The new arrangement will produce many benefits for Namport and the country and we are looking forward to its implementation.

With regard to the so-called blue economy, Namport would appreciate a more coordinated approach. The emerging concept of 'blue economy' as an appropriate business model, will encourage better stewardship of the ocean and its 'blue' resources. The World Bank group describes it as the "sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean-ecosystem health."

With an impressive coastline of 1,500 kilometres, Namibia would gain much by maximising its 'blue economy' activities. However, for the concept to prove its effectiveness and sustainability, Namibia, needs to focus the operation of its economy from a broader perspective. Considering the many activities in Namibia that depend on the ocean: fisheries, marine-diamond mining, oil and gas exploration, marine transport, to name a few, yet these industries do not work in conjunction with one another in



any meaningful way. Coordination would amplify their effectiveness and maximise our blue economy. So much could be done!

#### IN CONCLUSION

I would like to express my appreciation to the Minister of Works and Transport, to the Minister of Public Enterprises and to the Minister of Finance for their continued support of Namport during the year.

I also take this opportunity to thank the Board of Directors, under leadership of the Chairperson, Advocate Gerson Hinda, for its guidance during this eventful year.

My heartfelt appreciation extends to the Executive Committee, the Management Committee and the entire staff at Namport for their dedication, hard work and loyalty.

We look forward to an ongoing and rewarding relationship with our stakeholders in the year ahead. Henry Ford famously said: "Coming together is a beginning; keeping together is progress; working together is success." We emphatically concur.

**Bisey/Uirab**  
**Chief Executive Officer**  
Windhoek  
6 December 2018

“

*THE YEAR AHEAD WILL SURELY BE EXCITING. NOT ONLY WILL THE NEW CONTAINER TERMINAL BECOME OPERATIONAL, BUT THE NEW NORTH-PORT LIQUID BULK TERMINAL WILL ALSO BE COMMISSIONED.*

”

# REVIEW: FINANCIAL PERFORMANCE

GROUP AND AUTHORITY FINANCIAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2018

## INTRODUCTION

The Namibian Ports Authority (Namport) provides port, marine and landlord services at the two ports of Walvis Bay and Lüderitz and through its three subsidiaries provides the following additional services:

### ELGIN BROWN & HAMER NAMIBIA (PTY) LIMITED

Namport owns 52.5 per cent of the issued share capital of Elgin Brown & Hamer Namibia (Pty) Limited (EBH Namibia), a ship and rig repair business concern operating from the Port of Walvis Bay. The rest of the shareholding, amounting to 47.5 per cent was previously owned by DCD Group of South Africa. During the reporting period, the shareholding was sold to a consortium comprising mainly of Namibian business people. Hence the company is now predominantly Namibian-owned, effective from the year under review.

### LÜDERITZ BOATYARD (PTY) LIMITED AND NAMPORT PROPERTY HOLDINGS (PTY) LIMITED

Lüderitz Boatyard and Namport Property Holdings (Pty) Limited are both wholly owned subsidiaries of Namport. Lüderitz Boatyard focuses on the repair of mainly fishing vessels at the Port of Lüderitz, while the Namport Property Holdings is mandated with overseeing the management of Namport's properties at the two harbour towns of Walvis Bay and Lüderitz.

## RESULTS FOR THE YEAR ENDED 31 MARCH 2018

### OPERATING ENVIRONMENT

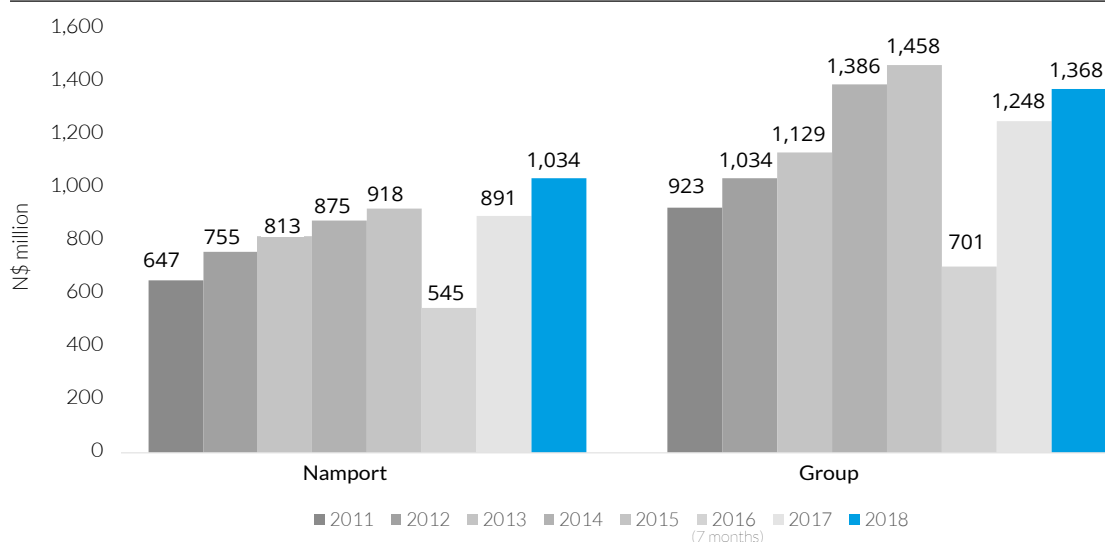
From a business perspective, the year under review has been marked with mixed fortunes. Namport has traditionally depended significantly on transshipments for the bulk of its containers business, given the low volumes of local and corridor cargo.

During the year under review, the Authority saw a significant erosion in this business stream, with a decrease of up to six per cent being recorded. The decrease was largely due to the changes in dynamics which underlie the decisions by shipping lines on the repositioning of transshipments.

Given the ongoing severe financial strain encumbering the shipping industry, shipping lines continue to increase the sizes of their vessels deployed onto the Asia-West Africa routes and further demand the highest level of productivity from terminals to enable them to derive maximum benefit from consolidation of volumes, economies of scale and streamlining of costs.

Namport is still lagging behind in terms of channel and terminal capacity to handle the very large vessels and as such, volumes

Namport and Group: Revenue: (N\$ million) 2011-2018



continue to be lost to other ports which are ahead in terms of their infrastructure development and equipment deployment.

To emphasise the gravity of this situation, the shipping line CMA CGM, which used to be Namport's second-biggest customer accounting for up to 30 per cent of Namport's volumes, has since stopped calling at the two ports. The shipping line is still in partnership with Maersk through a vessel-sharing arrangement, and given that it continues to maintain an office in Walvis Bay, there are encouraging indications that it may resume calls to the Port of Walvis Bay in the near future.

The local economy has been undergoing material challenges, largely on the back of the Government – the single largest paymaster in Namibia – embarking on a fiscal consolidation exercise and drastically cutting back on its own expenditure. The gains experienced from the previous boom in the construction industry have since been eroded, leading to a drastic decrease in Namport's imported construction materials volumes throughput.

Fortunately, the efforts embarked upon by Namport to cast its marketing net wider into the SADC region have started to bear fruit at an opportune moment, more so given the favourable London Metal Exchange prices for some metals emanating from the region, notably copper, zinc, lead and other base metals. The flows of inbound mining chemicals and reagents and outbound mining commodities have increased markedly with the catchment area spanning all the way from Walvis Bay through to Ndola in Zambia and Lubumbashi in the Democratic Republic of Congo.

On the local front, the commencement of uranium production by Husab Mine has mitigated losses in volumes previously handled for other uranium mines, although, overall, the depressed uranium prices continue to take their toll on the long-term viability of the uranium mines in the country.

Global oil prices also remained low during the period under review. This had a negative impact on the activities and business volumes at the repair bays of EBH Namibia's floating docks, as many oil rigs and offshore supply vessels remained idle, thus obviating requirements for repairs.

## OPERATING RESULTS

Group revenue increased year-on-year by 10 per cent; this was largely underpinned by the significant growth in the Authority's revenue during the year under review: Group revenue amounted to N\$1.368 billion compared with N\$1.247 billion in the previous financial year.

While the overall volumes handled decreased year-on-year, the increase in revenue was the result of a migration of transshipments volumes to local and corridor import and export volumes, with the latter attracting better returns than transshipments.

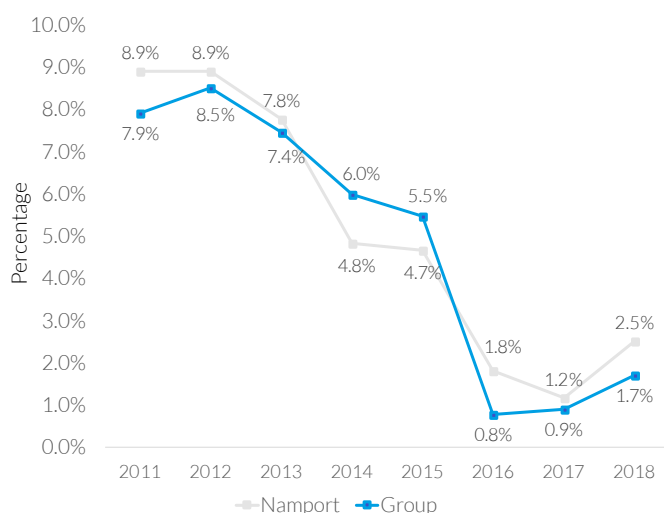
The increase was, however, offset by the decrease in ship repairs business revenue on the back of the present challenges facing the ship and oil rigs repairs industry.

Operating profit for the year amounted to N\$121 million, up from N\$92 million in the previous financial year. This represents an increase of 32 per cent year-on-year and was largely due to the increase in revenue and a continued stronghold on operating costs across the Group.

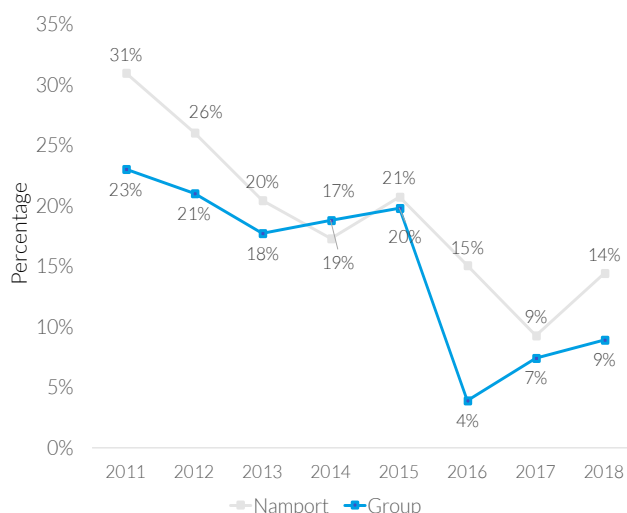
Operating costs increased year-on-year by 8 per cent and this was as the result of annual adjustments in costs of employment, increases in costs of utilities, fuel and operating suppliers, as well as repairs and maintenance costs incurred for the Group's equipment and infrastructure.

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

**Namport and Group: Return of Assets: (%) 2011-2018**

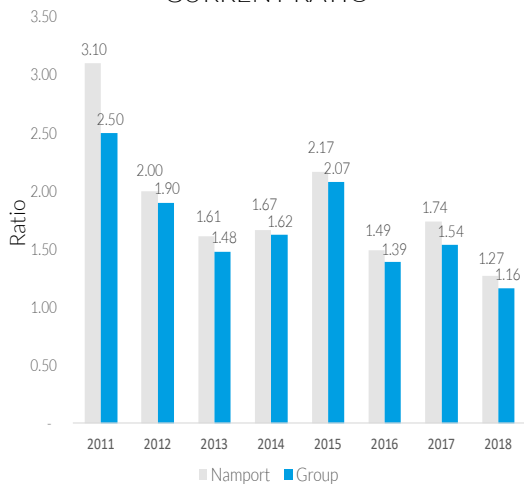


**Namport and Group: Operating Profit Margin: (%) 2011-2018**



# FINANCIAL HIGHLIGHTS

CURRENT RATIO



## LIQUIDITY

The Group's liquidity position remained under strain during the period under review, mainly as a result of the unforeseen changes in the funding mix for the New Container Terminal project, presently being rolled out at the Port of Walvis Bay. As a result of the changes, the Group had to dispose of certain money market investments held to bridge the funding gap.

Exacerbating the overall position was the generally depressed liquidity on the market, which affected timely servicing of amounts due to the Group from customers in respect of services rendered.

However, the Group continued to generate material cash flows from operations for the reporting period with a net amount of N\$324 million being generated compared with N\$90 million in the preceding financial year.

As at year end, cash and cash equivalents held amounted to N\$182 million, an increase of N\$155 million from N\$27 million on hand at the end of the previous financial year.

**Fitch reaffirmed Namport's national long-term rating at AA+.**

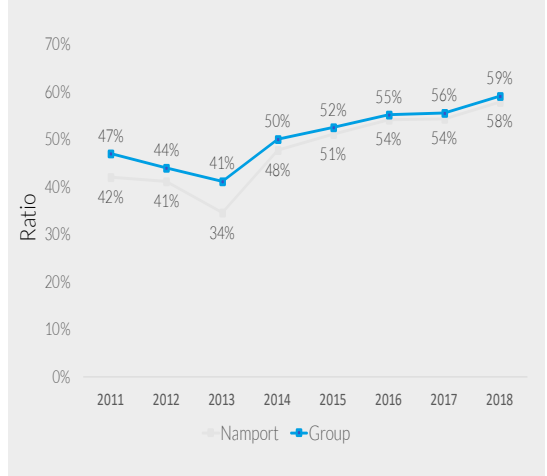
## GEARING

THERE WERE NO ADDITIONAL BORROWINGS DURING THE REPORTING YEAR, EXCEPT FOR THE ADDITIONAL DRAWDOWNS ON THE AFRICAN DEVELOPMENT BANK (AFDB) LOAN OBTAINED FOR THE NEW CONTAINER TERMINAL PROJECT AND A MEDIUM-TERM LOAN SECURED FOR THE ACQUISITION OF A NEW TUG BOAT FOR THE AUTHORITY.

The full drawdown of the AfDB loan will see the Group's gearing increase markedly and invariably reduce capacity for additional debt funding.

Going forward, it will therefore be imperative that the Group expands its funding options to, inter alia, joint ventures and partnerships with private entities in the roll out of envisaged infrastructure projects.

DEBT RATIO



## CREDIT RATING

Following the periodic rating review conducted in December 2017, Fitch reaffirmed Namport's national long-term rating at AA+ and a national short-term rating of F1. The outlook was also retained at stable.

The positive rating continues to put the Group in a strong stead to secure borrowings from the market at competitive rates, albeit with reduced capacity of the overall debt size, given the present high level of gearing.

# LOOKING AHEAD

The Group remains upbeat about the future, in spite of the presently depressed economic environment. The upcoming completion of the new container terminal and the national oil handling facilities at the Port of Walvis Bay will significantly amplify the services rendering capacity of the Group and the country.

The release of the current terminal upon migration to the new container terminal will see the Group having additional space to expand its bulk and breakbulk facilities, as well as other non-traditional cargo which is currently not handled at the Port.

With the new container terminal in operation, for the first time the Group will deploy ship-to-shore container cranes and other world class equipment. This will enhance efficiencies and ultimately harness volumes towards the ports.

However, competition within the marine transport industry continues to increase with many ports in the region expanding their facilities and hence continued investments remain an imperative, albeit under potential partnership agreements, given the need to reduce strain on Namport's shareholder, the Government of Namibia, and the Group's balance sheet.

The country's drive to position Namibia as a logistics hub for the SADC region continues to gather impetus and inroads have been made towards marketing the local ports as the shipment hubs of choice for importers and exporters in the region. The additional capacity to come on stream from the container and oil terminals will enable the Group to cater for the envisaged increased volumes throughput from the region.

## CONCLUSION

The Group is pleased to present a positive set of results, especially against the backdrop of the current economic environment.

To ensure continued sustainability into the future, it is pertinent that focus and resources are directed towards maximising the volumes throughput through the Group's facilities, enhancing efficiencies in services rendered to customers, and by streamlining operating costs.





# REVIEW: OPERATIONS

Namport handled 5.3 million tonnes of cargo during the 2018 financial year. This total is 5 per cent less than the tonnage handled in the previous year.

The company also suffered a noteworthy blow in the container business segment, with a drop of nearly 11 per cent in overall container volumes processed. This drop can be largely attributed to a decline of 36 per cent in transshipment volumes.

## CHANGED TRANS-SHIPMENT LANDSCAPE

The change in the transshipment landscape comes as a consequence of the development of transport hubs along

the West African coast by private terminal operators. These new hubs have been patronised by mainline carriers. Improvements in West African



port facilities have also played a role. Vessels above 9,000 TEUs are calling on these ports in ever-increasing numbers, because it has proven more economically viable for the shipping lines.

During the reporting year, Namport experienced the impact of a mainline carrier forming a partnership with a

transport company, to become joint private terminal operators. CMA CGM diverted their transshipment volumes from Walvis Bay to Pointe Noire in the Republic of Congo, following their development of a container terminal in partnership with the French transportation company Bolloré.

At the present time, Namport cannot accommodate vessels above 9,000 TEUs due to depth restrictions in the port-entrance channel and along the quay side. This restriction is a major handicap, as the trend to build bigger vessels will continue and Namport simply cannot accommodate these megaships.

To curtail the losses in transshipment container volumes, Namport, in collaboration with the Walvis Bay Corridor Group, is hard at work to position the Port of Walvis Bay as a logistics centre for cargo moving to and from landlocked SADC countries.



*BULK EXPORTS INCREASED YEAR-ON-YEAR BY 7 PER CENT, MAINLY DUE TO THE INCREASES RECORDED IN EXPORTS OF SALT, MARBLE, CARTONS, LEAD CONCENTRATE AND ZINC.*



## BULK AND BREAKBULK CARGO

Overall, bulk and breakbulk cargo throughput declined by 4 per cent mainly due to smaller volumes of commodities handled, such as petroleum, sugar, coal, steel, wheat, bagged salt and ship spares.

Bulk imports diminished due to waning consumer demand, shrunken business



in ship repair and reduced activity in Namibia's construction industry.

However, bulk exports increased year-on-year by 7 per cent, driven primarily by increased volumes in exports of salt, marble, cartons, lead concentrate and zinc.

Namport's efforts to gain a foothold in SADC and increase its market share of transit volumes in the region have begun to bear fruit.

Concomitantly, the export of minerals such as copper, lead and zinc, has increased markedly riding on favourable metal-exchange prices.

Equally encouraging, imports of mining chemicals and reagents have increased on the outbound leg all the way to Ndola in Zambia and to Lubumbashi in the Democratic Republic of Congo.

# INCREASED CONTAINER IMPORTS AND EXPORTS

More encouraging was the growth in container imports and exports, which went up by 13 and 15 per cent respectively.

This increase came with a growth in commodities such as mining chemicals, frozen poultry and fish, and tyres.

The rise in container exports was due primarily to an increase in marble, charcoal and zinc handled at the Authority's ports.

# WALVIS BAY SYNCROLIFT

Over the reporting year, Namport's syncrolift recorded a decrease in repairs (17 per cent) as well as utilisation. A decrease of 12 per cent was noted in repair-bay utilisation and a 10 per cent reduction in repair-jetty utilisation.

Although a slight recovery in the oil price was experienced, little offshore oil exploration was conducted during the reporting year, with the result that fewer vessels used the syncrolift for maintenance and repairs. A highlight was the refurbishment of the syncrolift platform and side transfer, which reopened in May 2017.

Namport also embarked on an intensive refurbishment project of all the bogies and beams used to stabilise vessels docked on land.

Considering the age of its syncrolift infrastructure, Namport commissioned a feasibility study to investigate alternative mechanical and electrical technologies that could extend the lifespan of the current facility.

## MAIN COMMODITIES HANDLED AT PORT OF WALVIS BAY

THE MAIN COMMODITIES **LANDED** AT THE PORT OF WALVIS BAY WERE:

- **PETROLEUM** – 2017/18: 38.4%; 2016/17: 42.1%
- **FISH & FISH PRODUCTS** – 2017/18: 8.4%; 2016/17: 6.6%
- **COPPER/LEAD & CONCENTRATES** – 2017/18: 7.2%; 2016/17: 5.6%
- **VEHICLES** – 2017/18: 6.4%; 2016/17: 5.9%
- **SULPHURIC ACID** – 2017/18: 4.8%; 2016/17: 3.5%

THE MAIN COMMODITIES **SHIPPED** FROM THE PORT OF WALVIS BAY WERE:

- **SALT** – 2017/18: 42.7%; 2016/17: 44.1%
- **FISH & FISH PRODUCTS** – 2017/18: 11.9%; 2016/17: 12.76%
- **COPPER/LEAD & CONCENTRATES** – 2017/18: 11.2%; 2016/17: 8.91%
- **MARBLE & GRANITE** – 2017/18: 9.5%; 2016/17: 7.8%

GENERAL CARGO **TRANSSHIPPED** FROM THE PORT OF WALVIS BAY AMOUNTED TO 332,899 FREIGHT TONNES IN 2017/18 (2016/17: 573,293).

TOTAL CARGO **HANDLED** FROM THE PORT OF WALVIS BAY AMOUNTED TO 4,825,920 FREIGHT TONNES IN 2017/18 (2016/17: 5,168,131).



## PORT OF LÜDERITZ

During the reporting year, the Port of Lüderitz recorded a profit for the first time. This achievement came as a result of two activities: increased cargo moved for the Lüderitz wind-farm project, and more launches and minor repair services provided to Debmarine Namibia for its mining vessels.

The dilapidated railway line between Sandverhaar and Buchholtzbrunn, though only 42 kilometres of track, remains an obstacle to mines in the Northern Cape, which prevents them from utilising Lüderitz as an alternative for exporting mining commodities.

However, investigations are currently in progress to determine the feasibility for a public-private partnership to rehabilitate the line, a project that would certainly have a hugely beneficial impact on the town and the port.

## TECHNICAL SERVICES

A sizable contingent of Namport's mobile crane fleet is nearing the end of its lifespan. In the new financial year, an equipment life-cycle assessment will be commissioned that will underpin our core-equipment replacement and refurbishment strategy.

Various refurbishment projects for critical cargo-handling equipment were completed during the financial year, whose aim was to extend the useful life of this equipment until Namport relocates to the new container terminal. There its mobile-harbour-crane (MHC) and reach-stacker (RS) operations will be replaced by ship-to-shore (STS) and rubber-tyre gantries (RTG).

## IMPROVEMENT PROJECTS

Namport embarked on a manpower review and continued-shift-operation project, whose aim is to streamline current operational structures and to facilitate enhanced efficiency and productivity at the new container terminal and the general cargo terminal. The new structures will be rolled out in the 2018/19 financial year.

Frontline staff in the operations department will undergo six sigma and supervisory training courses in the new financial year. The training will enhance staff's skills in the areas of client interaction and service delivery.

In addition, Namport has developed and tested a demand-based resource-allocation model. Working in concert with a comprehensive-costing model, the new model will guide the operations team in optimal deployment of human and other resources for each particular operation. The model was tested during the reporting year and will be implemented in the new financial year.

## LOOKING AHEAD

The completion and commissioning of Namport's new terminal are expected early in the 2019/20 financial year.

Commissioning will usher in a new era of enhanced productivity and efficiency for Namport. This milestone integrates many innovations in the company's operations and infrastructure: ship-to-shore (STS) cranes, rubber-tyre gantries (RTGs), and new technologies such as automated-gate operations, STS automation upgrades, RTG upgrade and automation, an electronic data interchange, an equipment control system, as well as a zero-error system.





EBH NAMIBIA  
GAINED ISO  
9001:2015  
ACCREDITATION  
FOR THE FIRST  
TIME IN THE  
REPORTING YEAR.

## EBH NAMIBIA

### FLOATING DOCKS SHIP REPAIR ACTIVITIES

Boasting three floating docks, a strategic location in Walvis Bay, well-equipped workshops and a staff of highly skilled trade professionals, EBH Namibia is the largest privately owned shipyard in sub-Saharan Africa. The company provides indispensable support to customers in all categories of ship repair.

### PERFORMANCE

The reporting year brought significant changes to EBH Namibia. A reliable constant, however, is the company's unique ability to adapt to an environment that remains volatile and challenging, and respond to the challenges in a manner befitting its sterling qualities and tested experience.

EBH Namibia has remained resilient and has taken the necessary precautions to keep it on the road to recovery from the effects of the unreliable market that has plagued the ship-repair and marine-engineering industry worldwide.

Taking a pro-active approach to counter the 'lag' effect created by consistently low oil prices on the downstream market that has impacted EBH Namibia's operations since 2015, the company has successfully sharpened its focus on rebuilding inertia with aggressive business initiatives, without jeopardising its position during the economic crunch.

Despite the downturn in yard bookings during the reporting year, the yard managed to maintain a consistent booking frequency of 80 per cent. To make up the deficit, EBH has embraced emerging opportunities to participate in land-based activities that exploit the local mining industry, as well as local and cross-border engineering projects.

On a positive note, EBH Namibia was accredited for the first time with ISO 9001:2015 during the 2017/18 reporting year. The accreditation was awarded for its maintenance of the 9001:2008 accreditation gained in 2014 and the demonstrated ability to uphold the basic foundation for 9001:2015.

The company has since adopted an affirmative attitude towards the new ISO 9001:2015 standards, and has done a lot of groundwork to prepare for its implementation of the new requirements. A plan to roll out the new standard in the 2018/19 financial year has been approved.

### CHALLENGES

Despite having taken measures to maintain and sharpen the company's competitive edge during a challenging financial year, recessionary factors forced EBH Namibia to address imbalance in its employment structure to ensure continued viability and long-term sustainability.

During the reporting year, a thorough review of the business was conducted and a stronger stance taken to counteract challenges that burdened the company. A second round of restructuring was decisively concluded and progress was made to improve alignment with core objectives by encouraging the EBH Namibia team to think out of the box and develop new strategies.

With a more balanced team in the saddle, measures were implemented to create cost-effectiveness and enhanced flexibility regarding the number of staff members assigned to any given project activity, to ensure the company remains competitive.

The ISO 9001:2015 accreditation doesn't come without challenges. The new standard looks at business management from a completely new angle and the new view will require a well-planned and systematically evolving approach to the new methodology to avoid hampering production or day-to-day business operations.

# PORT OF LÜDERITZ SUPPORTS DEBMARINE NAMIBIA

*NAMIBIA'S MARINE DIAMOND MINING COMPANY UTILISES THE PORT OF LÜDERITZ AS A LOGISTICS SUPPORT BASE*



Debmarine Namibia established a logistics base at the Port of Lüderitz, and supports local businesses in the town with purchases of goods and services. Debmarine Namibia's presence in the port will surely boost macro-economic activities in Lüderitz.

In a joint venture between the Government of the Republic of Namibia and De Beers, Debmarine Namibia generates income with marine-diamond mining activities along Namibia's southern coastline.

With the aim to increase Debmarine Namibia's local-spend footprint, the logistics base was established in 2015. The base creates a significant multiplier effect, whereby Debmarine Namibia's expenditure generates income for, and stimulate spending by, other companies.

For three years, Debmarine Namibia spent millions of Namibia dollars on goods and services to run its mining operations at sea. These services include purchase of fuel for the company's six mining vessels, minor vessel repairs and consumables, such as food and protective clothing.

An increasing number of suppliers in Lüderitz are collectives of smaller local businesses and the surrounding area. Through this symbiosis, up-and-coming businesses benefit from Debmarine Namibia's presence in the region. Though support of fledgling businesses sometimes involves increased costs for the company, it also demonstrates the value Debmarine Namibia places on the stimulation of the local economy through job creation and income.

## LOOKING AHEAD

EBH Namibia is dedicated to the continuous strengthening of its operations. This attitude has become a strategy. Uninterrupted development feeds into focused effort ensuring sustainability and growth in market share.

The new leadership team remains cautiously optimistic and tackles fresh challenges with vigour and determination, continuously evaluating all aspects that promote efficiency in business.

The welfare of its employees continues to be a paramount concern at EBH Namibia. The company strives to empower its employees and add value to their lives. This effort is sustained in the context of global competitiveness and unmatched service delivery.

To fulfil its pledge, the company offers in-house training on a continuous basis and supports externally available programmes that upgrade the skills of its employees.

Continuity of operations since EBH Namibia's inception in 2006, serving the international maritime and oil-and-gas sectors and contributing significantly to

Namibia's economy, is of utmost importance to all stakeholders of the company.

To the stakeholders coming on board in 2018, we wish to say that the company recognises the importance of pursuing opportunities for change. Strengthening structure and operations will be challenging, of course, but we can assure all stakeholders that the leadership team is up to the task.

In conclusion, EBH Namibia wishes to acknowledge, and express its appreciation for, the loyalty of all its employees and for their contributions to efficient operations and management during the reporting year.

# REVIEW: PROGRESS ON PORT-EXPANSION PROJECTS

THE ARRIVAL OF FOUR STATE-OF-THE-ART, SHIP-TO-SHORE CRANES HIGHLIGHTS NAMPORT'S COMMITMENT TO FORWARD THINKING AND WILLINGNESS TO INVEST IN ORDER TO SECURE FUTURE BENEFITS.



## NEW CONTAINER TERMINAL

The long-awaited, ship-to-shore (STS) cranes, which will be used at the new container terminal, arrived at the Port of Walvis Bay in February 2018 and were greeted by a gathering of enthusiastic guests who attended a welcoming ceremony.

The cranes, valued at over N\$400 million, will permanently alter Walvis Bay's skyline. Manufactured by ZPMC in the Chinese city of Shanghai, they began their voyage in December 2017. Off-loading the cranes took close to three weeks. Training operators for this massive machinery will commence in the course of 2018.

Construction on the new container terminal is progressing well. No new technical challenges have arisen in the reporting period and the construction is 85 per cent completed as at the end of the year under review.

The project has been scheduled for completion and commissioning early in the 2019/20 financial year.

Activities to operationalise the new terminal are well underway and are currently receiving priority attention.

## NEW LIQUID-BULK TERMINAL

Implemented by the Ministry of Mines and Energy, the new liquid-bulk terminal is currently at 90 per cent completion and is expected to be completed and commissioned in 2019.

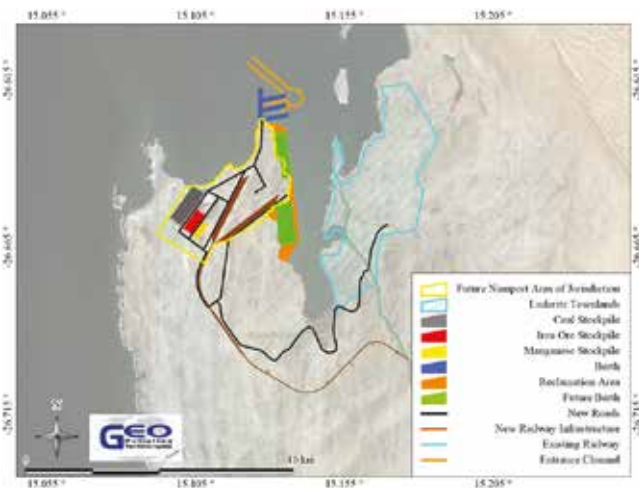
The two new tanker berths under construction for this project will replace the 60-year-old tanker berth in the existing Port of Walvis Bay, which are used for the importation of the bulk of Namibia's petroleum products.

# NEW DEEP-WATER PORT AT ANGRA POINT, LÜDERITZ

The potential expansion and growth of the current Port of Lüderitz, located in Menai Creek, is severely limited due to very shallow rock formations on which the port is built. The deepest part of the port is only 8.75 metres below chart datum. This water-depth is not sufficient to accommodate average-sized bulk carriers that are used to economically transport reasonable sized shipments of bulk ore and other cargoes.

To deepen the current port would require the dredging of bedrock to depths of between 12.8 and 14.5 metres below chart datum as a start.

The dredging of rock is, however, very expensive and environmentally frowned upon. To complicate the challenges, the port has a limited amount of land at its disposal; thus, even with more water-depth, potential port expansion of the existing port would still be hampered by available land to create cargo-storage facilities.



For these reasons, Namport initiated a search for alternative solutions seven years ago. A pre-feasibility study was conducted in 2011, which postulated that a business case exists for the construction of a new deep-water port in the bay adjacent to Menai Creek.

The new port would be in the area called Angra point and it would consist of predominantly bulk handling (dry bulk and liquid bulk) and storage facilities. The new port area is ideally located in that the bedrock is very deep. Creating a port would only involve the dredging of sand, which is considered feasible. The projected cost for construction of the port and its facilities, should construction be initiated today, would be roughly N\$60 billion. It is envisaged that the port would be developed by public-private partnerships, in which Namport acts only as landlord.

Subsequent to completion of the above-mentioned study, Namport entered into discussions with the Ministry of Environment that directed a strategic environmental impact-

assessment (SEIA) study be completed before Namport could proceed with the project. An environmental scoping study was then commissioned and completed in January 2018 as a precursor to a full, strategic environmental assessment study.

The scoping study confirmed that the area is environmentally sensitive and that there is a general lack of specialist information on the area which would be needed to quantify potential negative environmental impacts.

Contrary to media speculation, the scoping study did not indicate that the project was found to be environmentally damaging. The scoping study indicated that there is not sufficient information to make a decision, and that without further specialist studies, the project could not receive a green light. This is a logical conclusion for a case in which the EIA has yet to be completed.

Commencement of specialist studies recommended in the scoping study would be next step in the project. The procurement process to commission these specialist studies was initiated in June 2018 and should be completed in early 2019.

The application to the Ministry of Environment and Tourism for an Environmental Clearance Certificate will be submitted for consideration by mid-2019.

## NEW PORT ENTRANCE GATE

This project will see the construction of a new six-lane port entrance gate, major upgrades to the existing truck staging area and the upgrading of existing internal gravel roads to asphalt surface roads.

The project will also transform the present port gate into a four-lane exit-only gate. This expansion will enhance the Port of Walvis Bay's main gate capacity to handle a significantly larger daily traffic volume with little or no congestion at the gates. The current capacity of the port main gates is such that severe traffic congestion is experienced at these gates during peak times.

The projected cost is estimated at N\$85 million; the project is currently in the detailed design phase. The procurement process for implementation is expected to commence in 2019.



*An example of what the new port entrance gate may look like.*

# REVIEW: COMMERCIAL ACTIVITIES

THE COMMERCIAL DEPARTMENT IS TASKED WITH PROMOTING NAMPORT AND ITS FACILITIES TO INCREASE CARGO THROUGHPUT AND TO DIVERSIFY AND ENLARGE ITS MARKET BASE. EXPANDING AND ENHANCING NAMPORT'S BRAND PRESENCE IS PART OF ITS MANDATE, AS IT IS TO ENHANCE POSITIVE CUSTOMER EXPERIENCE AND PROMOTE CUSTOMER COMMUNICATIONS. PURSUING STRATEGIC ALLIANCES AND BUSINESS OPPORTUNITIES THROUGH PUBLIC-PRIVATE PARTNERSHIP IS ANOTHER FACET OF ITS ACTIVITIES.

## REFOCUSING THE MARKETING STRATEGY

### **Changing marketing focus will attract more import and export captive cargo, as well as bulk and breakbulk**

Namport's commercial and marketing efforts during the reporting year were successful and produced innovations in marketing strategy in terms of the cargo mix that the company wishes to attract to our ports.

Following international marine-transport trends to forge alliances between container-terminal providers and shipping lines, one of our biggest container clients rerouted the bulk of their transshipment-container volumes to Pointe-Noire in the Republic of Congo.

Revenue generated from transshipments is significantly higher than the transport of local and transit cargo into neighbouring countries.

In view of this economic fact and in anticipation of reduced transshipment volumes, Namport has invested effort and resources to attract bulk, breakbulk and containerised (mainly project) cargo, to and from Zambia and the Democratic Republic of Congo. Consequently, total cargo tonnage shipped increased by 11 per cent.

## DESTINED FOR NAMIBIA'S FIRST WIND FARM

### **Wind turbines off-loaded at Port of Lüderitz**

A TANDEM-LIFT METHOD WAS USED TO MOVE THE 90-TONNE TURBINES

A large consignment of wind turbines, imported for Namibia's first wind farm, arrived at the Port of Lüderitz in January 2017. Each turbine weighed in at an excess of 90 tonnes; each measures 60 metres in length.

To guarantee compliance with safety standards, Namport applied a tandem-lift method to move the turbines. Heavy-lift gauges, windmill towels and diverse equipment for the wind farm arrived in May 2017.

Namibia's first wind farm was built in the mountains outside Lüderitz and has changed the skyline of the town.





#### 40,000 CEMENT CLINKERS OFF-LOADED

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## Finding workable solutions for difficult consignments is part of Namport's commitment to its clients

SEVENTY TRUCKS WERE USED OVER A THREE-WEEK PERIOD

Namport takes pride in its ability to assist clients to find viable solutions for unconventional transport consignments. During the reporting year, Namport offloaded a massive consignment of 40,000 bags of cement clinkers.

Offloading took approximately three weeks to complete and demonstrated once again that Namport is prepared to go to great lengths to cater for clients who have

unusual processing requirements, even when port storage facilities will only be used minimally.

Imported from China, the bags of clinker were offloaded onto trucks and transported to their destination at Whale Rock/Cheetah Cement Factory in Otjiwarongo in Otjozondjupa Region.

A fleet of 70 trucks was loaded over the three-week offloading period. Cement clinker is ground to a fine powder and used as a binding agent for many cement products.

#### 50,000 TONNES OF SALT OFF-LOADED

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## For the first time ever, Namibian salt is exported to USA

PROVIDING A SAFE AND ACCESSIBLE ENVIRONMENT TO STORE SALT

A consignment of 50,000 tonnes of industrial salt was loaded at the Port of Walvis Bay in January 2018, the first-ever consignment destined for the United States of America. The order from America was a consequence of Walvis Bay Salt Refiners' marketing efforts to widen its customer base.

In addition to loading, Namport's role in processing this particular consignment included provision of a safe and easily accessible environment to store the product. Careful handling is of utmost importance to the manufacturer's client, who demands observance of highest standards to protect its interests and consequently future business.





## NEW BUSINESS OPPORTUNITIES AWAITS

# Namport broadens trade routes and welcomes a new shipping line

CONTAINER VESSEL, MV COSCO KAWASAKI, MAKES A HISTORIC FIRST VISIT

The China Ocean Shipping Company (Cosco) and Pacific International Lines (PIL) made an historic joint visit when the container vessel, mv *Cosco Kawasaki*, landed in the Port of Walvis Bay in October 2017.

The 260-metre-long container vessel, whose cargo capacity is 4,506 TEUs, departed Singapore on 11 September. Sailing under the flag of Panama, the vessel was built in 2010 by Samsung.

The vessel required two berths at the Port of Walvis Bay, due to its incredible length. Liebherr mobile cranes needed less than one-and-a-half hours to offload 26 containers during the maiden visit.

Patronage on the part of these two shipping lines signals new business opportunities for Walvis Bay harbour. It also proclaims Namport's vision to make Walvis Bay the port of choice for major shipping lines and SADC's gateway to the world, regardless of the current unfavourable economic climate in the region.

The huge container vessel is expected to make regular calls at Walvis Bay following a joint shipping-service agreement between PIL and Cosco Shipping.

PIL is a shipping line based in Singapore that also operates in the container-manufacturing industry. Cosco Shipping is a shipping and logistics-service provider, owned by the Chinese government.

## HISTORICAL ACHIEVEMENT FOR NAMIBIA

# Namibia's deep-water marine diamond exploration and sampling vessel inaugurated

THE WORLD'S MOST ADVANCED SAMPLING VESSEL IS COMMISSIONED

In June 2017, Debmarine Namibia unveiled and commissioned for duty, mv *SS Nujoma*, the world's largest exploration and sampling vessel, at the Port of Walvis Bay. The mv *SS Nujoma*, named after Namibia's founding father, Dr Sam Shafiishuna Nujoma, weighs in at a massive 12,000 tonnes, is 113 metres long and 22 metres wide and is manned by a crew of 80.

Marine diamond mining company, Debmarine Namibia, invested N\$2.3 billion in the mv *SS Nujoma*, a diesel-powered vessel equipped with a state-of-the-art, under-sea sampling system and treatment plant, developed by De Beers Marine South Africa.

The onboard equipment can identify marine diamond zones on the ocean floor. It is the most technologically advanced, marine-diamond exploration and sampling vessel in the world. Built at the Kleven shipyard in Ulsteinvik, Norway, the vessel sailed to Cape Town in 2016 to be fitted with the sampling systems.

Namport continually upgrades and expands its infrastructure to meet the demands of shipping communities around the globe, simultaneously contributing to the growth of Namibia's economy and assisting the companies with which it does business, such as Debmarine Namibia, to expand their own operations.





## World's largest seismic vessel docks at Port of Walvis Bay

DEMOBILISED AFTER A SEISMIC PROJECT

In September 2017, the *mv Ramform Atlas*, the world's largest vessel equipped for seismic studies and owned by Petroleum Gas Services (PGS), docked at the Port of Walvis Bay. The *mv Ramform Atlas* is the second vessel in the ultra-high capacity Titan Class that weighs in over 2,000 tonnes and is used for research and survey purposes.

The vessel carries enough fuel to enable it to sail around the world twice without refuelling, making possible a survey endurance of 150 days. The extra-wide back deck enables safe, hands-off deployment and recovery of multiple streamers, simultaneously, under harsh sea conditions.

[A MAMMOTH LOGISTICS TASK](#)

## Cargo from Nigeria destined for Botswana

Namport was involved with a mammoth logistics task to import a road construction plant from Nigeria to Botswana.

A Chinese company called CCC and China State Construction, based in Botswana, were awarded a contract to construct a 25-km dual carriage way and bridges on the Gabarone-Boatle road.

A road construction plant, located in Nigeria, was shipped to Walvis Bay, being the closest serving port in proximity to Botswana.

## Port of Lüderitz welcomes bigger shipping lines

9,000 ZINC INGOTS SHIPPED TO CHINA

The largest zinc-bearing vessel, the *mv Agonistis*, called at the Port of Lüderitz late in 2017.

This particular shipment was a trail run to test the carrying capacity of the port, which passed the trial with flying colours. The vessel's cargo, 9,000 tonnes of zinc ingots, was bound for China.

Consultation between Namport and the client is ongoing to plan potential export of manganese through the port.



[EVERY SIX WEEK EXPORTING 30,000 TONNES](#)

## Namport's first export of lithium concentrate to China via Port of Walvis Bay

30,000 TONNES OF LITHIUM CONCENTRATE

During the reporting year, Namport facilitated Namibia's first exportation of lithium concentrate to China. An estimated 30,000 tonnes of lithium concentrate will be exported to China every six weeks.

The mineral is processed into battery-grade lithium chemicals which is used in batteries, glass, industrial greases, air treatment and other products.

The Canadian mining company, Desert Lion Energy, whose operation is based about 30 km southeast of Karibib in the Erongo Region, produced the concentrate from stockpiled material.

Namport is proud to be associated with this project and looks forward to the long-term benefits it will bring to our nation's economy, simultaneously moving Namport closer to emergence as a logistics hub.

# REVIEW: ENABLING BUSINESS THROUGH ICT

THE ICT DEPARTMENT PLAYS A VITAL ROLE IN THE DEVELOPMENT OF NAMPORT. FULFILLING ITS MANDATE TO LEVERAGE TECHNOLOGY TO IMPROVE PRODUCTIVITY AND EFFICIENCY AT THE PORT, THE ICT TEAM IS CURRENTLY IMPLEMENTING THE ICT MASTER PLAN.



## THE FUTURE IS 'SMART PORTS'

To stay relevant in the global maritime industry, ports must get 'smarter'.

The 'smart' concept is generally understood to be the use of technology to transform services offered at ports into interactive systems that meet port users' needs with greater efficiency, transparency, and value in the digital age.

On the other hand, industry leaders view 'smart' to relate more to a mind-set in which policy decisions and use of resources takes precedence over technological innovations. In truth, both viewpoints are crucial to the operation of ports in the future to ensure their economic viability, efficiency and sustainability.

Technology is a key enabler of smart ports. As such, Namport's ICT department is an agent for change as the driver of the port's automation projects.



## IMPACT OF NEW PUBLIC PROCUREMENT ACT

All activities of the ICT department are project-driven. In the recently closed reporting year, the ICT team's main challenge was the implementation of projects.

The new Public Procurement Act went into effect on 1 April 2017, and was applicable to all procurement activities carried out by public enterprises, which include tenders for projects and services. Transition from the old tender format to the new posed challenges to both public enterprises and bidders, and resulted in Namport not being able to award some important ICT tenders during the reporting year.

One of the key projects, in which tendering did not result in the appointment of a service provider was the project to automate identified core processes of the port. Another was the project to implement systems and technologies at the new container terminal, whose installation is necessary before the terminal can be commissioned in 2019. No tender was awarded for either project.

However, the ICT team did extensive groundwork during the reporting year and managed to reconfigure implementation of these projects in line with the new terminal's commissioning date. Although the timelines are still tight, the reconfigured project approach should ensure that the core functionalities and services will be online within the available time frame.

These projects and activities will ensure that Namport procures the best possible automation technologies available for superior and efficient port services, and secure Namport's ability to remain attractive and competitive in the marketplace.

# OPERATING THE NATIONAL SINGLE WINDOW

In 2013, the Government of the Republic of Namibia decided that Namibia would adopt a National Single Window, aimed at addressing inefficiencies in the country's international trade procedures.

Subsequently Namport was mandated by Cabinet to implement the National Single Window on behalf of the Namibian Government. To fulfil this mandate, Namport registered a company under the name, Namibia e-Trade Services (NETS), whose function will be to serve as the national operator of the National Single Window.

The National Single Window is a vital nationwide project, which occupies a position among other formal national

programmes. Due to pressure that Namibia move its position up the 'Ease-of-Doing-Business' rankings, specifically in the category of cross-border trading, the project works under tight timelines.

The ICT department carries responsibility for the implementation of the National Single Window on behalf of Namport.

During the reporting year the ICT team fulfilled all the requirements to bring Namibia e-Trade Services into existence, and to prepare an appropriate tender for services that will enable implementation of the National Single Window system.



## PRODUCTIVITY DASHBOARD

Aimed at supporting operational efficiencies, the ICT team is developing a productivity dashboard, which will track productivity in all of Namport's operations.

The system will allow the operations team to track productivity as container terminal operations are conducted and enable it to adjust resources according to key performance indicators. The system will be a powerful tool, which will optimise operations, increase efficiency, and maximise productivity.



## OPERATIONS COST PLANNING MODEL

During the reporting year, the ICT team developed an operations cost planning model with the objective of managing operational cost at the container terminal.

The system uses the number of container units to be handled for a specific vessel as the main input, and calculates the optimum number of operational resources required for that specific operation, based on the target key performance indicators for productivity and cost.

## NEW SHIFT-PATTERN SYSTEM

To ensure that the new container terminal will operate efficiently, the ICT department developed a mathematical model to facilitate the resource- and manpower-planning exercises. In turn, the model was used to calculate an optimum shift pattern for Namport and to put together a shift proposal for the company.

An initial proposal has been submitted to the executive committee for consideration, after which it will be presented to the stakeholders, which include the labour union and the Government by way of the Ministry of Labour.

## LOOKING AHEAD

The ICT team is currently preparing a project proposal to implement a governance, risk and compliance system. The objective of this project is to ensure the effective management of governance, risk and compliance aspects of the company's operations. In addition, it would ensure that policies, adopted standards and identified risks are consistently monitored and managed.

From a governance and compliance point of view, the system should facilitate that provision of assurances and preparation of reports is accomplished in a transparent and non-ambiguous way.



# REVIEW: HUMAN RESOURCES MANAGEMENT



OUR PEOPLE ARE THE BACKBONE OF OUR ORGANISATION

## STRATEGIES FOLLOWED BY HR

The Human Resources (HR) Department identified the following strategies related to HR management at Namport:

### ENERGISE HUMAN CAPITAL DEVELOPMENT

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

A diverse array of tactics and activities has been developed and adopted in the context of each strategy.

The focus of HR management during the reporting period was twofold: firstly, to develop the current plan to help the workforce attain its full potential, and secondly, to prepare a manpower provision for the new Walvis Bay container terminal.

Overall, the HR Department remained responsive to Namport's need to be a viable business in the context of manpower and skills provision.

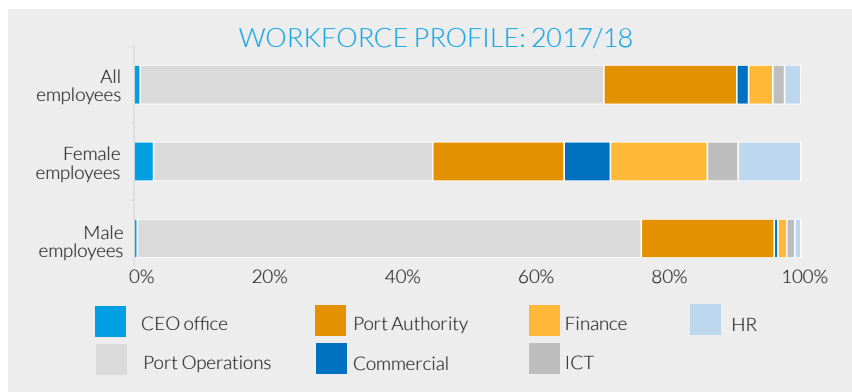
# WORKFORCE PROFILE

At the close of the reporting period, Namport's workforce stood at 955 permanent employees and 19 long- and short-term employees, totalling 974 employees.

A total of 18 per cent of permanent employees are female and 82 per cent are males – an improvement in the context of affirmative gender shift over the previous year, which reported a permanent staff comprised of 17 per cent female and 83 per cent male.

The skewed ratio is largely attributable to a general statistic that males dominate the marine industry, partially due to the reality that many positions require manual labour, as attested by the fact that 62 per cent of the male workforce is employed in the operations department.

Currently, 28 per cent of Namport's management is comprised of woman, and the



number is growing as women assume more leadership positions. Namport has become proactive to change the statistics by opening opportunities for women to advance in this male-dominated industry. The Affirmative Action Committee has been tasked to address gender imbalance as far as feasible.

Namport has a total staff complement of 1,185 positions at establishment. On that provision, our current workforce reflects a total of 211 vacancies, representing 18 per cent of the approved

workforce. It is anticipated that these vacancies will be filled as the new container terminal nears completion.

A total of 41 appointments were recorded for the reporting period, including one female at management level. Thirty-two promotions and 47 terminations were recorded during the same period. Overall, Namport has a low, labour-turnover of 4.9 per cent. Employees are allocated to Namport's departments according to the graph above.

*NAMPORT HOSTED ITS FIRST NAMPORT WOMEN'S EVENT TO COINCIDE WITH INTERNATIONAL WOMEN'S DAY. THIS EVENT WILL BE CELEBRATED ON AN ANNUAL BASIS.*



(Above) Female employees with CEO Bisey/Uirab, celebrating Namport's first Women's Day celebratory event.

(Far left) The First Lady of the Republic of Namibia, H.E. Madame Monica Geingos, delivered the keynote address for the event, seen here with Board director, Ms Nangula Hamunyela.

(Left) Ms Anne Gebhardt (seated on left) was the motivational speaker at the event held at the Port of Lüderitz.



## INCULCATING VALUES

During the reporting year the department reviewed its Performance Management System and aligned it to the department's strategic plan. The aim is to promote a performance-driven culture in which every employee is eager to contribute to the realisation of Namport's business goals.

To foster that culture, much focus was placed on inculcating company values. A pocket book of values was produced and distributed among employees, with translations of those values into all the languages spoken at Namport, to help employees remember them, whether at home or at work. Frequent reminders help to promote ownership.

## COMMUNICATING REGULARLY

To help employees remain engaged and contented, regular employee encouragement and communications are held at regular intervals to ensure people feel included. For example, on a quarterly basis the Chief Executive

Officer updates information on key strategic issues affecting staff and on many other subjects relevant to the concerns of their working lives.

The HR Executive conducts monthly meetings with key stakeholders, for example shop stewards and department heads, to openly discuss labour relations and other issues that impact on human resources or Namport's strategic business plan. Additionally, a quarterly, internal newsletter, *Quayside Talk*, containing news on port activities, is distributed to staff.

## LABOUR RELATIONS

Namport's employee-relations climate remains stable; no general labour unrest occurred during the reporting year. Two individual cases of grievance were reported and resolved. Forty-four disciplinary cases were recorded, of which 90 per cent were alcohol related. Interventions have been put in place to address work-related situations, which sometimes produce incidents in which alcohol is involved.

The stable labour-relations environment is a reflection of the importance Namport assigns to communicating with staff on a regular basis.

## PROPOSED SHIFT PATTERN

The current shift pattern at Namport will remain in effect until September 2018. At one point in the reporting year, a technical-project team, drawing members from Operations, HR, ICT, members of terminal staff and an external consultant, was assembled to evaluate the current system of shifts and to investigate all aspects of resource planning related to the port expansion project.

The team was tasked to formulate potential business models consolidating the resource requirement of the bulk and breakbulk operations with the new container terminal operations, subject to diverse business volumes.

This was used as an input guide to identify potential manning levels, shift patterns and shift panels that will enable Namport to operate on a continuous basis of eight-hour shifts.

Continuous port operation is necessitated by the competitive nature of the shipping industry and its impact on ports of call along the West African coast, as well as on ports everywhere in the global shipping community.

The executive committee will consider the proposed shift pattern for planned consultations with social partners, before it is implemented.

# TRAINING AND DEVELOPMENT

The HR Department has developed a company-wide Priority Training Plan to streamline training expenditure and coordinate training with mission-critical business development gaps. The plan was developed in line with Namport's overall business strategy and in consultation with line management.

The Department also developed an Enterprise Change Management Framework (ECMF) whose objective is to create uniformity and ensure consistency in the planning and execution of change management as opposed to project-by-project management.

Currently, many tasks are still executed manually. When the automation of the port is implemented, however, employees will need to adjust to a new mindset and be prepared to re-learn many tasks that will be performed with digital technology in the future.

In this regard, terms of reference for engagement of an external consultant to assist staff during the transition were developed and approved and the search for such a consultant has begun.

MEMORANDUM OF AGREEMENT WITH NTA



Namport signed a Memorandum of Agreement with the Namibia Training Authority (NTA) which ensures that Namibian citizens trained by the NTA will be eligible to gain practical experience at Namport in fields related to the port's operations.

*NAMPORT'S TRAINING PROGRAMME IS A KEY, STRATEGIC IMPERATIVE TO MOVE THE PORT AUTHORITY SUCCESSFULLY INTO THE FUTURE.*

In terms of human resource requirements for the container terminal to be commissioned during 2019, training gaps have already been identified and an accelerated training programme instituted. In the coming financial year, candidates for new positions will be evaluated, with care that the selection process will be fair.

In response to the relatively high demand for maritime skills, coupled with a pervasive scarcity in some skills in the industry, Namport has invested heavily in the development of mariner skills and others.

Currently, three employees are undergoing intensive training for certification as Class II marine pilots and will continue training for certification at the highest level as Class I pilots.

During the reporting year, two female employees were awarded master's degrees in Maritime Management at World Maritime University (WMU) in Malmö, Sweden, while one employee is busy with his doctoral thesis in maritime studies at the University of Cape Town, scheduled for completion in 2019.

Four employees are pursuing the Management Development Programme with the University of Stellenbosch in South Africa, which was hosted in Windhoek.

Overall, Namport invested N\$8 million on training and workforce development during the current reporting year.

Most of Namport's training investment was allocated towards:

- Mandatory technical training for cadets in South Africa
- Technical training for general employees in Namibia and South Africa
- Allowances for technical apprentices, and
- Training allocations to bursaries and scholarships, refunds of interest-free study loans and functional training for staff.

# EXECUTIVE DEVELOPMENT PROGRAMME

In addition to its employee training programme, Namport launched an intensive mentoring and development programme for its executives to create a leadership pipeline.

An excellent accelerated programme was identified and currently the executive team is undergoing leadership training in diverse subjects.

Two senior managers have registered for MBA programmes with the remaining managers to follow soon.

# MARITIME GRADUATES

TWO GRADUATES RETURNED FROM MWU



JAN  
2018

Two Namport employees completed their master's of science degrees in Maritime Affairs at the World Maritime University in Sweden. (Above, from left to right) H.E. Morina Muuondjo, Namibian Ambassador to Sweden, Hileni Amakali, Leena Kagola and Dr Felix Musukubili, HR Executive.



FEB  
2018

Participating in the Wellness Day held in February 2018, Namport staff maintains a healthy lifestyle through exercise.

A TOTAL OF 722 EMPLOYEES WERE TESTED THROUGH NAMPORT'S MEDICAL SURVEILLANCE PROGRAMME AT THE ON SITE CLINIC.

During the reporting year, various wellness screenings and biometric assessments of staff members were conducted by Walvis Bay Corridor Group. Also, counselling sessions were offered for aspects of psychosocial wellness, including alcohol and drug abuse, depression, finance management, absenteeism and family health, among others.

In February 2018 Namport hosted a wellness screening session in cooperation with Namibia Medical Care (NMC), confirming its commitment to promote a healthy workforce through awareness and education.

# EMPLOYEE WELLNESS

Namport's HR philosophy is based on its experience, that a healthy workplace is conducive to employee satisfaction and morale, which empower a productive workforce.

In line with this philosophy, several interventions promoting health-related programmes assisted individuals during the reporting year to achieve their full physical and emotional potential.

Among these, sessions to educate employees on aspects of men's health, breast-cancer awareness and general mental health were conducted.

# CLOSE-UP WITH SWEDISH MASTER'S GRADUATES

During the reporting year, two post-graduate students wrote their names in history as alumni of Sweden's World Maritime University (WMU) after successfully completing their studies.

Hileni Amakali and Leena Kagola resumed employment at Namport after spending fourteen months in Malmö where the university is located. After a needs assessment for technical skills, Namport had realised the importance of empowering its employees to acquire the skills that will also carry the company into the future.

Namport's HR Executive, Dr Felix Musukubili, said training is a key strategic imperative and once it was ascertained that skilled employees were lacking in areas such as marine operations, engineering and law, an agreement was closed with WMU in 2015 to promote post-graduate studies for Namport employees.

Among 130 students from 49 countries, Amakali said "Ours was an amazing group of people. The network base, cultural diversity and lifetime friendships that were built, is absolutely priceless. With trees and flowers in full bloom and the sun setting after 23:00 in summer, Sweden is a beautiful country."

But Amakali confirmed that her time away from home was not all work and no play. "Being a travel enthusiast, my solo, country-hopping trip to Belgium, Germany, Italy, Switzerland, France, Austria, and being stuck on the road for hours in Czech Republic because of heavy snow, was one of the main highlights of my stay in Europe."

Talking about her academic experience, Kagola emphasised that the course they completed was designed to fulfil both current and future needs of Namibia's maritime industry by providing crucial skills.



HILENI AMAKALI

"It also equipped us with essential knowledge, to gain maritime education under international law and to transfer knowledge," she added.

Namport operates as one link in a long chain of value that connects land and sea. In this regard, Amakali said, her studies broadened her perspective of the maritime industry substantially.

"Having visited some ports, shipping companies and various maritime service providers in Asia and Europe, opened up a whole new world of possibilities for future collaboration with renowned institutions. With Namport's vision of becoming a truly global port, dissemination of information and streamlining its current operations, for example, its manual processes will have to be changed as a matter of urgency."

Back in Namibia, they both feel they have much to offer having acquired a veritable storehouse of knowledge. "On a daily basis I will keep sharing my knowledge and provide advice where possible," said Kagola.



LEENA KAGOLA

It is well known that maritime gender statistics are seriously skewed. However, Namport is an equal-opportunity employer, which supports gender parity and promotes equal opportunities for women in the maritime fraternity. In Amakali's view, Namibian women need not be shy to enter this male-dominated industry, but should pursue the new opportunities available.

"With maritime education on the cards at local tertiary institutions, and transport and logistics being main priorities in the NDP5, more Namibians are required to come on board to diversify and strengthen the maritime knowledge pool and dispense much-needed knowledge. We as a country, and as Namport, need to stay abreast and streamline trends of the global maritime industry, supporting the future growth of our country."

Regarding the future, Amakali said, "The maritime industry is changing rapidly, hence it is expedient that port authorities and terminal operators work around the clock to address unprecedented challenges, such as larger ships entering the market and increasing carrier alliances."



SUPPORT  
YOUTH

Ten children of the liberation struggle, were recruited and after training in various fields, were incorporated successfully into Namport's workforce. Pictured above, nine of the ten (from left to right front): Salmon Helmut, Katrina Shikongo, Rauxa Shikongo, Lavinia Ndatjapo, (back) Nengola Michael, Fillemon N Shihepo, Anna Kosmas, Johanna Sheehama and Aina Shapwa.

## INTEGRATING CHILDREN OF THE LIBERATION STRUGGLE

Answering the Government's call to empower children of the liberation struggle to gain access to and benefit from mainstream economic development opportunities in Namibia, Namport has committed itself to recruit at least two per cent of its workforce from marginalised communities or groups in Namibia.

During the reporting year, ten children of the liberation struggle were recruited, and after extensive operational training according to Namport's needs, were transferred to the workforce. In the interim, these youngsters

have integrated exceptionally well into the Namport family. Sharing personal experience as young, working people, they expressed their appreciation and praised Namport for the opportunities the company gave them.

"I am so happy to be with Namport, as I'm now an independent woman," said Aina Shapwa (32) from Khomas Region. "My salary is very good and I've learned a lot of new things."

Johanna Sheehama (32) from Omusati Region says: "I learned how to dock and undock vessels; I've learned how to deal with people. Getting this job is the best thing ever that happened to me. And I want to tell the other struggle kids they must leave their fighting and look for a job."

Lavinia Ndatjapo (31) hails from Oshikoto Region and works in Namport's communications department. Settling into a new life with her young daughter,

"I'M NOT A STRUGGLE KID ANYMORE, I'M A RESPECTED HUMAN BEING BECAUSE I NOW HAVE A JOB."

she's grateful for this chance at a new beginning: "The Namport family is treating us very well. Every day of my life I'm learning new things. The others must leave that story of being struggle kids and they must just find a job and take care of themselves as human beings."

Nengola Michael (37) said: "I'm grateful to Namport as I am now able to support my family, my mother and father who live in Oshakati. I'm living independently and I'm learning many things."

Echoing others' experience of earning a salary, Anna Kosmas (29) of Omusati Region added: "When I was unemployed, I wasn't happy, but



THE OTHER STRUGGLE KIDS MUST STOP BLAMING THE GOVERNMENT OR THE TRAINING COMPANY THAT WANT TO TRAIN AND SUPPORT THEM SO THEY CAN HAVE A BETTER FUTURE, LIKE US. I'M SO PROUD EARNING MY OWN SALARY AND BEING ABLE TO SUPPORT MY FAMILY.



now I'm happy; for the first time ever, I'm earning my own salary, and I'm so proud of myself. I don't like to be called a struggle kid anymore, because I'm now independent."

According to Katrina Shikongo (30) from Khomas Region, Namport's team spirit is strong. "It is very enjoyable to work here, as everyone is friendly and helpful. It's the best company to work for." Receiving her first salary was a highlight. "I gave my first salary to my mother as she was the one helping me when I wasn't working. I was so, so very proud to being able to do that."

Fillemon Shihepo (29), of Omusati Region shares his sense of pride. "I'm very, very happy and I now don't need to ask my parents to give me money. I'm standing on my own feet and I can contribute to our household."

Salmon Helmut (35) from Omusati Region concurs: "I'm an orphan, I don't have parents. But I can now support my brother and my grandparents, and also my friend. I want to tell the other struggle kids they must stop blaming the government, or the training company, that want to train and

support them so they can have a better future, like us."

Rauxa Shikongo (37) from Ohangwena Region is eager to share her message with other children of the liberation struggle:

"I'm not a struggle kid anymore, I'm a respected human being, because I have a job. The struggle kids must go to school or get trained so they can also have a nice job like me."

## "MY PORT, MY PRIDE" CAMPAIGN



*In March 2017, the first "My Port, My Pride" campaign was conducted at both Lüderitz and Walvis Bay ports, to coincide with the celebration of Namibia's 28th year of Independence. The campaign seeks to instil a renewed sense of pride and commitment in Namport's workforce. The joyous festivities commenced with a parade in each town. Afterwards, groups from various cultural backgrounds displayed the diversity of the Namibian nation.*

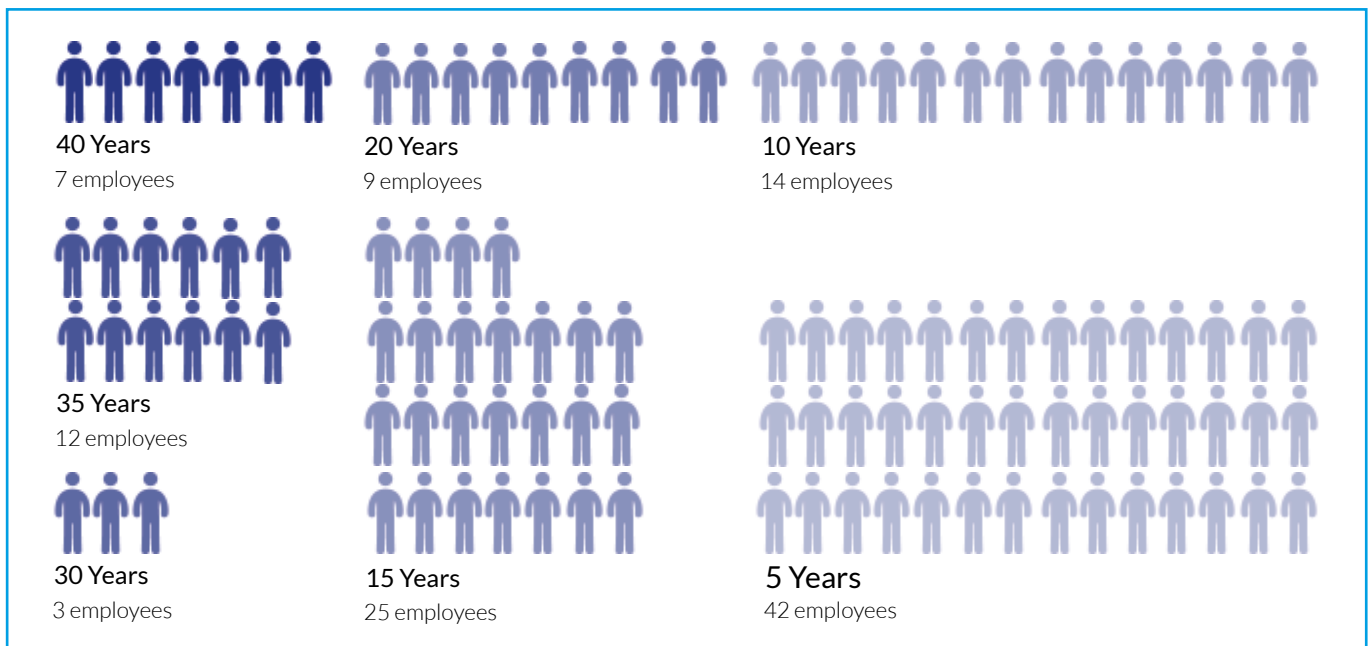


### RECOGNISING LOYAL EMPLOYEES

## LONG-SERVICE AWARDS

Namport honoured 112 long-serving employees at two gala dinners, one held in Walvis Bay's civic centre and another in Lüderitz. A special expression of appreciation goes to five employees who have served Namport continuously for 40 years

at the Port of Walvis Bay: Lucas Tuliameni, Petrus Andreas, Gerhardus Engelbrecht, David Bandi and Joachim Rosenau. Two employees from Port of Lüderitz were honoured for the same term of service: Markus Gabriel and Paul Bostander.



# COMMUNITY ACTIVITIES

THE NAMPORT SOCIAL INVESTMENT FUND (NSIF) WAS ESTABLISHED IN 2006. ITS PURPOSE IS TO PLOUGH BACK BENEFITS TO NAMIBIAN COMMUNITIES. DESPITE THE FACT THAT NAMPORT OPERATES IN THE ERONGO AND //KARAS REGIONS, OUR CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES ARE DISTRIBUTED THROUGHOUT NAMIBIA.

SUPPORTING EDUCATION, COMMUNITY DEVELOPMENT AND HEALTH

## Making a difference to the lives of Namibians

*SINCE ITS INCEPTION IN 2006, NSIF HAS INVESTED OVER N\$25 MILLION TO MAKE A DIFFERENCE IN THE LIVES OF THE MOST DISADVANTAGED MEMBERS OF OUR SOCIETY.*

The NSIF's primary interest is centred in the education sector. This emphasis is attested by contributions made during the reporting year. Schools that received assistance during the reporting year, include the JP Brandt Primary School in the Erongo Region. Classrooms and an administration block, costing N\$590,000, were constructed at the school. (Additional details are on the far right).

For the Kanyumara Primary School in the Kavango East Region, NSIF sponsored playground equipment valued at N\$50,000. A new playground at the !Nara Primary School in Kuisebmond was built for N\$16,000.



Namport is also extremely proud of its N\$500,000 investment in the Lawhill Maritime School in Cape Town, South Africa, where young Namibians have the opportunity to obtain specialised maritime education and skills that will empower careers in the maritime and related industries.

NSIF supported the Omatjete Primary School, situated in the Erongo Region, with a donation of N\$75,000 for the purchase of 120 bunk beds for the school's recently built hostel. The community hostel is now able to accommodate learners who previously walked up to 40 kilometres a day from surrounding villages to attend classes.

Other areas of interest attractive to NSIF are community development and poverty alleviation. A project that has benefited tremendously from NSIF investment is the Namungelele Community Project in the Zambezi Region. The project has been bolstered with N\$300,000 of financial assistance from Namport. The project was launched in 2010 as a small community initiative, doing voluntary work, cleaning schools, government offices and border posts. In 2015 the community was awarded a piece of land near the Zambezi River, some five kilometres outside Katima Mulilo, in the direction of the Wenela border post.

Working together as a community, the members de-bushed the land and planted vegetables. Thereafter, the produce they harvested was sold to local people. The project came to the attention of the Ministry of Agriculture that recognised the commitment of the project participants and subsequently provided free training on growing different kinds of vegetables.

Investing in community health, NSIF's third area of interest, the fund assisted the St Gabriels Emergency and Disaster Centre, based in Erongo Region, providing medical equipment valued at N\$120,000.

The Walvis Bay Child and Family Centre – the sole haven for children in the Erongo Region – benefited with contributions exceeding N\$930,000 dedicated to the day-to-day running costs of the centre. The centre was established in May 2009 in response to the needs of abused, vulnerable and neglected children by providing a safe home for them. In an attempt to curb incidents of baby dumping, the centre takes into its care unwanted babies or offers support for mothers of unwanted children. This facility is the only one in the region that offers these services to the community, after others have closed down.

"LIKE A HUGE CAMELTHORN TREE"

## Topnaar community receives new school building

During the reporting year, Namport supported the Topnaar community residing on the banks of the Kuiseb River outside Walvis Bay. The staff of the local JP Brand Primary School in Utuseb received a newly constructed administrative block, valued at N\$590,000, with expressions of heartfelt appreciation. Furniture and computers were also donated.

During the dedication ceremony, held on 23 June 2017, Chief Kooitjie of the Topnaar community expressed gratitude to Namport, comparing the contribution to a great camelthorn tree, which protects and nurtures the community, growing strong roots and thriving in the harsh Namib Desert.

At the hand-over event, Namport CEO Bisey /Uirab commended Chief Kooitjie and his traditional council for the clear vision, foresight and energy with which they infuse their leadership for the progress and well-being of the community. Education inspector of the Erongo Region, Mrs Monica !Gawises, added that Namport's assistance of the school and local community, ensured the development of Namibia's youth.

Support for the school is not the first occasion Namport has cooperated with the Topnaar Community under Chief Kooitjie's leadership. Through NSIF, Namport also contributed to the completion of the local clinic.



## Rolling out the red carpet

NAMPORT ACKNOWLEDGES PORT USERS

The red carpet was rolled out for Namport's patrons at two events during which the company expressed its appreciation for their loyal patronage throughout the year.

In Lüderitz, the business community was treated to a glamorous evening (pictured above), at the Nest Hotel, while in Walvis Bay a luncheon was held in October 2017 (pictured below). At each occasion, Namport's top ten clients were acknowledged and given awards.



SWAITEX AND NAMPORT ERONGO BUSINESS AND TOURISM EXPO

## Supporting regional trade fairs

FACILITATING TRADE AND NETWORKING

During the reporting year, Namport participated in both the eleventh Namport Erongo Business and Tourism Expo, held in Walvis Bay, and the fifth annual Swakopmund International Trade Expo (SWAITEX), which was organised by the town's NCCI branch.

Namport believes it is important to support trade facilitation platforms, and backed its commitment by sponsoring the Namport Erongo Business and Tourism Expo, with a contribution of N\$500,000. These events have the potential to unlock business opportunities in the Erongo Region and create conducive conditions for networking.



CELEBRATING WORLD ELDERS DAY

## Namport hosts 350 senior citizens

"Never forget those who walked the path of life before you." This were the words of Bernard Tsanigab, Vice-president of the Namibia senior citizens' movement, spoken during festivities organised by Namport for a gathering of more than 350 senior citizens.

Members of the assemblage hailed from all 14 regions of the country and were treated to a tour of the Port of Walvis Bay. They had the opportunity to witness the arrival of the gigantic container vessel, *COSCO Kawasaki*, on her maiden call to the port. Following the tour, the seniors were served delectable refreshments.



ASSISTING EDUCATIONAL INSTITUTIONS

## US Coast Guard visits Namport

In June 2017, Namport's Security Division hosted representatives of the United States Coast Guard (USCG) as part of the USCG's support to Namibia for the implementation of the United Nations International Ship and Port Facility Security (ISPS) Code. The ISPS prescribes responsibilities to governments, shipping companies, shipboard and port personnel to "detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade".

Namibia ratified the code in 2004, and consequently, Namport has invested heavily to implement it and has doubled its efforts to ensure compliance with and enforcement of the ISPS provisions.

## WELCOMING THE FOUNDING FATHER

### Stakeholder engagement remains a vital aspect of Namport's interaction with the community

Namibia's Founding Father, Dr Sam Shafishuna Nujoma, was on hand for the inauguration of Debmarine Namibia's sampling and exploration vessel, the mv SS *Nujoma*, organised by Namport in June 2017.

After meeting with the Board and senior management team, his Excellency visited the new container terminal, expressing great satisfaction with the progress made. He added that such projects are key to the sustainability of Namibia.

Dr Nujoma's visit to Namport carries great significance for the company. It was during his tenure as president of the Republic that discussions for a port-expansion, master plan, which eventually produced the projects of the new container terminal and the development of Port of Walvis Bay North Port, were initiated.



## BRINGING 450 INTERNATIONAL DELEGATES TOGETHER

### Infrastructure development in Africa

Namibia hosted the Third Programme for Infrastructure Development in Africa (PIDA) in December 2017, bringing 450 international delegates together.

Namport representatives served on the organising committee to host this international conference in Namibia.

The conference promoted regional economic integration through bridging infrastructural gaps that severely hamper Africa's competitiveness.

## ASSISTING EDUCATIONAL INSTITUTIONS

### Namport invests in Namibia's future leaders

The NSIF donated educational materials, that is, blackboards, chairs and stationery supplies to various centres and schools, in the name of Namport's commitment to future leaders. The Lüderitz-based Rainbow Centre received stationery items from NSIF, while Bumble Bee Day Care was blessed with a complete facelift.



### Namport employees contribute to an unforgettable event for learners



Every learner looks forward to celebrating a matric farewell function. It is an introduction to their adult life. Unfortunately for some, this milestone may be associated with embarrassment and anxiety, because not all learners can afford the glitz and glamour taken for granted and bestowed on a matric farewell. Namport's employees came to the rescue and made cash donations for 20 matric outfits and shoes, as well as accessories, to overjoyed and grateful learners.



Photograph: Volker Pesch



# REVIEW: ENVIRONMENTAL SUSTAINABILITY

IMPACTING SEA, AIR AND LAND

## ACTIVELY REDUCING ENVIRONMENTAL IMPACT

Any port will potentially impact sea, air and land environments in ways few other industries do. Namport is no exception.

Cargo transport and vessel operations, and the ongoing need for crucial port development to support them, are nationally important imperatives that define Namibia's trade relationships with the rest of the world. Namport is determined to make its operations as sustainable as possible.

For a long time now, Namport has taken action to reduce the impact its activities have on the environment, particularly

with regard to the quality of the air and water. The Authority also strives to make its daily port activities compatible with the needs of Walvis Bay residents and non-port uses and to promote greater sustainability in the logistics chain.

As part of the Authority's overall commitment, demonstrated through acquisition of ISO certifications and strict observance of their requirements, Namport has embarked on a journey to streamline its processes, improving effectiveness and efficiency, and to reduce its impact on the sea, the air and the land.

# ACCREDITATION FRAMEWORK

The company is currently implementing its integrated Safety, Health, Environment & Quality Management System (SHEQ MS), which was designed to support and monitor various aspects of Namport's activities.

The management system observes ISO 45001:2018, ISO 14001:2015 and ISO 9001:2015 standards to create a framework that facilitates Namport's documentation of its activities and aligns all its operations, as far as possible, with the best interests of customers, stakeholders and interested parties, alike.

The ISO 45001:2018 sets new international standards for occupational health and safety that were formulated to enhance global uniformity and make workplaces safer and healthier for all. The new standard replaces OHSAS 18001.



THE SHEQ MANAGEMENT SYSTEM ALIGNS NAMPORT'S STRATEGY, WITH RELEVANT INTERNAL AND EXTERNAL FACTORS IN THE SHEQ SYSTEM INPUT HIERARCHY (ILLUSTRATED ABOVE).

## TRANSITIONS FROM OLD TO NEW STANDARDS



## MIGRATION TO A NEW STANDARD

In line with the international integration process and updated ISO standards, Namport is in the process of migrating from OHSAS 18001:2007 to the new ISO 45001:2018 standard for occupational health and safety. Crucially, this adaptation will ensure that the context and scope of the new SHEQ MS maintains its alignment with Namport's strategy.

The updated quality-management ISO standard also requires Namport to adopt a process approach, one that incorporates the so-called 'Plan, Do, Check and Act' (PDCA) cycle and risk-based thinking to manage interrelated processes. This coordination will facilitate Namport's efforts to improve efficiency and service delivery to clients.

This approach enables Namport to ensure its processes are adequately resourced and managed, and that opportunities for improvement are identified and acted on.

## ENVIRONMENTAL INCIDENTS

Two minor oil spills were reported and contained. The first was detected on 8 March 2018 in the vicinity of Dolphin Beach. The second oil spill was detected on 18 March 2018 in the Walvis Bay lagoon. Residues of the pollutant from both spills were successfully contained and removed.

In addition, minor environmental incidents, involving hydraulic pipe bursts on lifting equipment, were also recorded. However, those caused no soil pollution as all port surfaces are concreted.

# ENVIRONMENTAL MANAGEMENT

Namport manages its environmental performance through implementation of the ISO 14001:2015 standard, which guides our efforts to:

- Improve resource efficiency: monitoring water, electricity and waste volumes.
- Reduce waste: paper recycling is managed in cooperation with a contracted recycling company.
- Drive down costs: identifying wastage in processes and leveraging opportunities.
- Provide assurance: measuring environmental impact.
- Gain competitive advantage in supply-chain design: ensuring sustainability via 'green procurement'. (Green procurement: purchasing products and services which minimise environmental impacts.)
- Increase new business opportunities: cementing our promise to promote environmental stewardship through ISO certifications.
- Meet legal obligations: developing and implementing a "legal universe" to ensure that we meet our legal obligations.
- Increase stakeholder and customer trust: improving our customer-satisfaction score from 70 per cent in 2017 to 75 per cent in 2018, proves success in this performance area.
- Improve overall environmental impact: identifying new factors of environmental impact.
- Manage environmental obligations: striving to establish consistency in all activities.

MAY

2017

LIVING NAMPORT'S CORPORATE VALUES



## EMPLOYEES MAKE PORTS SPARKLE

During the reporting year, 250 Namport staff members turned out for two major clean-up campaigns held on 19 May and 13 October 2017. After the campaigns, both Walvis Bay and Lüderitz ports were sparkling clean.

Initiatives of this nature not only maintain Namport's properties in good condition, they

*Twice in the reporting year Namport employees conducted a clean-up campaign at its two ports, living Namport's values of being caring, committed and connected.*

also strengthen the spirit of *Tulongeni Pamwe* (working together) among Namport's employees.

Cooperation in this regard also proves that we at Namport are a conscientious team, and an environmentally responsible, sensitive company. Namport remains committed to taking care of the environment.



Photograph: Volker Pesch

# MONITORING PROJECT AT WALVIS BAY LAGOON

Walvis Bay lagoon is an important aquatic ecosystem that supports diverse life forms, ranging from benthic organisms in the lagoon's sediment to a wide variety of aquatic bird species. The lagoon was designated a *Wetland of international Importance* under the Ramsar convention of 1994.

Significantly, this important system maintains itself in close proximity to industrial activities

such as shipping, ship repairs and fish-processing activities, as well as to urban development. It is therefore highly possible that pollutants find their way into the lagoon, causing harmful effects on aquatic life.

Through the Walvis Bay Local Agenda 21 project (2001-2004), Walvis Bay municipality has initiated a long-term monitoring programme at the lagoon. The project has collected data that identifies changes in the balances of lagoon life forms.

During the previous reporting year, Namport and the University of Namibia drew up a memorandum of understanding that will undertake activities which, among other things, will:

- Assess the physical and chemical conditions of the lagoon
- Assess changes in the bathymetry (seabed) depth of lagoon
- Assess sediment grain sizes and their distribution throughout the lagoon
- Assess changes in water flows and discharge through the lagoon
- Assess changes in turbidity in the entrance area of the lagoon
- Assess changes to the beach on the western shore of the lagoon mouth
- Assess the material products of human activities on the lagoon edges
- Assess trends in natural physical changes to the wider coastal area
- Assess the status of biological communities, i.e. plankton, benthic fauna, plant fish, and birds, of the lagoon, and
- Determine the environmental and biological indicators of the health of the lagoon.

Initial findings of the research will be available in the next financial year.

# NAMPORT SHEQ PERFORMANCE

Namport retained its ISO 9001, ISO 14001 and OHSAS 18001 certification for the reporting year. The next phase of the certification process is migration to new ISO standards.

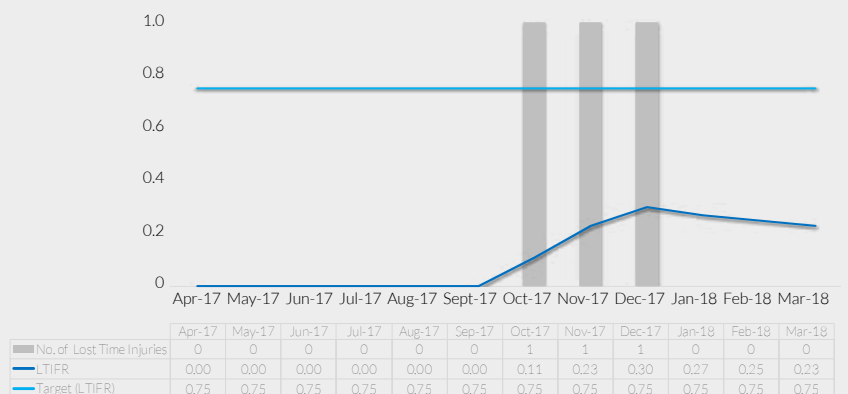
Namport achieved a Lost Time Injury Frequency rate (LTIFR) of 0.23, against a target of 0.75. Namport SHEQ performance for the reporting period is summarised in the table and graph below.

Indicated in the above statistics, Namport regrets the unfortunate incident that occurred last year in which we lost a colleague

through a work-related accident. A thorough investigation of the incident was conducted and the office of the labour commissioner informed of the outcome of the investigation. Appropriate corrective measures have subsequently been implemented to prevent similar incidents from occurring.

Regarding the company's carbon footprint, Namport measures its consumption of resources (water and electricity) and waste volumes, on a monthly basis. However, the company is cognisant that after commissioning the new container terminal and introduction of the STS cranes (which consume large amounts of power) our measurement values will change significantly and require alteration of assessments and the formulation of a revised baseline carbon footprint for Namport's future reporting.

SHEQ Performance	2017/18
Loss Time Injuries	3
Loss Time Injury Frequency Rate	0.23
Occupational Health Injuries	0
Property and Asset Damages	9
Fatality	1



# 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	7 months	Apr/Mar	Apr/Mar
	10/11	11/12	12/13	13/14	14/15	Sep/Mar	16/17	17/18
Container	578	594	558	506	448	216	356	316
Reefer	32	33	40	33	41	18	34	41
Foreign fishing vessels	246	216	202	199	197	131	197	192
Namibian fishing vessels	38	47	17	10	14	21	37	18
Petroleum	66	52	59	63	83	48	69	88
General cargo vessels	186	186	160	196	203	107	163	164
Other	439	497	505	513	409	346	489	251
<b>TOTAL</b>	<b>1,585</b>	<b>1,625</b>	<b>1,541</b>	<b>1,520</b>	<b>1,395</b>	<b>887</b>	<b>1,345</b>	<b>1,070</b>

Cargo handled at the Port of Walvis Bay (Freight tonnes)								
	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	7 months	Apr/Mar	Apr/Mar
	10/11	11/12	12/13	13/14	14/15	Sep/Mar	16/17	16/17
<b>Cargo landed</b>								
Bulk and Breakbulk	852,755	906,800	901,236	817,002	964,092	581,565	1,000,872	926,082
Containerised	769,462	980,117	1,043,067	1,200,808	1,036,661	453,499	772,844	812,315
Sulphuric Acid	344,545	336,862	216,898	157,869	378,575	72,443	115,337	147,270
Petroleum landed	979,548	995,067	1,111,846	1,149,777	1,203,224	750,661	1,373,941	1,176,839
	<b>2,946,311</b>	<b>3,218,846</b>	<b>3,273,046</b>	<b>3,325,456</b>	<b>3,582,551</b>	<b>1,858,168</b>	<b>3,262,993</b>	<b>3,062,506</b>
<b>Cargo shipped</b>								
Bulk and Breakbulk	910,864	856,031	849,957	461,611	619,422	363,186	614,100	639,705
Containerised	461,376	599,867	713,325	708,746	665,676	356,740	717,745	790,810
	<b>1,372,240</b>	<b>1,455,898</b>	<b>1,563,282</b>	<b>1,170,357</b>	<b>1,285,098</b>	<b>719,926</b>	<b>1,331,845</b>	<b>1,430,515</b>
<b>Cargo transhipped</b>								
Bulk and Breakbulk	4,066	7,874	41,894	38,941	29,887	54,840	48,203	53,854
Containerised	867,820	1,527,667	1,255,638	837,881	854,432	352,268	525,090	279,045
	<b>871,886</b>	<b>1,535,541</b>	<b>1,297,532</b>	<b>876,822</b>	<b>884,319</b>	<b>407,108</b>	<b>573,293</b>	<b>332,899</b>
<b>TOTAL CARGO</b>	<b>5,190,437</b>	<b>6,210,285</b>	<b>6,133,860</b>	<b>5,372,635</b>	<b>5,751,968</b>	<b>2,985,202</b>	<b>5,168,131</b>	<b>4,825,920</b>

Containers handled at the Port of Walvis Bay (Twenty-foot Equivalent Units)								
Landed	51,721	66,190	70,987	82,495	68,111	29,428	50,258	55,026
Shipped	41,734	50,634	60,492	62,153	60,584	27,879	47,248	53,340
Transshipped	126,723	217,586	170,338	108,404	108,851	58,648	105,565	67,969
<b>TOTAL TEUs</b>	<b>220,178</b>	<b>334,410</b>	<b>301,817</b>	<b>253,052</b>	<b>237,546</b>	<b>115,955</b>	<b>203,071</b>	<b>176,335</b>
<b>VESSEL VISITS</b>	<b>1,585</b>	<b>1,625</b>	<b>1,541</b>	<b>1,520</b>	<b>1,395</b>	<b>887</b>	<b>1,345</b>	<b>1,070</b>

# STATISTICS (CONTINUED)

## PORT OF WALVIS BAY

Main Commodities handled at the Port of Walvis Bay (Freight tonnes)								
	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	7 months Sep/Mar	Apr/Mar	Apr/Mar
	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
<b>LANDED</b>								
Petroleum	979,548	995,067	1,111,846	1,149,777	1,203,224	750,661	1,373,941	1,176,839
Fish & Fish Products	145,336	159,043	180,609	238,973	240,151	139,399	213,926	257,149
Sulphuric Acid	344,545	336,862	216,898	157,869	378,575	72,443	115,337	147,270
Vehicles	214,651	345,330	357,088	355,933	257,820	108,910	190,930	196,271
Copper/Lead & Concentrates	182,643	194,342	177,721	177,296	239,013	117,917	181,483	221,272
Sugar	115,601	99,684	112,179	106,346	113,411	66,139	111,459	100,292
Coal	135,934	70,399	79,060	69,368	107,966	60,499	116,398	32,969
Machinery	56,382	40,298	35,088	68,169	61,887	29,771	33,918	37,601
Chemicals	4,181	6,025	22,264	75,020	51,140	15,283	37,240	40,808
Sodium Carbonate	64,945	48,849	68,706	49,334	41,976	7,634	18,524	28,338
Wheat	50,554	57,028	54,368	39,683	75,116	52,569	136,166	92,700
Spare Parts	10,558	10,235	12,141	39,768	22,576	13,208	16,455	18,614
Wooden Products	2,838	2,002	22,044	38,478	9,945	2,024	5,989	4,687
Other Cargo	638,595	853,683	823,035	759,444	779,751	421,713	711,229	707,696
<b>TOTAL</b>	<b>2,946,311</b>	<b>3,218,846</b>	<b>3,273,046</b>	<b>3,325,456</b>	<b>3,582,551</b>	<b>1,858,168</b>	<b>3,262,994</b>	<b>3,062,506</b>
<b>SHIPPED</b>								
Salt	705,558	687,448	651,880	366,713	583,536	348,619	587,717	611,098
Fish & Fish Products	147,336	165,107	159,972	191,410	194,234	73,774	169,658	169,626
Copper/Lead & Concentrates	77,107	110,854	105,587	107,800	135,652	84,986	119,088	160,308
Manganese Ore	89,832	112,794	151,514	95,282	43,230	6,402	21,670	17,309
Fluorspar	98,878	96,802	65,791	62,145	16,801	-	946	440
Marble and Granite	31,300	42,364	93,079	85,847	78,940	47,243	104,233	136,461
Scrap Steel	22,198	25,124	30,712	37,686	32,054	17,600	23,517	29,078
Zinc/Ore/Concentrates	10,124	67,319	126,150	35,593	683	1,584	-	-
Flat Cartons	19,904	21,139	17,696	11,534	22,695	16,619	23,728	31,400
Building Materials	44	132	88	4,480	9,751	1,012	2,398	132
Other Cargo	169,959	126,816	160,815	171,869	167,523	122,088	278,888	274,664
<b>TOTAL</b>	<b>1,372,240</b>	<b>1,455,898</b>	<b>1,563,282</b>	<b>1,170,357</b>	<b>1,285,098</b>	<b>719,926</b>	<b>1,331,844</b>	<b>1,430,515</b>
<b>Transshipped</b>								
General Cargo	871,886	1,535,541	1,297,532	876,822	884,319	407,108	573,293	332,899
<b>TOTAL</b>	<b>5,190,437</b>	<b>6,210,285</b>	<b>6,133,860</b>	<b>5,372,635</b>	<b>5,751,968</b>	<b>2,985,202</b>	<b>5,168,131</b>	<b>4,825,920</b>

## STATISTICS (CONTINUED)

### PORT OF LÜDERITZ

Cargo handled at the Port of Lüderitz (Freight tonnes)								
	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	7 months Sep/Mar	Apr/Mar	Apr/Mar
	10/11	11/12	12/13	13/14	14/15	15/16	16/17	16/17
<b>Breakbulk</b>								
<b>Cargo landed</b>								
Fuel	30,264	35,936	46,828	44,159	32,684	28,301	33,087	45,165
Fish	24,490	22,193	22,500	20,694	24,397	9,993	25,361	26,926
Sulphur	69,540	66,017	79,517	105,888	50,695	34,099	92,078	98,538
General Cargo	3,604	3,730	10,522	5,999	26,572	22,512	5,328	6,463
<b>TOTAL LANDED</b>	<b>127,898</b>	<b>127,875</b>	<b>159,367</b>	<b>176,740</b>	<b>134,348</b>	<b>94,905</b>	<b>155,853</b>	<b>177,092</b>
<b>Cargo shipped</b>								
Fish & Bait	256	46	6,199	5,711	956	-	374	124
Ice	23,949	23,630	18,705	17,433	29,252	12,487	29,594	28,747
Zinc/Zinc Concentrates	7,541	-	10,996	284,314	182,954	109,338	155,269	178,087
Lead & Lead Con	-	-	-	33,651	16,415	10,308	15,070	29,007
Other	145,772	131,879	139,949	53,000	10,624	42	663	191
<b>TOTAL SHIPPED</b>	<b>177,519</b>	<b>155,555</b>	<b>175,849</b>	<b>394,110</b>	<b>240,201</b>	<b>132,175</b>	<b>200,970</b>	<b>236,157</b>
<b>Cargo Transshipped</b>								
Fish	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>TOTAL TRANSSHIPPED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL Breakbulk</b>	<b>305,416</b>	<b>283,430</b>	<b>335,216</b>	<b>570,850</b>	<b>374,549</b>	<b>227,080</b>	<b>356,823</b>	<b>413,249</b>
<b>Containerised Cargo</b>								
Landed	1,628	1,760	8,575	8,656	2,728	8,910	8,273	3,784
Shipped	33,286	26,730	28,277	24,980	21,142	4,510	23,102	60,260
Transshipped	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>34,914</b>	<b>28,490</b>	<b>36,852</b>	<b>33,636</b>	<b>23,870</b>	<b>13,420</b>	<b>31,375</b>	<b>64,044</b>
<b>TOTAL CARGO</b>	<b>340,330</b>	<b>311,920</b>	<b>372,068</b>	<b>604,486</b>	<b>398,419</b>	<b>240,500</b>	<b>388,198</b>	<b>477,293</b>
<b>Containers handled at the Port of Lüderitz (Twenty-foot Equivalent Units)</b>								
Landed	4,436	1,324	1,460	1,073	925	604	1,593	3,565
Shipped	4,140	1,400	1,532	1,121	1,391	570	1,327	2,755
<b>TOTAL TEUs</b>	<b>8,576</b>	<b>2,724</b>	<b>2,992</b>	<b>2,194</b>	<b>2,316</b>	<b>1,174</b>	<b>2,920</b>	<b>6,320</b>
<b>Vessel visits to the Port of Lüderitz</b>								
<b>VESSEL VISITS</b>	<b>1,021</b>	<b>940</b>	<b>823</b>	<b>724</b>	<b>774</b>	<b>369</b>	<b>734</b>	<b>736</b>

STATISTICS (CONTINUED)

PORT OF WALVIS BAY AND PORT OF LÜDERITZ COMBINED

Cargo handled at the Port of Walvis Bay and Port of Lüderitz (Freight tonnes)								
	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	Apr/Mar 16/17
<b>Cargo landed</b>								
Bulk and Breakbulk	950,388	998,740	1,013,775	949,583	1,065,755	648,169	1,123,638	1,058,009
Containerised	771,090	981,877	1,051,642	1,209,464	1,039,389	462,409	781,117	816,099
Sulphuric Acid	344,545	336,862	216,898	157,869	378,575	72,443	115,337	147,270
Petroleum landed	1,009,813	1,031,002	1,158,674	1,193,936	1,235,908	778,962	1,407,028	1,222,004
<b>TOTAL LANDED</b>	<b>3,075,836</b>	<b>3,348,481</b>	<b>3,440,988</b>	<b>3,510,852</b>	<b>3,719,627</b>	<b>1,961,983</b>	<b>3,427,119</b>	<b>3,243,382</b>
<b>Cargo shipped</b>								
Bulk and Breakbulk	1,088,383	1,011,586	1,025,806	855,721	859,622	495,361	815,069	875,862
Containerised	494,662	626,597	741,601	733,726	686,818	361,250	740,847	851,070
<b>TOTAL SHIPPED</b>	<b>1,583,045</b>	<b>1,638,183</b>	<b>1,767,408</b>	<b>1,589,447</b>	<b>1,546,440</b>	<b>856,611</b>	<b>1,555,916</b>	<b>1,726,932</b>
<b>Cargo transshipped</b>								
Bulk and Breakbulk	4,066	7,874	41,894	38,941	29,887	54,840	48,203	53,854
Containerised	867,820	1,527,667	1,255,638	837,881	854,432	352,268	525,090	279,045
<b>TOTAL TRANSSHIPPED</b>	<b>871,886</b>	<b>1,535,541</b>	<b>1,297,532</b>	<b>876,822</b>	<b>884,319</b>	<b>407,108</b>	<b>573,293</b>	<b>332,899</b>
<b>TOTAL CARGO HANDLED</b>	<b>5,530,767</b>	<b>6,522,205</b>	<b>6,505,928</b>	<b>5,977,121</b>	<b>6,150,387</b>	<b>3,225,702</b>	<b>5,556,329</b>	<b>5,303,212</b>
<b>Containers handled at the Port of Walvis Bay and Port of Lüderitz (Twenty-foot Equivalent Units)</b>								
Landed	56,157	67,514	72,447	83,568	69,036	30,032	51,851	58,591
Shipped	45,874	52,034	62,024	63,274	61,975	28,449	48,575	56,095
Transshipped	126,723	217,586	170,338	108,404	108,851	58,648	105,565	67,969
<b>TOTAL TEUs</b>	<b>228,754</b>	<b>337,134</b>	<b>304,809</b>	<b>255,246</b>	<b>239,862</b>	<b>117,129</b>	<b>205,991</b>	<b>185,655</b>
<b>Vessel visits to the Port of Walvis Bay and Port of Lüderitz</b>								
<b>VESSEL VISITS</b>	<b>2,606</b>	<b>2,565</b>	<b>2,364</b>	<b>2,244</b>	<b>2,169</b>	<b>1,256</b>	<b>2,079</b>	<b>1,816</b>





NAMIBIAN PORTS AUTHORITY

AND ITS SUBSIDIARIES

GROUP ANNUAL  
FINANCIAL  
STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2018



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

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## Authority's Key Financial Indicators for the year ended 31 March 2018

	2017/18	2016/17	2015/16 7 months	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Turnover (N\$ '000)	1,033,769	890,770	544,593	917,801	874,533	812,926	755,163	646,792	566,025	615,819
Operating profit (N\$ '000)	148,924	82,651	81,847	190,494	166,406	166,406	194,203	202,623	165,851	264,303
Profit before taxation (N\$ '000)	181,572	73,065	111,845	260,645	217,288	217,288	254,996	231,817	192,679	290,032
Return on assets	3%	1%	2%	5%	4%	8%	9%	9%	8%	14%
Return on equity	6%	3%	4%	9%	9%	12%	15%	15%	14%	24%
Operating profit margin	14%	9%	15%	21%	19%	20%	26%	31%	29%	43%
Total assets (N\$ '000)	7,259,441	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)	3,059,080	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)	2,374,686	1,898,188	1,654,149	1,262,388	634,971	132,678	364,089	514,097	466,958	367,534
Debt: Equity ratio	0.78	0.66	0.58	0.46	0.25	0.07	0.21	0.34	0.35	0.31
Current ratio	1.27	1.74	1.49	2.17	1.67	1.61	1.98	3.14	3.43	3.69
Debt-service coverage ratio	8.3	5.8	6.8	5.9	3.6	4.1	13.6	2.8	4.9	3.1
Training as % of payroll	4%	4%	3%	6%	6%	7%	4%	5%	2%	3%
Number of employees	977	981	1,004	986	854	829	825	692	611	601
Turnover per employee (N\$ '000)	1,058	908	542	931	1,024	981	915	935	926	1,025
Assets per employee (N\$ '000)	7,430	6,446	6,156	5,683	5,705	3,379	3,490	3,766	3,744	3,241

# 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 74.

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 6 December 2018 and are signed on its behalf by:



.....  
G Hinda  
Chairman

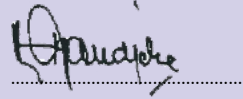


.....  
J Comalie  
Director & Chairperson of  
the Standing Audit Committee

# 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 2018 has been carried out to my satisfaction.



Junias Etuna Kandjeke  
Auditor General

# Report of the Independent Auditors

## To the director of Namibian Ports Authority and its Subsidiaries

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 2018, 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 2018, 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

6 December 2018

Windhoek

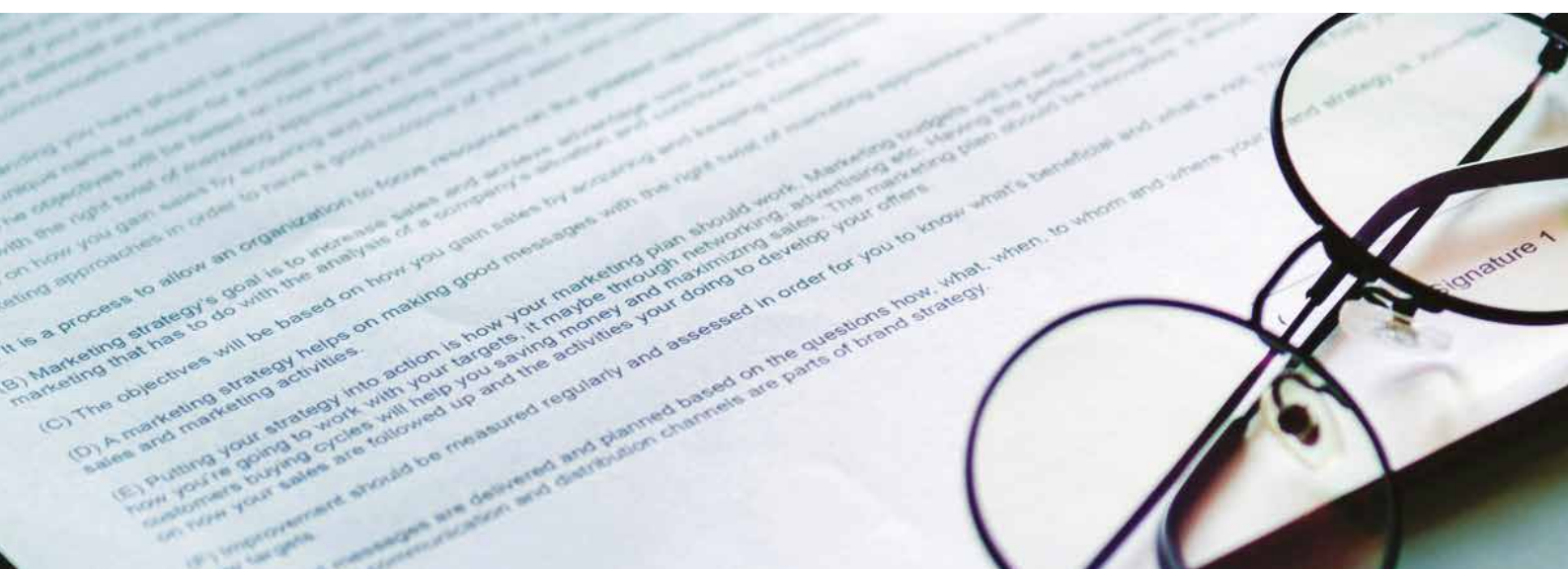
# Statement of Financial Position as at 31 March 2018

	Notes	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	2	6,396,980	5,333,834	5,985,040	4,905,717
Intangible assets	3	13,208	16,801	13,208	16,801
Investments	4	215,694	538,382	215,633	538,326
Investments in subsidiaries	5	-	-	3,152	3,152
Loan to subsidiaries	6	293	309	3,934	3,553
Prepayments	7	25,000	25,000	25,000	25,000
Operating lease asset	8	283,012	249,782	283,012	249,782
Channel Levy Fund Investment	9	127	122	127	122
Deferred tax assets	10	108,729	80,510	43,254	31,769
		<b>7,043,043</b>	<b>6,244,740</b>	<b>6,572,360</b>	<b>5,774,222</b>
<b>Current Assets</b>					
Inventories	11	36,848	13,873	2,671	3,255
Trade and other receivables	12	297,689	248,749	248,296	168,507
Prepayments	7	75,050	165,595	75,050	165,595
Current tax receivable	13	-	22,046	-	22,046
Foreign exchange contract		-	9,137	-	9,137
Other financial assets	14	140,444	131,810	140,444	131,810
Cash and cash equivalents	15	182,128	27,320	220,618	49,246
		<b>732,159</b>	<b>618,530</b>	<b>687,079</b>	<b>549,593</b>
<b>TOTAL ASSETS</b>		<b>7,775,202</b>	<b>6,863,270</b>	<b>7,259,439</b>	<b>6,323,815</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	16	50,344	50,344	50,344	50,344
Reserves	17	445,506	468,288	445,506	468,288
Retained income		2,624,168	2,454,040	2,563,228	2,374,305
		<b>3,120,018</b>	<b>2,972,672</b>	<b>3,059,078</b>	<b>2,892,937</b>
Non-controlling interest		60,632	77,077	-	-
		<b>3,180,650</b>	<b>3,049,749</b>	<b>3,059,078</b>	<b>2,892,937</b>
<b>Liabilities</b>					
<b>Non-current Liabilities</b>					
Long-term borrowings	18	300,168	251,439	128,753	81,914
African Development Bank	19	2,245,933	1,816,274	2,245,933	1,816,274
Special purpose funds	9	2,595	2,591	2,595	2,591
Deferred income	20	337,186	299,186	337,186	299,186
Severance pay provision	21	6,836	6,010	6,836	6,010
Post retirement medical aid provision	21	6,983	5,829	6,983	5,829
Loans from shareholders		3,229	3,276	-	-
Operating lease liability	8	5,546	941	-	-
Deferred tax liabilities	10	1,054,888	1,025,215	929,720	902,805
		<b>3,963,364</b>	<b>3,410,761</b>	<b>3,658,006</b>	<b>3,114,609</b>
<b>Current liabilities</b>					
Trade and other payables	22	386,838	275,707	304,525	206,984
Short-term portion of long-term borrowings	18	115,240	61,594	108,720	43,826
African Development Bank	19	47,712	-	47,712	-
Special purpose funds	9	6,852	7,738	6,852	7,738
Provisions	23	74,546	57,721	74,546	57,721
		<b>631,188</b>	<b>402,760</b>	<b>542,355</b>	<b>316,269</b>
<b>Total Liabilities</b>		<b>4,594,552</b>	<b>3,813,521</b>	<b>4,200,361</b>	<b>3,430,878</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,775,202</b>	<b>6,863,270</b>	<b>7,259,439</b>	<b>6,323,815</b>

# Statement of Comprehensive Income

## for the year ended 31 March 2018

	Notes	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
Revenue	24	1,368,019	1,247,582	1,033,769	890,770
Other operating income		17,181	26,329	3,475	16,129
Employee costs		(565,550)	(542,852)	(522,088)	(501,147)
Other costs	25	(474,684)	(440,908)	(162,801)	(145,580)
Depreciation and impairment charges		(168,955)	(160,945)	(150,366)	(141,947)
Maintenance costs		(54,078)	(36,973)	(53,065)	(35,575)
<b>Operating profit</b>	26	<b>121,933</b>	<b>92,233</b>	<b>148,924</b>	<b>82,650</b>
Interest income	28	35,363	18,424	35,203	17,839
Finance costs	29	(36,518)	(36,498)	(14,133)	(14,311)
Foreign exchange differences		(8,583)	(48,725)	(8,583)	(48,725)
Fair value adjustments on financial assets	27	20,161	35,614	20,161	35,611
<b>Profit before taxation</b>		<b>132,356</b>	<b>61,048</b>	<b>181,572</b>	<b>73,064</b>
Taxation	30	(1,455)	(11,167)	(15,430)	(14,641)
<b>Total comprehensive income for the year</b>		<b>130,901</b>	<b>49,881</b>	<b>166,142</b>	<b>58,424</b>
<b>Profit attributable to:</b>					
Owners of the parent		147,346	53,740	-	-
Non-controlling interest		(16,445)	(3,859)	-	-
		130,901	49,881	-	-
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		147,346	53,740	-	-
Non-controlling interest		(16,445)	(3,859)	-	-
		130,901	49,881	-	-



## Statement of Change in Equity for the year ended 31 March 2018

	Share capital N\$ '000	Revaluation reserve N\$ '000	Retained income N\$ '000	Non- controlling interest N\$ '000	Total equity N\$ '000
<b>Group</b>					
Balance at 01 April 2016	50,344	494,611	2,373,977	80,936	2,999,868
Profit for the year	-	-	53,740	(3,859)	49,881
Transfer between reserves	-	(26,323)	26,323	-	-
Total comprehensive income for the year	-	(26,323)	80,063	(3,859)	49,881
Balance at 01 April 2017	50,344	468,288	2,454,040	77,077	3,049,749
Profit for the year	-	-	147,346	(16,445)	130,901
Total comprehensive income for the year	-	-	147,346	(16,455)	130,901
Transfer between reserves	-	(22,782)	26,782	-	-
Total contributions by and distributed to owners of company recognised directly in equity	-	(22,782)	22,782	-	-
Balance at 31 March 2018	50,344	445,506	2,624,168	60,632	3,180,650
Note(s)	16	17			
<b>Authority</b>					
Balance at 01 April 2016	50,344	494,611	2,289,557	-	2,834,512
Profit for the year	-	-	58,423	-	58,423
Transfer between reserves	-	(26,323)	26,323	-	-
Total comprehensive income for the year	-	(26,323)	84,746	-	58,423
Balance at 01 April 2017	50,344	168,288	2,374,304	-	2,832,936
Profit for the year	-	-	166,142	-	166,142
Total comprehensive income for the year	-	-	166,142	-	166,142
Transfer between reserves	-	(22,782)	22,782	-	-
Total contributions by and distributed to owners of company recognised directly in equity	-	(22,782)	22,782	-	-
Balance at 31 March 2018	50,344	445,506	2,563,228	-	3,059,078
Note(s)	16	17			



# Statement of Cash Flows

## for the year ended 31 March 2018

	Notes	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>Cash flows from operating activities</b>					
Cash receipts from customers		921,661	1,368,119	900,139	1,011,307
Cash paid to suppliers and employees		(618,379)	(1,259,856)	(621,372)	(899,583)
<b>Cash generated by operations</b>	31	<b>303,282</b>	<b>108,262</b>	<b>278,767</b>	<b>111,724</b>
Interest received		35,363	18,424	35,203	17,839
Interest paid		(36,518)	(36,498)	(14,133)	(14,311)
Tax received/(paid)		22,046	-	22,046	-
<b>Net cash flow from operating activities</b>		<b>324,173</b>	<b>90,188</b>	<b>321,883</b>	<b>115,252</b>
<b>Cash flows from investment activities</b>					
Additions to property, plant and equipment	2	(1,238,455)	(759,056)	(1,228,659)	(750,044)
Proceeds from disposal of property, plant and equipment	2	300	1,809	-	1,037
Additions to intangible assets	3	(291)	(369)	(291)	(369)
Loan extended to subsidiary		(381)	(203)	(381)	(587)
Proceeds from maturing investments		362,056	326,635	362,056	326,639
Borrowing cost capitalised		150,183	104,010	150,182	104,010
Additions to investments		-	(59)	-	-
Movement in prepayment		90,545	47,123	90,545	47,123
Movement in Channel Levy Fund investment		3	3	3	3
<b>Net cash from investing activities</b>		<b>(636,040)</b>	<b>(280,107)</b>	<b>(626,545)</b>	<b>(272,188)</b>
<b>Cash flows from financing activities</b>					
Proceeds from long-term borrowings		625,402	280,878	625,402	280,878
Increase in special purpose funds		(888)	(940)	(888)	(940)
Interest paid on long term borrowings		(149,602)	(118,225)	(149,602)	(118,225)
Repayment of long-term borrowings		(46,237)	(104,142)	(36,878)	(95,450)
Government grant received		38,000	47,741	38,000	47,741
<b>Net cash from financing activities</b>		<b>466,675</b>	<b>105,312</b>	<b>476,034</b>	<b>114,004</b>
<b>Total cash movement for the year</b>		<b>154,808</b>	<b>(84,607)</b>	<b>171,372</b>	<b>(42,932)</b>
Cash at the beginning of the year		27,320	111,926	49,246	92,178
<b>Total cash at the end of the year</b>	15	<b>182,128</b>	<b>27,320</b>	<b>220,618</b>	<b>49,246</b>

# Notes to the Annual Financial Statements for the year ended 31 March 2018

## 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 6 December 2018.

### 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 Authority's and 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 Authority's and 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 class of financial assets with similar credit risk characteristics and assesses the class for impairment collectively.

#### b) Deferred tax assets

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

#### c) Asset lives

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

**ACCOUNTING POLICIES (CONTINUED)**

2.1 Significant judgements (continued)

**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 recognised 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:

Item	Depreciation method	Average useful life
Building & Structures	Straight line	5 – 50 years
Machinery & Equipment	Straight line	2 – 15 years
Floating craft	Straight line	4 - 20 years
Furniture & Office Equipment	Straight line	3 – 10 years
Computer Equipment	Straight line	3 – 5 years
Motor Vehicles	Straight line	2 – 5 years
Floating dock	Straight line	25 - 40 years
Leasehold improvement	Straight line	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 categorised 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.

## 2.2 Property, plant and equipment (continued)

Maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. On average the channel is dredged every five to six years. At the completion of maintenance dredging, the channel has an average service potential of five to six years. Maintenance dredging is capitalised and amortised evenly over this period.

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

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

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

## ACCOUNTING POLICIES (CONTINUED)

### 2.5 Financial Instruments (continued)

#### Impairment of financial assets

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

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/(from) 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 counterparties. The fair value of the forward exchange contracts is their quoted market price at the statement of financial position date, being the present value of the quoted forward price. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

#### Hedging activities

Certain derivatives are classified as either:

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

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

The Group also documents its assessment, both at hedge inception and on an ongoing basis, 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.

## 2.5 Financial Instruments (continued)

### 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
- 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.

### 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.

**ACCOUNTING POLICIES (CONTINUED)**

**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.

## 2.14 Translation of foreign currencies (continued)

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

## 2.15 Employee benefits

### Short-term employee benefits

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

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

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

### Defined contribution plans

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

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

### Defined benefit plans

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

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

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in full to profit and loss in the period when it occurs.

## 2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.



	Land, structures & buildings	Leased assets	Vehicles, machinery, equipment and furniture	Floating craft	Assets under construction	Total
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
<b>3 Property, plant and equipment</b>						
<b>Group - 2018</b>						
Opening balance						
Cost	2,080,379	84,099	1,053,664	643,426	2,983,898	6,845,466
Accumulated depreciation	(761,402)	(15,846)	(550,727)	(183,657)	-	(1,511,632)
<b>Net book value at 01 April 2017</b>	<b>1,318,976</b>	<b>68,253</b>	<b>502,937</b>	<b>459,769</b>	<b>2,983,898</b>	<b>5,333,834</b>
Additions	(956)	102	4,849	5,001	1,229,451	1,238,447
Impairment	-	(1,068)	(6,032)	-	-	(7,100)
Disposals	(2)	(241)	(56)	-	-	(299)
Transfers	63,089	-	23,875	155,455	(246,577)	(4,158)
Depreciation	(66,218)	(2,732)	(71,652)	(23,142)	-	(163,744)
<b>Net book value at 31 March 2018</b>	<b>1,314,890</b>	<b>64,314</b>	<b>453,921</b>	<b>597,083</b>	<b>3,966,772</b>	<b>6,396,980</b>
Made up as follows:						
Cost or revaluation	2,142,510	82,892	1,076,300	803,882	3,966,772	8,072,356
Accumulated depreciation	(827,620)	(18,578)	(622,379)	(206,799)	-	(1,675,376)
	<b>1,314,890</b>	<b>64,314</b>	<b>453,921</b>	<b>597,083</b>	<b>3,966,772</b>	<b>6,396,980</b>
<b>Group - 2017</b>						
Opening balance						
Cost	2,075,315	80,442	1,025,368	610,732	2,305,724	6,097,581
Accumulated depreciation	(693,387)	(13,157)	(478,863)	(170,427)	-	(1,355,834)
<b>Net book value at 01 April 2016</b>	<b>1,381,928</b>	<b>67,285</b>	<b>546,505</b>	<b>440,305</b>	<b>2,305,724</b>	<b>4,741,747</b>
Additions	1,023	3,657	14,491	7,879	750,458	777,508
Impairment	-	-	(4,310)	-	-	(4,310)
Disposals	4,041	-	18,115	24,815	-	46,971
Transfer	-	-	-	-	(72,284)	(72,284)
Depreciation	(68,015)	(2,689)	(71,864)	(13,230)	-	(155,798)
<b>Net book value at 31 March 2017</b>	<b>1,318,977</b>	<b>68,253</b>	<b>502,937</b>	<b>459,769</b>	<b>2,983,898</b>	<b>5,333,834</b>
Made up as follows:						
Cost or revaluation	2,080,379	84,099	1,053,664	643,426	2,983,898	6,845,466
Accumulated depreciation	(761,402)	(15,846)	(550,727)	(183,657)	-	(1,511,632)
	<b>1,318,977</b>	<b>68,253</b>	<b>502,937</b>	<b>459,769</b>	<b>2,983,898</b>	<b>5,333,834</b>
<b>Authority - 2018</b>						
Opening balance						
Cost	2,058,481	74	964,302	293,908	2,977,620	6,294,385
Accumulated depreciation	(761,631)	(74)	(471,363)	(155,600)	-	(1,388,668)
<b>Net book value at 01 April 2017</b>	<b>1,296,851</b>	<b>-</b>	<b>492,938</b>	<b>138,307</b>	<b>2,977,620</b>	<b>4,905,717</b>
Additions	(954)	-	2,758	60	1,226,794	1,228,659
Impairment	-	-	(13)	-	-	(13)
Transfers	63,089	-	23,875	155,455	(246,577)	(4,157)
Depreciation	(66,218)	-	(63,754)	(15,186)	-	(145,158)
<b>Net book value at 31 March 2018</b>	<b>1,292,768</b>	<b>-</b>	<b>455,804</b>	<b>278,637</b>	<b>3,957,838</b>	<b>5,985,040</b>
Made up as follows:						
Cost or revaluation	2,120,617	74	988,504	442,059	3,957,838	7,510,987
Accumulated depreciation	(827,849)	(74)	(534,595)	(163,422)	-	(1,525,947)
	<b>1,292,768</b>	<b>-</b>	<b>453,909</b>	<b>278,637</b>	<b>3,957,838</b>	<b>5,985,040</b>

3 *Property, plant and equipment  
(continued)*

**Authority -2017**

Opening balance

	Land, structures & buildings N\$'000	Leased assets N\$'000	Vehicles, machinery, equipment and furniture N\$'000	Floating craft N\$'000	Assets under construction N\$'000	Total N\$'000
Cost	2,053,414	74	964,929	269,021	2,289,357	5,576,795
Accumulated depreciation	(893,616)	(74)	(430,423)	(150,194)	-	(1,274,307)
<b>Net book value at 01 April 2017</b>	<b>1,359,798</b>	<b>-</b>	<b>534,506</b>	<b>118,827</b>	<b>2,289,357</b>	<b>4,302,488</b>
Additions	1,024	-	6,856	72	742,092	750,044
Disposals	-	-	(4,310)	-	-	(4,310)
Transfers	4,043	-	19,266	24,815	(53,828)	(5,705)
Depreciation	(68,015)	-	(63,380)	(5,406)	-	(136,801)
<b>Net book value at 31 March 2017</b>	<b>1,296,851</b>	<b>-</b>	<b>492,938</b>	<b>138,307</b>	<b>2,977,621</b>	<b>4,905,717</b>
Made up as follows:						
Cost or valuation	2,058,481	74	986,741	293,908	2,977,620	6,294,385
Accumulated depreciation	(761,631)	(74)	(493,803)	(155,600)	-	(1,388,668)
<b>Carrying value</b>	<b>1,296,851</b>	<b>-</b>	<b>492,938</b>	<b>138,307</b>	<b>2,977,620</b>	<b>4,905,717</b>

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 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	-	-

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.

If the Land structures and buildings, floating craft, port machinery and equipment were measured using the cost model, the carrying amount would be as follows:

Land, structures and buildings	-	-	605,705	588,540
Floating crafts	-	-	231,652	89,382
Port machinery and equipment	-	-	245,022	268,953
<b>Carrying value of assets pledged as security - instalment sales agreements:</b>				
Vehicles, machinery, equipment and furniture	53,469	62,773	53,469	62,773
<b>Borrowing cost capitalised</b>				
Borrowing cost capitalised for the new container terminal project	150,183	104,010	150,183	104,010

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

	Cost/ valuation N\$ '000	2018 Accumulated amortisation N\$ '000	Carrying value N\$ '000	Cost/ valuation N\$ '000	2017 Accumulated amortisation N\$ '000	Carrying value N\$ '000
<b>4 Intangible assets</b>						
<b>Group</b>						
Computer software	47,987	(34,779)	13,208	46,371	(29,570)	16,801
<b>Authority</b>						
Computer software	47,987	(34,779)	13,208	46,371	(29,570)	16,801
		Opening balance N\$'000	Additions N\$'000	Transfers N\$'000	Amortisation N\$'000	Total N\$'000
<b>Group - 2018</b>						
Computer software		16,801	291	1,324	(5,208)	13,208
<b>Group - 2017</b>						
Computer software		16,210	369	5,369	(5,147)	16,801
<b>Authority - 2018</b>						
Computer software		16,801	291	1,324	(5,208)	13,208
<b>Authority - 2017</b>						
Computer software		16,210	369	5,369	(5,147)	16,801
			<b>Group</b>	<b>Group</b>	<b>Authority</b>	<b>Authority</b>
			<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
			<b>N\$ '000</b>	<b>N\$ '000</b>	<b>N\$ '000</b>	<b>N\$ '000</b>
<b>5 Investments</b>						
<i>At fair value through profit and loss designated:</i>						
Endowment assurance policies		215,694	538,382	215,633	538,326	
<i>Disclosed as:</i>						
Non-current assets		215,694	538,382	215,633	538,326	
Current assets		-	-	-	-	
		<b>215,694</b>	<b>538,382</b>	<b>215,633</b>	<b>538,326</b>	
Carrying value of investments pledged as security to third parties limited to value of loans		42,708	50,268	42,708	50,268	
The value of the loans for which this investments are pledged as security		42,708	50,268	42,708	50,268	
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.						
<b>6 Investments in subsidiaries</b>			<b>Group</b>	<b>Group</b>	<b>Authority</b>	<b>Authority</b>
			<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
			<b>% Holding</b>	<b>% Holding</b>	<b>Carrying amount</b>	<b>Carrying amount</b>
					<b>N\$ '000</b>	<b>N\$ '000</b>
<b>Authority</b>						
Elgin Brown & Hamer Namibia (Pty) Ltd.		52.50%	52.50%	3,150	3,150	
Namport Property Holdings (Pty) Ltd.		100.00%	100.00%	1	1	
Lüderitz Boatyard (Pty) Ltd.		100.00%	100.00%	1	1	
				<b>3,152</b>	<b>3,152</b>	
The carrying amounts of subsidiaries are shown at cost net of impairment losses.						

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>7 Loans to subsidiaries</b>				
Elgin Brown & Hamer Namibia (Pty) Ltd.	281	250	921	890
Namport Property Holdings (Pty) Ltd.	12	12	12	12
Lüderitz Boatyard (Pty) Ltd.	-	47	3,001	2,651
	<b>293</b>	<b>309</b>	<b>3,934</b>	<b>3,553</b>
These loans are interest free and have no fixed terms of repayment.				
<b>8 Prepayments</b>				
Prepayments	100,050	190,595	100,050	190,595
Disclosed as:				
Non-current assets	25,000	25,000	25,000	25,000
Current assets	75,050	165,595	75,050	165,595
	<b>100,050</b>	<b>190,595</b>	<b>100,050</b>	<b>190,595</b>
<b>9 Operating lease asset /(liability)</b>				
Non-current assets	283,012	249,782	283,012	249,782
Non-current liability	-	(941)	-	-
	<b>283,012</b>	<b>248,841</b>	<b>283,012</b>	<b>249,782</b>
Operating lease asset /(liability) resulted from the straight-lining of lease receivables /payables and is not discounted.				
<b>10 Special purpose funds</b>				
Channel Levy Fund	127	122	127	122
Navigational Aids Fund	2,595	2,469	2,595	2,469
Namport Social Investment Fund	6,852	7,738	6,852	7,738
	<b>9,574</b>	<b>10,329</b>	<b>9,574</b>	<b>10,329</b>
Disclosed as:				
Non-current liabilities	2,722	2,591	2,722	2,591
Current liabilities	6,852	7,738	6,852	7,738
	<b>9,574</b>	<b>10,329</b>	<b>9,574</b>	<b>10,329</b>
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. Channel Levy Fund is for the purpose of maintaining funds for the maintenance of the channel. Navigational Aids Fund is for the purpose of maintaining funds for the maintenance of the navigational equipment. Namport Social Investment Fund manages the social responsibility portfolio of Namport.				
<b>11 Deferred tax</b>				
Deferred tax assets	(108,729)	(80,510)	(43,254)	(31,769)
Deferred tax liabilities	1,054,888	1,025,215	929,720	902,805
	<b>946,159</b>	<b>944,705</b>	<b>886,466</b>	<b>871,036</b>
Reconciliation of deferred tax asset/(liability)				
At beginning of year	944,705	933,388	871,036	856,247
Increase/(dncrease) in tax losses available for set off	(11,485)	23,723	(11,485)	23,723
Revaluation	(11,221)	(12,965)	(11,221)	(12,965)
Net taxable temporary differences	24,160	408	38,136	4,031
	<b>946,159</b>	<b>944,704</b>	<b>886,466</b>	<b>871,036</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>11</b> <i>Deferred tax (continued)</i>				
<i>Comprising of liabilities/(assets):</i>				
Work in progress	10,960	3,349	1,177	1,364
Endowment Investments	209,896	203,442	209,893	203,442
Operating lease assets	92,470	81,836	92,470	81,836
Borrowing cost	116,082	68,209	116,082	68,209
Capital allowances	151,079	133,544	29,963	10,374
New container terminal	188,120	229,104	188,120	229,104
Revaluation of property, plant and equipment	217,718	228,940	217,718	228,940
Provisions for bad debt	(11,909)	(1,490)	-	-
Provision for bonuses	(1,993)	(2,383)	-	-
Provision for impairment	(3,015)	-	-	-
Severance pay	(1,076)	-	-	-
Provision for leave pay	-	(1,105)	(11,652)	(999)
Prepayments	11,089	7,957	10,171	7,523
Income received in advance	(662)	(662)	(662)	(662)
Insurance assets	83,063	80,300	83,063	80,300
Foreign exchange gain	(6,375)	(6,937)	(6,627)	(6,627)
Tax loss	(108,729)	(80,510)	(43,254)	(31,769)
Lease creditor	(1,775)	(301)	-	-
Consumables	1,153	1,412	-	-
Unrealised profit on foreign exchange revaluation	63	-	-	-
	<b>946,159</b>	<b>944,705</b>	<b>886,462</b>	<b>871,036</b>
<b>12</b> <b>Inventories</b>				
Work in progress	30,573	6,203	-	-
Consumable stores, net of impairment provision	6,275	7,670	2,671	3,255
	<b>36,848</b>	<b>13,873</b>	<b>2,671</b>	<b>3,255</b>
<b>13</b> <b>Trade and other receivables</b>				
Trade receivables	279,031	241,870	239,593	170,304
Amounts due from related parties	(19,901)	(12,800)	(18,579)	(10,752)
Foreign exchange contracts	788	-	-	-
Prepayments	747	816	-	-
Deposits paid	760	754	17	17
Value Added Tax	27,115	7,955	20,849	-
Staff loans	1,837	2,754	1,837	2,754
Other receivables	7,312	7,400	4,579	6,184
	<b>297,689</b>	<b>248,749</b>	<b>248,296</b>	<b>168,507</b>
<b>Trade and other receivables past due but not impaired</b>				
Account balances outstanding for more than sixty (60) days are considered to be past due. The counterparties whose account balances are neither past due nor impaired do not have any history of defaults on their accounts.				
The ageing of amounts past due but not impaired is as follows:				
30 days past due	36,269	60,139	5,117	13,359
More than 30 days past due	79,666	59,831	73,894	42,088
Longer than 60 days	4,493	6,742	-	-
<b>Reconciliation of provision for impairment for trade and other receivables:</b>				
Opening balance	12,801	10,307	10,752	6,125
Impairment loss recognised	5,484	4,627	5,484	4,627
Impairment utilised	(727)	(2,133)	-	-
	<b>17,558</b>	<b>12,801</b>	<b>16,236</b>	<b>10,752</b>

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>14 Current tax asset</b>				
Balance at the beginning of the year	22,046	22,046	22,046	22,046
Taxation charge for the year	15,430	(14,641)	15,430	(14,641)
Adjustment to deferred tax	(15,430)	14,641	(15,430)	14,641
Net payments made during the year	(22,046)	-	(22,046)	-
	-	22,046	-	22,046
<b>15 Other financial assets</b>				
Insurance asset	140,444	131,810	140,444	131,810
Disclosed as:				
Non-current assets	-	-	-	-
Current assets	140,444	131,810	140,444	131,810
	140,444	131,810	140,444	131,810
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.				
<b>16 Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash on hand	55	122	32	27
Bank balances	(43,575)	(39,271)	(5,062)	(17,250)
Short-term deposits	225,648	66,468	225,648	66,468
	182,128	27,320	220,618	49,246
<b>17 Share capital</b>				
Reflects net value at which assets were transferred from the shareholder in 1994	50,344	50,344	50,344	50,344
<b>18 Revaluation reserve</b>				
Opening balance	468,288	494,611	468,288	494,611
Transfer to retained earnings	(22,782)	(26,323)	(22,782)	(26,323)
	445,506	468,288	445,506	468,288
<b>19 Long-term borrowings</b>				
Held at amortised cost				
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.	934	2,801	934	2,801
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%.	4,672	9,354	4,672	9,354
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%.	10,575	21,174	10,575	21,174
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.	20,155	20,014	20,155	20,014
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.	31,927	29,326	31,927	29,326

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>19 Long-term borrowings (continued)</b>				
Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 367,958. Loan was consolidated in December 2017.	-	31,078	-	-
Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 1,049,026	176,216	68,054	-	-
Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 1,887,920. Loan was consolidated in December 2017.	-	83,752	-	-
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.	10,781	20,943	10,781	20,943
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%.	6,230	14,044	6,230	14,044
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%.	3,588	8,084	3,588	8,084
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	1,718	4,409	-	-
Nedbank loan repayable over 5 years in quarterly instalments at an interest rate of 8.50% per annum, starting 01 April 2018 and is secured by the Tug Onduli.	148,612	-	148,612	-
	<b>415,408</b>	<b>313,033</b>	<b>237,474</b>	<b>125,740</b>
<b>Non-current liabilities</b>				
At amorised cost	300,168	251,439	128,753	251,439
<b>Current liabilities</b>				
At amorised cost	115,240	61,594	108,720	43,826
	<b>415,408</b>	<b>313,033</b>	<b>237,473</b>	<b>125,740</b>
<b>20 African Development Bank</b>				
Balance at beginning of the year	1,816,274	1,549,611	1,816,274	1,549,611
New loans raised	429,078	280,878	429,078	280,878
Interest capitalised	150,183	104,010	150,183	104,010
Interest repaid	(149,602)	(118,225)	(149,602)	(118,225)
	2,293,645	1,816,274	2,293,646	1,816,274
Current portion of African Development Bank loan	47,712	-	47,712	-
	2,293,645	1,816,274	2,293,645	1,816,274
<b>Disclosed as:</b>				
Non-current liabilities	2,293,645	1,816,274	2,293,645	1,816,274
	2,293,645	1,816,274	2,293,645	1,816,274

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 is paid semi-annually from inception of loan. This loan is fully guaranteed by the Government of the Republic of Namibia.

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>21 Deferred income</b>				
Opening balance	299,186	250,000	299,186	250,000
Movement for the year	38,000	49,186	38,000	49,186
	<b>337,186</b>	<b>299,186</b>	<b>337,186</b>	<b>299,186</b>
Namibian Government	337,186	299,186	337,186	299,186
	<b>337,186</b>	<b>299,186</b>	<b>337,186</b>	<b>299,186</b>

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

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

## 22 Severance pay provision and post retirement medical aid obligation

### 22.1 Severance pay provision

Present value of the defined benefit obligation-wholly unfunded

	6,836	6,010	6,836	6,010
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#### Movement for the year:

Opening balance

	6,010	5,605	6,010	5,605
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Net amount recognised in the statement of comprehensive income

	826	405	826	405
	<b>6,836</b>	<b>6,010</b>	<b>6,836</b>	<b>6,010</b>

#### Net amount recognised in the statement of comprehensive income

Current service cost

	619	522	619	522
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Benefit payments

	(433)	(19)	(433)	(19)
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Interest cost

	607	552	607	552
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Actuarial (gains)/losses

	33	(650)	33	(650)
	<b>826</b>	<b>405</b>	<b>826</b>	<b>405</b>

#### Key assumptions used:

Investment return

	8.80%	9.20%	8.80%	9.20%
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Salary inflation rate

	7.90%	8.20%	7.90%	8.20%
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### 22.2 Post retirement medical aid obligation

Present value of the defined benefit obligation-wholly unfunded

	6,983	5,829	6,983	5,829
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#### Movement for the year:

Opening balance

	5,829	5,980	5,829	5,980
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Net amount recognised in the statement of comprehensive income

	1,154	(151)	154	(151)
	<b>6,983</b>	<b>5,829</b>	<b>6,983</b>	<b>5,829</b>

#### Net amount recognised in the statement of comprehensive income

Current service cost

	480	523	480	523
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Benefit payments

	(294)	(344)	(294)	(344)
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Interest cost

	563	583	563	583
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Actuarial (gains)/losses

	405	(913)	405	(913)
	<b>1,154</b>	<b>(151)</b>	<b>1,154</b>	<b>(151)</b>

#### Key assumptions used:

Investment return

	8.90%	9.50%	8.90%	9.50%
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Medical inflation rate

	7.90%	8.40%	7.90%	8.40%
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	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>23 Trade and other payables</b>				
Trade payables	338,731	228,118	297,427	191,771
Value Added Tax	-	7,080	-	7,080
Other payables	34,329	24,449	7,099	8,133
Foreign exchange contract	-	970	-	-
Accrued leave pay	4,892	4,590	-	-
Accrued bonus	7,151	8,474	-	-
Accrued expenses	1,695	1,987	-	-
Deposits received	40	40	-	-
	<b>386,838</b>	<b>275,708</b>	<b>304,526</b>	<b>206,984</b>
<b>24 Provisions</b>				
<b>Reconciliation of provisions - Group - 2018</b>				
	Opening balance	Additions	Utilised during the year	Closing balance
Provision for leave pay	40,067	17,104	(13,427)	43,744
Provision for bonuses	14,810	71,382	(57,694)	28,498
Provision for customer rebates	2,844	1,924	(2,464)	2,304
	<b>57,721</b>	<b>90,410</b>	<b>(73,585)</b>	<b>74,546</b>
<b>Reconciliation of provisions - Group - 2017</b>				
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
	<b>42,706</b>	<b>41,189</b>	<b>(26,174)</b>	<b>57,721</b>
<b>Reconciliation of provisions - Authority - 2018</b>				
Provision for leave pay	40,067	17,104	(13,427)	43,744
Provision for bonuses	14,810	71,382	(57,694)	28,498
Provision for customer rebates	2,844	1,924	(2,464)	2,304
	<b>57,721</b>	<b>90,410</b>	<b>(73,585)</b>	<b>74,546</b>
<b>Reconciliation of provisions - Authority - 2017</b>				
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
	<b>42,706</b>	<b>41,189</b>	<b>(26,174)</b>	<b>57,721</b>

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.

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>25 Revenue</b>				
Rendering of services				
Cargo services	335,162	273,675	335,162	273,675
Marine services	139,780	113,379	139,780	113,379
Port Authority services	526,637	472,789	526,637	472,789
Synchrolift services - dry dock	37,427	33,661	37,427	33,661
Ship repairs - floating dock	333,876	356,075	-	-
Rebates and discounts	(5,236)	(2,734)	(5,237)	(2,734)
Rendering of services	373	737	-	-
	<b>1,368,019</b>	<b>1,247,582</b>	<b>1,033,769</b>	<b>890,770</b>
<b>26 Other costs by nature</b>				
Abnormal losses	16,534	1,138	-	-
Advertising, promotions and marketing	10,155	9,020	9,038	7,865
Administration cost	5,175	5,089	-	-
Audit fees	2,073	3,031	1,385	1,619
Bad debts	2,906	(564)	1,804	-
Bank charges	1,020	917	638	685
Claims	398	1,511	398	1,511
Cleaning	-	-	-	-
Commissions paid	666	3,398	-	-
Computer expenses	11,081	9,660	9,467	8,042
Consulting fees	3,933	6,056	1,704	4,168
Consumables and materials	999	1,060	999	1,060
Cost of sales	236,884	-	-	-
Diesel, petrol, lubricants and tyres	26,289	24,611	26,289	24,611
Directors emoluments	1,414	1,556	1,414	1,556
Discount allowed	1,670	1,434	-	-
Donations	1,059	3,946	988	3,202
Entertainment and refreshments	4,397	5,051	4,122	4,919
Foreign exchange losses	-	-	-	-
General expenses	-	-	-	-
Insurance	13,580	14,538	8,939	9,270
Legal fees	880	704	417	188
Licenses	245	255	245	255
Loss on disposal of fixed assets	(66)	3,672	(66)	3,294
Memberships and subscriptions	325	668	325	668
Municipal charges	6,173	5,193	6,173	5,193
Rental	25,840	14,098	1,953	2,843
Retrenchment and general office expenses	6,053	12,024	-	-
Safety, health and environmental expenses	6,171	4,631	6,171	4,631
Secretarial fees	1	1	-	-
Security	8,842	8,478	5,913	4,983
Staff welfare	786	889	-	-
Printing and stationery	1,299	923	1,299	923
Subscriptions	1,768	1,086	-	-
Sundry expenses	12,240	573	11,479	5,458
Training	1,011	1,744	-	-
Telephone, postage and courier services	3,660	3,685	3,369	3,441
Traveling and accommodation	5,824	5,668	4,939	4,553
Water and electricity	53,399	40,643	53,399	40,643
	<b>474,684</b>	<b>440,908</b>	<b>162,801</b>	<b>145,580</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>27 Operating profit</b>				
Operating profit is stated after taking account of the following items:				
Auditors' remuneration	2,073	3,031	1,385	1,619
Operating lease charges	25,840	14,098	1,953	2,843
Consulting fees	3,933	6,056	1,704	4,168
(Profit)/loss on sale of property, plant and equipment	325	668	(66,414)	3,294
Depreciation of property, plant and equipment	165,247	155,798	145,158	136,800
Realised foreign exchange loss	5,208	5,147	22	7,592
Unrealised foreign exchange loss	-	41,133	-	41,133
Amortisation on intangible assets	5,208	5,147	5,208	5,147
<b>28 Fair value adjustments</b>				
Endowment investments	20,161	35,614	11,527	23,807
Insurance assets	-	-	8,634	11,804
	20,161	35,614	20,161	35,611
<b>29 Interest income</b>				
Bank balances and short-term deposits	35,363	18,424	32,941	14,651
Trade debtors	-	-	2,262	3,188
	35,363	18,424	35,203	17,839
<b>30 Finance costs</b>				
Long-term borrowings	36,518	36,498	14,133	14,311
<b>31 Taxation</b>				
Major components of the tax expenses				
Current taxation	-	-	-	-
Deferred taxation	1,455	11,167	15,430	14,641
	1,455	11,167	15,430	14,641
Reconciliation of the tax expenses				
Reconciliation between accounting profit and tax expense				
Accounting profit	132,356	61,048	181,572	73,064
Tax at the applicable tax rate of 32% (2017: 32%)	42,354	19,535	58,103	23,381
Tax effect of adjustments on taxable income				
Tax effect on revaluation	11,221	12,965	11,221	12,965
Expenses non-deductible for tax	(62,645)	2,390	(64,419)	2,019
Utilised assessed loss	10,525	(23,723)	10,525	(23,723)
	1,455	11,167	15,430	14,641

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>32 Cash generated by operations</b>				
Profit before taxation	132,356	61,048	181,572	73,064
<b>Adjustments for:</b>				
Depreciation and amortisation	168,955	160,946	150,366	141,948
Unrealised loss on exchange difference	(605)	40,163	-	41,133
Fair value adjustments on financial assets	(35,203)	(17,839)	(35,203)	(17,839)
Interest paid	36,518	36,498	14,133	14,311
Investment revenue	(20,165)	(35,615)	(20,161)	(35,611)
Impairment of intercompany loans	350	112	-	-
Impairment of property, plant and equipment	7,111	-	-	-
Operating lease rentals straight lining	(28,626)	(34,567)	(33,230)	(35,023)
Post retirement medical aid provision	-	-	1,154	(151)
Interest received	(155)	(581)	-	-
Loss on sale of property, plant and equipment	(66,438)	3,672	(66,414)	3,294
Severance pay provision	826	405	826	405
Finance costs capitalised to long term borrowings	50,560	(151)	50,560	-
<b>Changes in working capital:</b>				
Inventories	(22,974)	3,907	584	(1,816)
Trade and other receivables	(47,339)	(41,503)	(79,789)	3,312
Trade and other payables	128,111	(68,233)	114,369	(75,303)
	<b>303,282</b>	<b>108,262</b>	<b>278,767</b>	<b>111,724</b>
<b>33 Commitments</b>				
<b>Authorised capital expenditure:</b>				
• Authorised and contracted for	4,192,153	3,090,013	4,192,153	3,078,013
• Authorised, but not yet contracted for	1,127,491	2,010,033	1,127,491	2,010,033
	<b>5,319,644</b>	<b>5,100,046</b>	<b>5,319,644</b>	<b>5,088,046</b>

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

### 34 Contingencies

Provision of suretyship on financing facilities to EBH Namibia (Pty) Ltd.	151,150	151,150	151,150	151,150
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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\$ 57,000,000 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

#### Relationships

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 or any other entity controlled by this Government, except for Government Grant received as stated below.

A capital grant of N\$ 38 000 000.00 (2017: N\$ 49 185 569.50) was received from the Namibian Government. The grant was received for use towards the New Container Terminal, Walvis Bay SADC Gateway Port and Communication system. These funds may only be used for this project.

Remuneration to key management personnel	26,528	23,146	10,884	10,465
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	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>36 Directors' emoluments</b>				
<i>Non-executive</i>				
A. Kanime	60	223	60	223
J. Muadinohamba	-	147	-	147
J. Comalie	196	220	196	220
M. Jankie-Shakwa	51	220	51	220
O. Shikongo	50	185	50	185
Adv. G.S. Hinda	281	52	281	52
E.N. Hamunyela	127	-	127	-
J. Kangandjera	110	-	110	-
M. Hindjou	127	-	127	-
Subsidiary directors	320	586	-	-
	<b>1,322</b>	<b>1,633</b>	<b>1,002</b>	<b>1,047</b>

**37 Classification of financial assets and liabilities**

**Group**

*Financial assets - 31 March 2018*

	Fair value hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
Investments	Level 2	-	215,694	215,694
Loans to subsidiaries		293	-	293
Other financial assets	Level 2	-	140,444	140,444
Channel Levy Fund investment	Level 2	-	127	127
Trade and other receivables		297,689	-	297,689
Cash and cash equivalents		182,128	-	182,128
		<b>480,110</b>	<b>356,265</b>	<b>836,375</b>

*Financial assets - 31 March 2017*

Investments	Level 2	-	538,382	538,382
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
		<b>276,068</b>	<b>670,314</b>	<b>946,382</b>

*Financial liabilities - 31 March 2018*

	Other financial liabilities at amortised cost N\$ '000	Finance lease obligations N\$ '000	Special purpose funds N\$ '000	Total N\$ '000
Long-term borrowings	415,408	1,718	-	417,126
African Development Bank	2,293,645	-	-	2,293,646
Special purpose funds	-	-	9,447	9,447
Trade and other payables	386,838	-	-	386,838
	<b>3,095,892</b>	<b>1,718</b>	<b>9,447</b>	<b>3,107,057</b>

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

Financial liabilities - 31 March 2017

	Other financial liabilities at amortised cost N\$ '000	Finance lease obligations N\$ '000	Special purpose funds N\$ '000	Total N\$ '000
Long-term borrowings	61,594	251,439	-	313,033
African Development Bank	1,816,274	-	-	1,816,274
Special purpose funds	-	-	10,329	10,329
Trade and other payables	275,707	-	-	275,707
	<b>2,153,575</b>	<b>251,439</b>	<b>10,329</b>	<b>2,415,343</b>

Authority

Financial assets - 31 March 2018

	Fair value hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
Investments	Level 2	-	215,633	215,633
Loans to subsidiaries		3,933	-	3,933
Other financial assets	Level 2	-	140,444	140,444
Channel Levy Fund investment	Level 2	-	127	127
Trade and other receivables		348,405	-	348,405
Cash and cash equivalents		220,559	-	220,559
		<b>572,897</b>	<b>356,204</b>	<b>929,101</b>

Financial assets - 31 March 2017

Investments	Level 2	-	538,382	538,382
Loans to subsidiaries		309	-	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
		<b>276,377</b>	<b>670,314</b>	<b>946,691</b>

Financial liabilities - 31 March 2018

	Other financial liabilities at amortised cost N\$ '000	Finance lease obligations N\$ '000	Special purpose funds N\$ '000	Total N\$ '000
Long-term borrowings	62,720	174,753	-	237,473
African Development Bank	2,293,645	-	-	2,293,645
Special purpose funds	-	-	6,574	6,574
Trade and other payables	304,525	-	-	304,525
	<b>2,660,890</b>	<b>174,753</b>	<b>6,574</b>	<b>2,842,217</b>

Financial liabilities - 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
	<b>2,067,084</b>	<b>81,914</b>	<b>10,329</b>	<b>2,159,327</b>

### 38 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 Group'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.

#### 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 maintained.

The table below analyses the Authority's financial liabilities into relevant maturities 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.

#### Group

##### As at 31 March 2018

	Less than 1 year N\$ '000	Between 1 and 5 years N\$ '000	Over 5 years N\$ '000
Long-term borrowings	162,952	300,168	2,245,933
Special purpose funds	6,852	2,595	-
Trade and other payables	386,838	-	-
Other financial liabilities	-	-	3,229
Operating lease liability	-	-	5,546

##### As at 31 March 2017

Long-term borrowings	61,594	251,439	1,816,274
Special purpose funds	7,738	2,591	-
Trade and other payables	275,707	-	-
Other financial liabilities	-	-	3,236
Operating lease liability	-	-	1,994

#### Authority

##### As at 31 March 2018

	Less than 1 year N\$ '000	Between 1 and 5 years N\$ '000	Over 5 years N\$ '000
Long-term borrowings	108,720	128,753	-
African Development Bank	47,712	-	2,245,933
Special purpose funds	6,852	2,595	-
Trade and other payables	304,525	-	-

##### As at 31 March 2017

Long-term borrowings	61,594	251,439	-
African Development Bank	-	2,591	1,816,274
Special purpose funds	7,738	-	3,276
Trade and other payables	275,707	-	941

### 38 Risk management (continued)

The credit facilities of the Authority are reviewed annually and consist of the following bank overdraft facilities:

#### Overdraft facilities:

Total facilities  
Utilised

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
Total facilities	63,114	43,000	20,155	23,000
Utilised	(58,714)	(21,117)	(20,155)	(20,014)
	4,400	21,883	-	2,986

#### Credit risk

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 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
Investments	215,694	538,382	215,633	538,326
Loans to subsidiaries	-	-	3,934	3,553
Other financial assets	140,444	131,810	140,444	131,810
Channel Levy Fund investment	127	122	127	122
Trade and other receivables	372,739	414,343	348,347	359,103
Cash and cash equivalents	182,128	27,320	220,618	49,246

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.

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
Total value of bank guarantees and cash deposits held by the Group at the reporting date	56,810	56,810	96,940	56,810

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

Whilst credit limits were exceeded during the reporting period, management does not expect any losses from non-performance by these counterparties. The 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 counterparty.

#### 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:

	Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
Financial assets:				
Floating interest bearing	397,822	565,701	436,251	587,571
Fixed and non-interest bearing	613,255	646,220	492,852	494,588
	1,011,077	1,211,921	929,103	1,082,159

## 38 Risk management (continued)

## Financial liabilities:

Floating interest bearing  
Fixed and non-interest bearing

Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
2,709,053	2,129,308	2,531,118	1,942,014
405,060	290,253	314,099	217,313
<b>3,114,113</b>	<b>2,419,561</b>	<b>2,845,217</b>	<b>2,159,327</b>

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 as for 2017.

Financial assets  
Financial liabilities  
Net effect on equity

Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
8,020	8,020	2,156	8,020
(27,091)	(21,293)	(25,311)	(17,995)
<b>(19,071)</b>	<b>(13,273)</b>	<b>(23,155)</b>	<b>(9,975)</b>

## Currency risk

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

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the 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 as for 2017.

Net effect on equity

Group 2018 N\$ '000	Group 2017 N\$ '000	Authority 2018 N\$ '000	Authority 2017 N\$ '000
<b>31,154</b>	<b>31,154</b>	<b>31,154</b>	<b>31,154</b>

## 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.

## 39 Fair values

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

Group	Carrying values		Fair values	
	2018 N\$ '000	2017 N\$ '000	2018 N\$ '000	2017 N\$ '000
<b>Financial assets</b>				
Investments	215,694	538,382	215,633	538,326
Other financial assets	140,444	131,810	140,444	131,810
Channel Levy Fund investment	127	122	127	122
Trade and other receivables	472,684	514,288	323,347	334,103
Cash and cash equivalents	182,128	27,320	220,618	49,246
	<b>1,011,077</b>	<b>1,211,921</b>	<b>900,169</b>	<b>1,053,607</b>

39 Fair values (continued)

Financial liabilities

Long-term borrowings
African Development Bank
Special purpose funds
Other financial liabilities
Operating lease liability
Trade and other payables

	Carrying values		Fair values	
	2018 N\$ '000	2017 N\$ '000	2018 N\$ '000	2017 N\$ '000
415,408	313,033	415,408	313,033	
2,293,645	1,816,274	2,293,645	1,816,274	
9,447	10,329	9,574	10,329	
3,229	3,276	3,229	3,276	
5,546	941	5,546	941	
386,838	275,707	386,838	275,707	
<b>3,114,113</b>	<b>2,419,561</b>	<b>3,114,240</b>	<b>2,419,560</b>	

Authority

Financial assets

Investments
Loans to subsidiaries
Other financial assets
Channel Levy Fund investment
Trade and other receivables
Cash and cash equivalents

215,633	538,326	215,633	538,326
3,934	3,553	3,933	3,553
140,444	131,810	140,444	131,810
127	122	127	122
348,347	359,103	348,406	359,103
220,618	49,246	220,559	49,246
<b>929,103</b>	<b>1,082,160</b>	<b>929,102</b>	<b>1,082,160</b>

Financial liabilities

Long-term borrowings
African Development Bank
Special purpose funds
Trade and other payables

237,474	125,740	237,474	125,740
2,293,646	1,816,274	2,293,645	1,816,274
9,574	10,329	6,574	10,329
304,524	206,984	304,525	206,984
<b>2,845,218</b>	<b>2,159,327</b>	<b>2,842,218</b>	<b>2,159,327</b>

The fair value of cash and cash equivalents, trade and other receivables as well as trade and other payables approximate their carrying value due to their short-term nature. The effects of discounting loans to subsidiaries and the Channel Levy Fund 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.

40 New Standards and Interpretations

40.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to the operations:

Standard/Interpretation:

- Amendments to IAS 7: Disclosure initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Effective date: Years beginning on or after
01 January 2017
01 January 2017

40.2 Standards and interpretations early adopted

The Group has chosen to early adopt the following standards and interpretations:

Standard/Interpretation:

- IFRS 9 Financial Instrument
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 28: Annual Improvements to IFRS 2014-2016 cycle
- Amendments to IFRS 1: Annual Improvements to IFRS 2014-2016 cycle
- Transfer of Investment Property: Amendments to IAS 40
- Foreign Currency Transactions and Advance Considerations
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

01 January 2018
01 January 2018
01 January 2018



NOTES:

A series of 25 horizontal dotted lines for writing notes.



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