ANNUAL REPORT

2018/19

www.namport.com.na

NAMPORT

INTRODUCTION

Reporting principles

Namport has applied the principles contained in the International Financial Reporting Standards (IFRS), the Corporate Governance Code for Namibia (NamCode), and the Companies Act No. 28 of 2004. This report has been developed in accordance with the Global Reporting Initiative (GRI) guidelines and aspects of the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) have also been incorporated.

Scope, boundary and reporting cycle

Namport's 2018/19 Annual Report provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance, covering the financial year ended 31 March 2019.

We endeavour to illustrate a comprehensive view of the business by analysing our performance against the Authority's strategic objectives, highlighting successes and challenges experienced this year.

This report is available in electronic format on our website: www.namport.com.na.

Target audience and materiality

This report has been prepared primarily for the Government of Namibia as Namport's sole shareholder, as well as the marine industry as key stakeholders. The report is also relevant for any other stakeholder who has an interest in our performance against our core mandate of providing port services to seaborne trade.

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It was a challenging but satisfying year, and we achieved important milestones.

The Namport **Group**

This report presents, in full, Group results for the Namibian Ports Authority (Namport) for the year ended 31 March 2019, 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 percent of the issued share capital of Elgin Brown & Hamer Namibia (Pty) Limited (EBH). EBH carries out ship and rig repairs, 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.

NAMIBIA E-TRADE SERVICES (PTY) LIMITED

Namibia e-Trade Services (PTY) Ltd was registered in May 2018.

High-level **Statements**

Our Vision

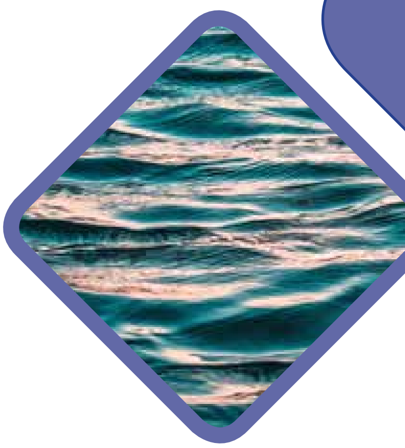
Our vision is to be the best performing world-class hub sea port in Africa.

Our Mission

Namport is committed to providing world-class port services to all seaborne trade through excellent customer service, sustainable growth and social responsibility to contribute to the transformation of Namibia as a global logistics hub.

Our Values

- We are committed
- We are connected, and
- We are caring.



About **Namport**

The Namibian Ports Authority (referred to as 'Namport' or the 'Authority') is a public enterprise which was established by the Namibian Ports Authority Act, 1994 (Act 2 of 1994).

Namport, together with its subsidiary companies, Elgin Brown & Hamer Namibia (Pty) Ltd, Namport Property Holdings (Pty) Ltd and Lüderitz Boatyard (Pty) Ltd, and Namibia e-Trade Services (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 south-western coast, serves as 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.

Our services to customers worldwide

GENERAL VESSEL TRAFFIC: General vessel traffic is the heart of Namport's business. Between 1,800 and 2,500 vessels visit the ports of Walvis Bay and Lüderitz each year.

CONTAINER CARGO HANDLING: The new container terminal at the Port of Walvis Bay will be officially inaugurated on 2 August 2019 and operationalised by 24 August 2019. This will increase throughput capacity to 750,000 TEUs (twenty-foot-equivalent unit) per annum.

CROSS-BORDER CARGO IMPORT/EXPORT: The import and export of cargo and commodities to and from countries in the SADC region and beyond 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.

NAMPORT'S KEY ROLES

- Manage the port facilities to cater for current trade needs.
- Develop the ports for future demands.
- Contribute to the competitiveness of the SADC region's trade through the efficient, reliable and cost-effective supply of port services.
- Facilitate economic growth in Namibia by enabling regional development and cross-border trade.
- Promote the ports of Walvis Bay and Lüderitz as preferred routes for sea-borne trade between SADC, Europe, Asia and the Americas.
- As one of the founding architects of the Walvis Bay Corridor Group, assist with developing cross-border trade.
- Minimise the impact of port operations on the natural environment by applying ISO 14001 standards.
- Uplift and support the communities in which we operate.

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

FUEL IMPORTS: Petroleum imports form the biggest share of commodities landed at the Port of Walvis Bay (35 percent of freight tonnes landed). The construction of the new petroleum liquid bulk terminal further north will see imports being done there.

PASSENGER TRAFFIC: The 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.

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.

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.

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 provide an opportunity for a facelift for the current yacht club and waterfront.

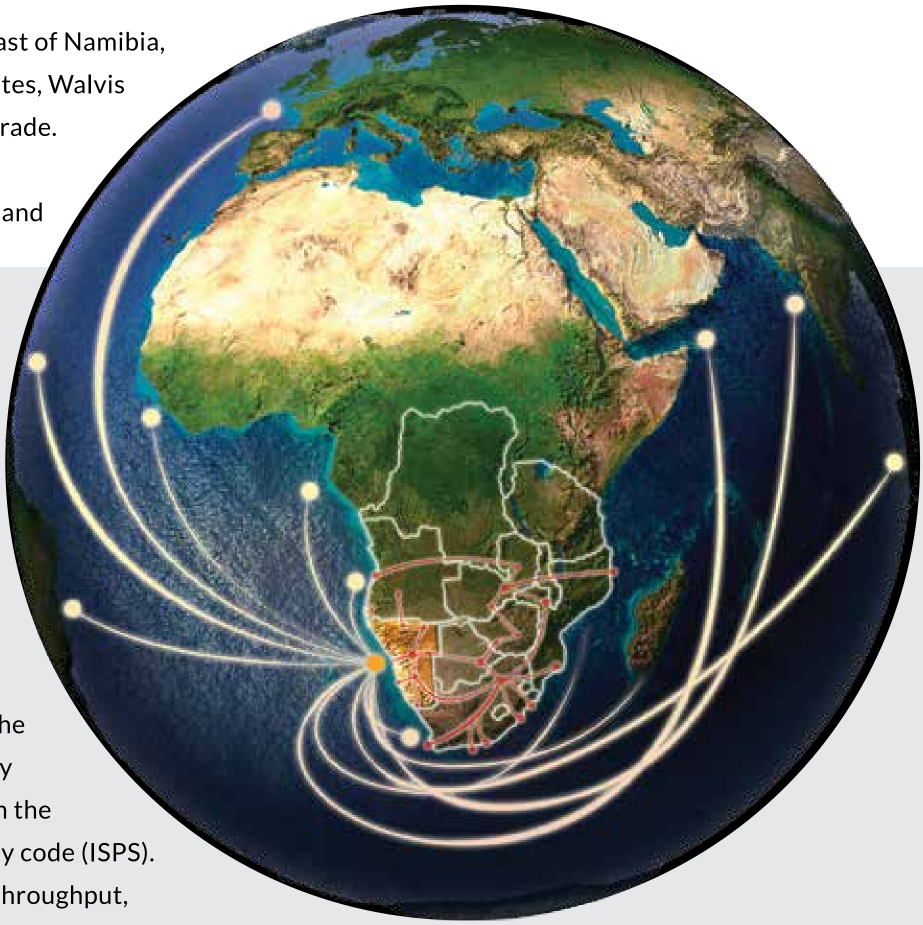
Serving the **Global Market**

Around 80 percent of global trade by volume, and over 70 percent of global trade by value, is seaborne. Some 90 percent of Africa's imports and exports are conducted by sea. The African Development Bank has forecast that port-throughput in Africa will rise from 265 million tonnes in 2009 to more than 2 billion tonnes in 2040.

The southern African region constitutes 41 percent of Africa's container throughput and is thus a critical player in the growth of the African continent.

During the past two decades, Namport has grown substantially, in both size and significance, from a minor national port to a key role player in the SADC region. With its recent substantial infrastructural investment in expanding the facilities at the Port of Walvis Bay, it is set to increase its relevance even more.

The trade routes we serve



Strategically located half way down the coast of Namibia, with direct access to principal shipping routes, Walvis Bay is a natural gateway for international trade. The Port of Walvis Bay is Namibia's largest commercial port, receiving between 1,800 and 2,500 vessel calls each year and handling about 5 million tonnes of cargo.

The Port of Walvis Bay is a secure, efficient and world-class port. Temperate weather conditions are experienced all year round and no delays are caused by weather. Its world-class infrastructure and equipment ensure reliable and safe cargo handling.

Deep-water anchorage is available inside the harbour, and is protected by the natural bay and by Namport. The port is compliant with the International Ship and Port Facility Security code (ISPS). In order to deal with even higher levels of throughput, Namport has steadily improved its cargo-handling facilities, and remains committed to infrastructure development, in line with its mission to provide efficient and effective port and related services.

Industries we serve

The Port of Walvis Bay handles container imports, exports and transshipments, as well as bulk and breakbulk volumes of various commodities.

Namport serves a wide range of industries such as the petroleum, salt, mining and fishing industries. Both bulk and bagged salt are exported from the Port of Walvis Bay.

The Port of Lüderitz serves the mines in the southern regions of Namibia and north-western South Africa with imports and exports of mining commodities. It is also an important base for the local fishing industry.

Our competitive edge

With delays caused by weather conditions seldom an issue, turnaround times at the Port of Walvis Bay are very competitive: handling times for container vessels are around 12 to 15 hours, dependent upon volumes per call; for bulk vessels averages between 24 and 48 hours depending on tonnage and shipment; and for breakbulk vessels it averages between 18 to 20 hours.

The transport corridors managed by Walvis Bay Corridor Group make access to the hinterland easy and fast. As such, the Gauteng market in South Africa can be reached via the Trans-Kalahari Corridor instead of going via Durban or Cape Town, saving 7 to 11 days of transit time. Transit time from Antwerp (Belgium) to the Port of Walvis Bay is 17 days.

Currently, the roads and rail transport sub-sectors are upgrading existing roads and rail facilities to support Walvis Bay becoming the gateway port for the SADC region.

These actions will reduce transport time, as well as provide alternative transport corridors connecting to our ports.

Message from the **Chairperson**

Dear Stakeholders

Welcome to Namport's 2018/19 Annual Report.

Welcome to our Annual Report, which provides an overview of Namport's business activities during the financial year 2018/19 and honours the trust bestowed on us to steward the Authority's financial resources.

Globally, regionally and locally, the pace of economic growth was still sluggish during the reporting year, which saw countries with advanced, emerging and developing economies losing some of their earlier momentum.

In Namibia, real GDP is estimated to have contracted by 0.1 percent in 2018 mainly due to slower activity in the tertiary and secondary industries, although the contraction is estimated to be lower than in 2017. The disappointing performance in 2018 is mainly ascribed to declines in the construction and agriculture sectors, hotels, restaurants, wholesale and retail trade, as well as the public sector. However, robust growth in the mining sector sustained the activity in the primary industries during 2018.

Amidst these tough economic times, it is commendable that Namport could generate total income amounting to N$1.08 billion, albeit being 2 percent less than the budget of N$1.1 billion, but reflects an increase of 4 percent on the income of N$1.037 billion generated in the previous financial year.

Amidst tough economic times, it is commendable that Namport could increase the total income generated by 4 percent.

During the reporting year, much of Namport's activities focused on completing the last phase of the new container terminal, with operations commencing on the target date of August 2019.

The completion and operationalising of the container terminal will indeed be a major milestone — not only for Namport, but also for Namibia as a country, placing our vision to be Africa's preferred logistic hub within reach.

We are indeed looking forward to the next financial year when the container terminal will become operational, as it will improve Namport's efficiencies substantially.

In conclusion, and on behalf of the Board, I would like to express my appreciation to the Minister of Works and Transport, Honourable John Mutorwa, for his unwavering support and guidance during the reporting year.

We would like to thank CEO Bisey /Uirab, his management team and staff for their dedication and hard work.

ADV. GERSON HINDA, SC
CHAIRPERSON

2018/19 **At a glance**

How we planned **and built our future**

Port of Walvis Bay

Regional Logistics Hub Port

AFRICA'S EXPRESS HUB TO INTERNATIONAL MARKETS

Did we do **as planned?**

- **Increasing throughput capacity**
  - New container terminal on target (96%) ☑
  - Ranking in UNCTAD Liner Shipping Connectivity Index at position 80 (Target 70-75) ☒
  - Efficiency of Seaport Services Ranking 41 / 140 ☑

- **Diversifying and growing market base**
  - 12% cargo volume growth (target 17% growth) and 18% decrease in TEU volumes (target 6% growth) ☒
  - TEUs shipped increased 6%. TEUs landed increased 11% ☑
  - 46% cross-border volume growth through ports ☑
  - Successfully contracted for manganese export through the Port of Lüderitz in 2019/20 ☑

LINK TO NDP5 STRATEGIES

Upgrade road, rail, port and aviation infrastructure to world-class standards

Development of logistics centres

Expand the capacity of the Walvis Bay Port

New container terminal & port automation

Diversify tourism products

Cruise industry and sea port

Increase export potential by focusing on greater industrialisation

National Single Window

PROGRESS MADE:

- Port of Walvis Bay's new container terminal progress at 96 percent.
- Dedicated passenger vessel berth constructed.
- Master plan for future use of the old container terminal and tanker jetty completed.
- Master plan studies on Port of Walvis Bay north port were completed.
- Widening the Port of Walvis Bay entrance channel capacity was found to be not feasible.
- We established strategic alliances with six global freight forwarders.
- An independent market study report was carried out.
- We have reduced the dependence on one container shipping liner service, the three other lines who call regularly, increasing their volumes through our ports.
- A strategic alliance was entered into with Tradeport Namibia to move mining exports from the Northern Cape in the Republic of South Africa through the Port of Lüderitz. They have commenced with attending to the requirements for environmental clearance and the first 30,000 tonne consignment of manganese will be exported in Q2 of 2019/20.
- Broadening our global footprint is proceeding at a steady pace – our South African office will service Botswana and we received an offer of an office in Bremen, Germany.
- The Performance Management System Policy and the Short-term Incentive Policy were revised and aligned to best practice.

Port of Lüderitz

Bulk port for southern Namibia and the Northern Cape in South Africa

- **Improving efficiencies**
  - Port Automation – ICT Package for new container terminal prioritised & on track ✓
  - Process re-engineering project launched ✓
  - CSI 75% (target 71%) ✓
  - Achieved 71% of target average of berth moves/hour ✗
  - New shift system introduced ✓

- **Entrenching sustainable development**
  - LTIFR 0.68 (target 0.75) ✓
  - Total income growth of 4 % (2% under budget) ✗
  - ✓
  - Costs within budget ✓
  - Combined assurance framework ✓
  - N$3 million donated to social investment

- **Optimising human capital effectiveness**
  - 100% critical skills availability ✓
  - Introduced a graduate development programme ✓
  - Implemented the Enterprise Change Management Programme ✓

KEY AREAS WHERE WE WERE BEHIND SCHEDULE AND TARGET:

- Strategic environmental impact assessment for deep water port area in Lüderitz behind schedule due to delay in sourcing of funding.
- We had a target to source three new anchor tenants and only attracted one at the Port of Lüderitz. This is due to no land/warehousing available to attract suitable anchor tenants at the Port of Walvis Bay south port, whilst the north port is not yet ready for occupation.
- Developing a concept for fuel imports through the Port of Lüderitz not on target.
- Although we did complete a brand audit, the development of a branding plan is behind schedule.
- Compiling a pricing structure by year-end was not achieved due to the need to first complete a tariff benchmark study which has now been done.

PRODUCTIVITY BERTH MOVES PER HOUR ON AVERAGE 29% BELOW TARGET

- The poor performance was influenced by various factors, especially unavailability of equipment. Management is formulating an asset management strategy as well as implementation of human capital productivity motivation initiatives.

INTERNET OF THINGS TRANSFORMS THE WAY WE DO BUSINESS

Namport has accelerated its move towards becoming a digital workplace where efficiencies and service delivery can be improved through automated key processes. Our **Port Automation project** focused on key technologies required by Q.2 of 2019/20, the most critical of which was the ICT Package for the new container terminal where procurement delays impacted timelines for delivery of outcomes – re-advertisement of bids twice due to receipt of non-responsive bids. The project is now on track.

Namibia's National Single Window project was formalised into a subsidiary company, namely Namibia e-Trade Services (Pty) Ltd. The bids for a technical partner closed but evaluation thereof held in abeyance, pending finalisation of the agreement between the Government of Namibia and Namport as regards the governance and operation model of the entity.

NAVIGATING INTO THE FUTURE: HIGHLIGHTS FROM OUR NEW STRATEGY 2020 – 2024

- New container terminal to be inaugurated and operational by Q3 of 2019/20.
- Port Automation ICT Package operational.
- National Single Window Phase 1 to continue.
- Planning on rehabilitation of Berths 1 to 8 Port of Walvis Bay to commence.
- PPP opportunities: new car terminal, Walvis Bay waterfront, Lüderitz cold storage, Lüderitz fuel imports, new container terminal, logistics centre, and north port development.
- Revised business model, financial model and pricing structure.

Highlights of **Namport's History**

During the reporting year, Namport celebrated 25 years of operations. From the day that our journey started on 28 February 1994 until 28 February 2019, Namport has grown phenomenally. A humble feeder port before Namibia's independence, Namport has become a major driver of the country's economy, opening up the world to Namibia and the SADC region to the world.

1994-1995

Namport's journey started

Namport's journey started on 28 February 1994, when Walvis Bay was reintegrated into Namibia and the Namibian Ports Authority Act was passed. The Act placed the Port of Walvis Bay's assets, management and staff back under Namibian jurisdiction. The Port of Lüderitz and the lighthouse situated at Diaz Point were officially transferred to Namport on 1 April 1995.

1996-1997

Port Development Plan signed

Signing of the Ten-year Strategic Port Development Plan to align the Port of Walvis Bay as a regional port. Acquisition of Blue Ocean building in Walvis Bay and Seaflower land and buildings in Lüderitz, as well as the Lüderitz boatyard. Successful exportation of a record single consignment of 36,000 tonnes of bulk salt. 1997 saw the acquisition of Namport's first mobile crane for the Port of Walvis Bay, substantially improving container handling capabilities. Completion of new headquarters building valued at N$80 million.

2000-2007

Increasing capacity and celebrating 10 years

2000: Increased container handling capacity through the commissioning of a dedicated container terminal at the Port of Walvis Bay. Deepening of berths 1 to 3, the approach channel and the turning basin to -12.8 metres. Pelican Point and Diaz Point Lighthouses fully automated.

2004: Celebrating 10 years of operation.

2006: Inauguration of the Namport Social Investment Fund (NSIF).

2008-2011

Namport grows in leaps and bounds

2008: Commissioning of the second floating dock by EBH Namibia.

2009: National and regional co-operation is firmly cemented, as Namport enters into leases of land for the establishment of dry ports for the Governments of Botswana, Zambia and Zimbabwe.

2010: Signing of a co-operation agreement with the Namibia Police for the establishment of a Namibian Police Force Unit in the Port of Walvis Bay.

Shaping Walvis Bay and Namibia

Since the founding of Walvis Bay in 1793, the port has always played a significant role in shaping the town's growth, its residents' lives and the country's future. The strategic value of the natural harbour, the environmental significance of the highly acclaimed lagoon and the rich marine resources have all contributed to the unique cosmopolitan character of Walvis Bay — and the port will continue to play its rightful part in securing a bright future.

2011

Port Optimisation project completed

Completion of the Port of Walvis Bay's Port Optimisation project, which includes increasing the water depth at berths 1 to 3 and the entrance channel from -12.8 metres to -14.0 chart datum, to gear up for container business demands. Increase of the capacity at the container terminal from 250,000 TEUs to 355,000 TEUs, making it possible to accommodate two 4,500 TEU vessels (or two 250 metre LOA vessels) simultaneously.

2013

Ship repairs and syncrolift in limelight

Commissioning by EBH Namibia of the third floating dock (Namdock III) with lifting capacity of 15,000 metric tonnes, leading to a 50 percent increase in capacity.

After 40 years in operation, major rehabilitation of the syncrolift platform is undertaken, putting the lift out of commission for four months.

2014 & 2015

Port expansion underway

2014: Commencement of the new container terminal project on 40 hectares of reclaimed land at the Port of Walvis Bay.
Application for the extension of Namport's port limits and title to the land area at Angra Point, north of the Port of Lüderitz, with the aim of developing a deep-water port.
2015: Construction of the first phase of the Port of Walvis Bay north port (petroleum liquid bulk terminal) commenced, a project of the Ministry of Mines and Energy.

2018

New container terminal 96 percent completed

At the end of the reporting period, Namport's new container terminal was 96 percent completed and is scheduled to be inaugurated and operational in August 2019. The port automation ICT package for the terminal is also on track for operationalising by then. This will mark the beginning of a new phase in Namport's journey and a proud milestone in its 25-year journey.

Namport's **Leadership**

Board of Directors

Namport's Board of Directors executes the mandate received from its 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 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.

Adv. Gerson Hinda, SC

CHAIRPERSON
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.

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 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.

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.

Executive Committee

Bisey /Uirab

CHIEF EXECUTIVE OFFICER

Kavin Harry

EXECUTIVE: FINANCE

Elzevir Gelderbloem

EXECUTIVE: PORT AUTHORITY

Dr Felix Musukubili

EXECUTIVE: HUMAN RESOURCES

Raymond Visagie

EXECUTIVE: PORT OPERATIONS

Victor Ashikoto

EXECUTIVE: INFORMATION & COMMUNICATION TECHNOLOGY

Immanuel !Hanabeb

EXECUTIVE: COMMERCIAL

Alfred Rieth

CHIEF INTERNAL AUDITOR

Ndahambelela Haikali

COMPANY SECRETARY

Corporate
Governance at Namport

Namport Governance Philosophy

Good corporate governance regulates the relationship between Namport's Shareholder, the Board of Directors and the Executive Management. The way we interact with our key stakeholders is fundamental for our business and success.

We recognise the importance of good corporate governance and know that transparent disclosure of corporate governance assists stakeholders in assessing the quality and value of our business.

Our Corporate Governance Framework

The corporate governance framework consists of a series of governance policies and procedures, codes and guides our ethical performance, to ensure and promote management accountability and ethical behaviour throughout the organisation.

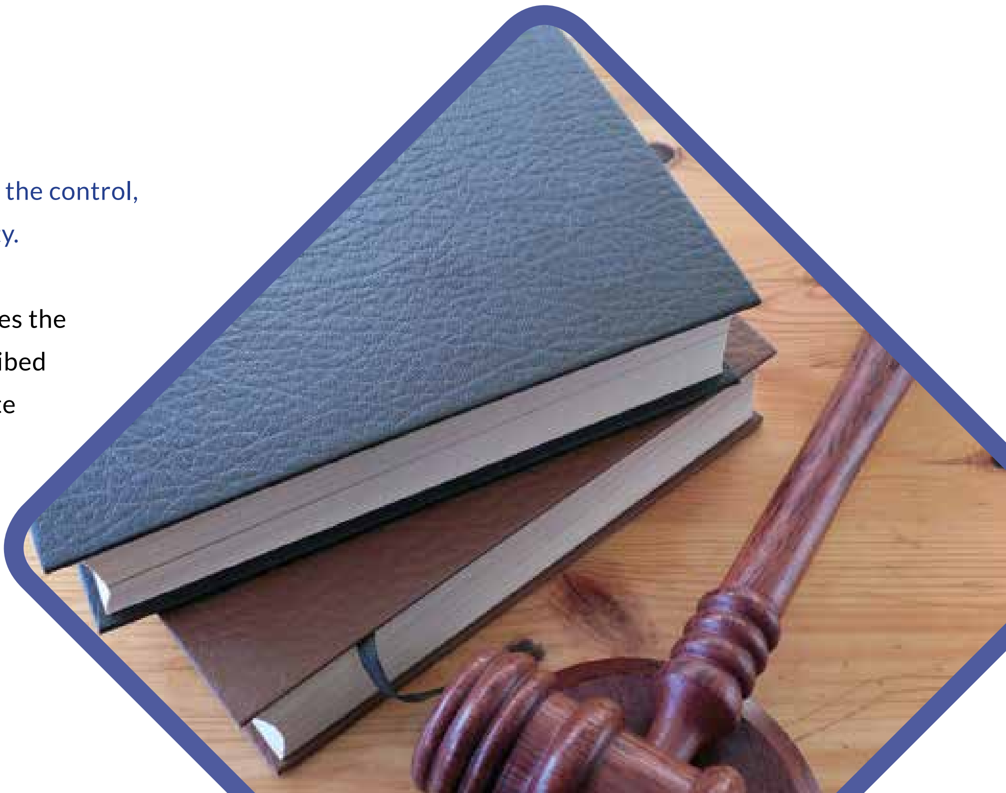
It acknowledges that good governance is ultimately about good decision-making, which is dependent on transparency and the availability of accurate information, particularly as it pertains to the Authority's financial well-being and the quality of its relationships with all stakeholders.

Sound governance principles and processes define and direct the responsibilities of the Board, and actively drive a sustained governance culture throughout the organisation based on associated norms and standards.

Board of Directors

The Board of Directors is responsible for the control, supervision and direction of the Authority.

The Namport Board of Directors embraces the corporate governance principles as inscribed in the NamCode and King IV on Corporate Governance. These are underpinned by sound ethical foundation through effective leadership, oversight and management accountability.



Core Responsibilities of the Board

The Board serves as the focal point and custodian of corporate governance in Namport. The protocol and responsibilities for exercising the leadership role of the board, is outlined in the Board Charter. It provides a clear approach on how the Board of Directors are expected to conduct themselves.

To assist the Board in discharging its functions and to allow for a more detailed analysis of the specialised areas of finance, risk, audit, remuneration, human resources and governance, the following Board committees have been established:

- Board Audit and Investment Committee
- Board Risk Committee
- Board Human Resources and Remuneration Committee, and the
- Board Sustainability, Ethics and Social Committee.

Each committee has a clear charter, setting out its role, responsibilities and delegated authority from the Board. The charters clearly defines the proceedings for the Board and Committees and the procedures for management to submit documentation in order for the Board to make informed decisions.

The Board and Committee charters are reviewed on a regular basis and updated to remain relevant to the business of the organisation and the industry in which it operates.

For the year under review and to date, the Board is satisfied with the Board submissions and that it has discharged its responsibilities in line with its mandate.

Composition of the Board

The current membership of the Board is as follows: 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 responsible for leading the Board and facilitating its effective functioning. 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.

The Chief Executive Officer attends Board meetings as an ex officio member responsible for the day-to-day management of the Authority in accordance with the Delegation of Authority and strategic directions given by the Board. It is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Board Independence and Declaration of Interest

Directors are expected to exercise independent judgment when making decisions. To mitigate conflicts of interest that may arise, the independence of each Director is reviewed on an annual basis to determine circumstances that may affect the independent status of a Director.

The Company Secretary performs an annual assessment of the independence of each Director and reports its findings to the Board Chairperson for the final determination of independence of each individual member. Our independence standards are periodically measured against international best practice standards. For the past three years, Namport has applied the independence criteria of the OECD Code of Best Practice for Corporate Governance in determining the definition of independence.

In general, a director is considered independent if the director:

- is not, and has not been for the prior three years, employed as an executive officer or in another function at the Authority or any of its subsidiaries;
- is not, and has not been for the prior three years, an employee or affiliate of our external auditor; and
- does not maintain a material direct or indirect business relationship with the Authority or any of its subsidiaries.

Namport maintains a register which records any financial and non-financial interests of Directors which may potentially conflict with their duties as a director, including other board positions.

Directors are required to update this register on an ongoing basis as circumstances change, as required by Section 8 of the Namibian Ports Authority Act 2 of 1994 and to declare interest in matters under discussion, if any, at every board meeting.

A director cannot take part in discussions or vote on a matter in which that director has a material personal interest (directly or otherwise), unless the Board as a whole resolves that the interest is not of material consequence to disqualify the director.

For the year under review:

1. There have been no related-party transactions between the Authority and any director.
2. No director has exceeded the limit set by Section 7 of the Public Enterprises Governance Act, which prohibits directors from holding directorships on more than two public enterprises.
3. As at 31 March 2019, all members of the Board were determined to be independent.

Strategic Planning Overview

The Board and its Committees execute the Authority's mandate according to the strategic direction of Namport, taking into consideration the opportunities and risks facing the Authority and its overarching risk appetite. The Board assesses the Authority's strategy implementation once a year through strategic workshops and ensures that the recommended corrective actions are implemented to address identified challenges. Timely, relevant and accurate information is communicated to appropriate stakeholders within the governance structures.

Stakeholder Relations

The relationship with Government as the sole shareholder, represented by the Minister of Works and Transport (the Shareholder Minister), is managed through the Governance Agreement, which sets out:

- The State's expectations in respect of the public enterprise's scope of business, efficiency and financial performance, and achievement of objectives;
- The relevant Minister's obligations in relation to any function conferred or imposed by the establishing law or document of the public enterprise;
- The principles to be followed by the public enterprise for business planning;
- The measures which are necessary to protect the financial soundness of the public enterprise;
- Key performance indicators in terms of which the public enterprise's performance will be evaluated;
- The structure of the integrated strategic business plan and the annual financial plan;
- The principles to be followed at the end of each financial year in respect of any surplus in the accounts of the public enterprise; and
- Any other matter relating to the performance of the public enterprise's functions under any law.

Each director entered into a performance agreement with the Shareholder Minister with the condition that:

- The member must at all times act honestly in the performance of the functions of his or her office;
- The member must at all times exercise a reasonable degree of care and diligence in the performance of his or her functions;
- The member, including after he or she has ceased to be a member of the board of a public enterprise, must not make improper use of information acquired by virtue of his or her position as such a member to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the public enterprise; and
- The member must not make use of his or her position as a member to gain, directly or indirectly, an advantage for himself or herself or for any other person or cause detriment to the public enterprise.

Board Training and Development

When appointed, new Directors are provided with access to an induction programme which includes a series of meetings with the Chairman, Chief Executive Officer and key executives, to gain an understanding of the Port Authority's strategy, objectives and business, the industry in which it operates, the corporate governance practices, the financial and business performance, among others.

In addition, an induction pack of information is provided, to assist new directors in understanding Namport's business and the requirements of the role.

The following training and development opportunities were provided during the year under review:

- Africa Blue Economy Conference, London, 7 – 8 June 2018;
- World Maritime Day: Connecting Ships, Ports and People by the International Maritime Organisation, London, 11 June 2018;
- Symposium on Port Security Operations by the International Maritime Organisation, London, 12–13 June 2018; and
- Workshop on Namibian Public Private Partnership Act, April 2019.

Company Secretary

The Board adheres to the requirement of the Companies Act and has appointed a competent and suitably qualified Company Secretary. Ndahambelela Haikali (B.Acc, B.Compt/CTA, ACIS) is the Company Secretary of the Authority.

The Company Secretary is responsible for providing administrative and corporate governance support to the Board of Directors. This includes ensuring that the Board receives documents for Board and Committee meetings in advance of each meeting and attendance at Board and Committee meetings to take minutes.

The Company Secretary is also responsible for developing systems and processes to enable the Board to discharge its functions efficiently and effectively. In consultation with the Chairperson and CEO, the Company Secretary prepares the agendas for Board meetings, as informed

Meetings of the Board

The Board and its committees meets quarterly and more regularly as circumstances require, to ensure the Board executes its duties and fulfils its responsibilities effectively and diligently.

Summary of key activities and outputs (decisions, approvals, policies and procedures) for the 2018/19 financial year

- Approval of integrated strategic business plan;
- Approval of annual business and financial plan;
- Monitoring business and financial performance;
- Reviewing performance and remuneration of executive management; and
- Succession plan of the Chief Executive Officer.
- Policies and frameworks approved during the year under review:
  - » Risk Management and Internal Control Framework;
  - » Combined Assurance Framework;
  - » Enterprise Risk Framework;
  - » Investment Policy;
  - » Strategic Plan Policy;
  - » Performance Management Policy;
  - » Corporate Communications Policy;
  - » Personal Protective Equipment Policy;
  - » Property Plant Equipment Policy;
  - » Safety, Health, Environmental Quality Policy; and
  - » Delegation Framework.

The Board held six meetings during the year under review and the table below discloses the attendance of the respective directors:

DIRECTOR	BOARD	AUDIT & INVESTMENT COMMITTEE	HUMAN RESOURCES COMMITTEE	RISK COMMITTEE
Number of meetings held	6	5	5	3
Advocate G Hinda	6*	-	-	-
Ms J Comalie	6	5*	-	3
Mr H Hindjou	5	-	5	-
Mr J Kangandjera	4	-	5*	-
Ms N Hamunyela	5	5	-	3*

*Indicates the director who chaired the meeting

by the strategic direction of the Authority. She further ensures that the content of the Board agenda is relevant to the Board's decision-making, and communicates the Board's resolutions throughout the Authority in a timely and appropriate manner.

The Company Secretary advises the Board on corporate governance issues, the requirements of the Companies Act and other relevant legislation.

The Board has unfettered access to the services and advice of the Company Secretary.

In addition to various statutory functions, the Company Secretary guides individual non-executive directors and the Board with their induction, and offering guidance on duties, responsibilities and powers, and the impact of regulatory developments.

CEO's **Report**

It was a challenging but satisfying year, and we achieved several important milestones.

Bisey /Uirab, CEO

It is with pleasure that I can report that Namport generated a reasonable increase of 4 percent in total income, whilst continuing to contain costs to ensure expenditure remained within budget.

The unfavourable business climate during the past financial year presented many challenges which were compounded by the unpredictability of the shipping industry, rising costs, tight cash flows, stiff competition from other ports, the perception of high tariffs, and payments relating to the African Development Bank's container terminal loan.

In 2018, we noted a 3.7 percent growth in global container trade compared to 2017 and that future growth will be impacted by the downturn in the global economy, as well as trade tensions. Furthermore, the cascading of larger vessels by the shipping liner industry considerably increased pressure on ports to upgrade infra-structure at high cost but with no guarantee of vessel calls.

Financial performance

I am satisfied with the financial performance, given the state of the economy and downturn in business. The total income generated grew past the N$1 billion mark to settle at N$1.08 billion, representing a 4 percent increase on the previous year, which was nevertheless 2 percent below budget.

Against this revenue we incurred expenditure of N$925 million, which was 2 percent above budget. The operating profit for the year of N$156.9 million was 5 percent higher than the previous year, albeit 37 percent below budget.

The year ended with total assets of N$7.6 billion compared to N$7.2 billion in the previous financial year.

As Namport received just under half of the contribution expected from the shareholder for the funding of the new container terminal, it had to draw on part of its investments, resulting in cash flow becoming constrained towards the end of the financial year, especially when the first capital payment on the AfDB loan became payable. However, we weathered the storm and could make good on our repayment commitment.

Operational performance

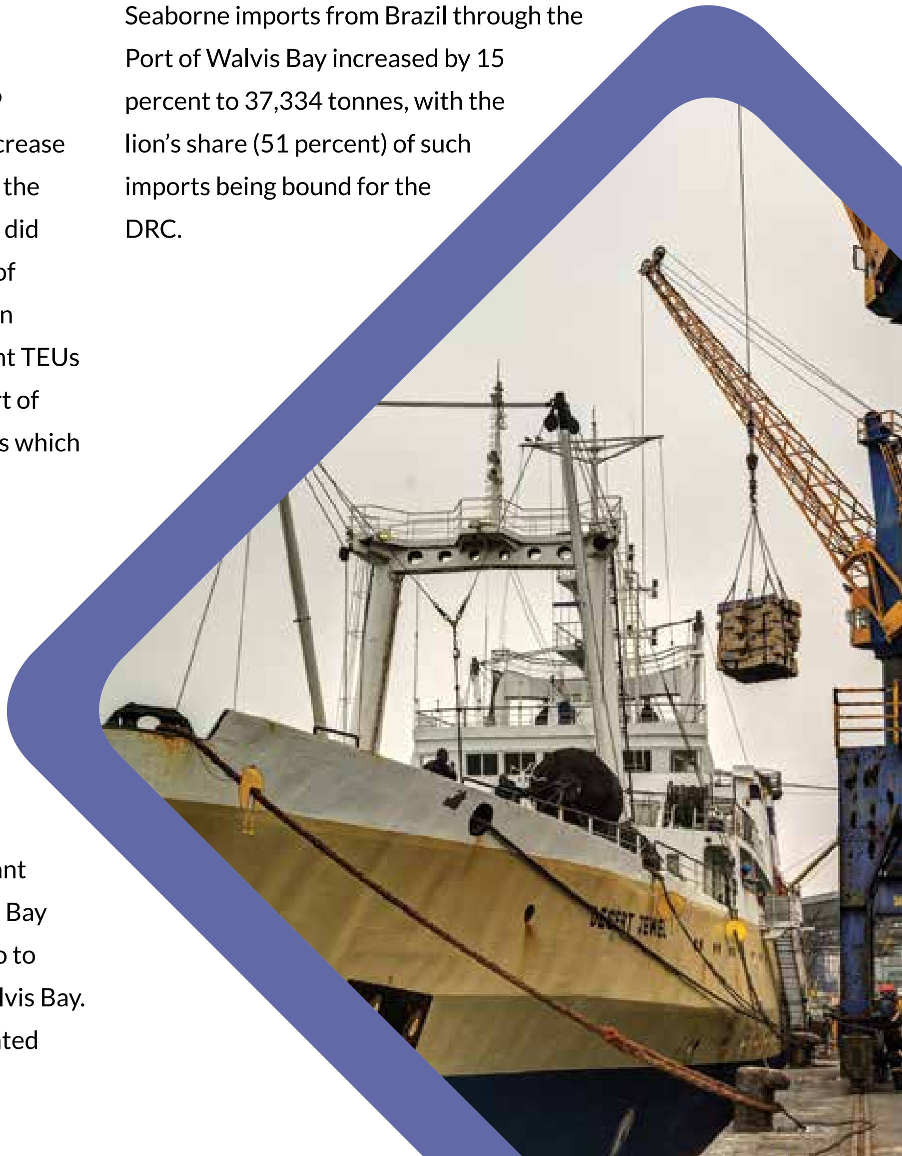
Total cargo handled during the financial year was 5.9 million tonnes, representing a healthy 12 percent increase on the tonnage handled the previous year. However, the total number of twenty-foot equivalent units (TEUs) did not perform as well and we experienced a decrease of 18 percent. The latter was due to the steep decline in transshipment cargo (-49 percent) and transshipment TEUs (-63 percent), which is mainly attributable to the Port of Walvis Bay losing transshipment cargo to other ports which can accommodate larger container vessels.

On the other hand, there was excellent growth in tonnage of cargo shipped and landed, which increased by 16 percent and 17 percent respectively. Similarly, shipped and landed TEUs showed positive growth of 6 percent and 11 percent respectively. This correlates to the significant increase of 46 percent in Walvis Bay Corridors cross-border transit cargo to 786,656 tonnes through the Port of Walvis Bay. As during the previous year, Zambia dominated this cross-border seaborne trade having 59 percent share thereof, followed by the Democratic Republic of the Congo (DRC) (17 percent), and Zimbabwe (14 percent). The main exports from Zambia (and southern DRC) are international rather than regional and are copper in various forms. Most of the copper is exported to China, with some also going to Europe.

Refocusing our growth and investing much effort and resources in attracting bulk and container cargo to and from Zambia and the DRC, has certainly proved to be fruitful.

We believe the cross-border tonnages will be further enhanced by the Northern Cape manganese exports through the Port of Lüderitz along the Trans-Oranje Corridor in the next year and beyond.

Seaborne imports from Brazil through the Port of Walvis Bay increased by 15 percent to 37,334 tonnes, with the lion's share (51 percent) of such imports being bound for the DRC.



Commodities

The main import commodity through the Port of Walvis Bay was petroleum (36 percent share) and a significant movement in volumes of commodities manifested a 60.9 percent increase in imported chemicals, 98 percent increase in imported copper/lead and concentrate, and a 39 percent increase in imported vehicles.

There were significant decreases in imported tonnages of cement (-50 percent) and sodium carbonate/sulphydrate cyanide (-35.2 percent).

Salt exports took the lead at the Port of Walvis Bay with 47 percent share of total tonnage; however, it should be borne in mind that this is a low value commodity. Exports of manganese ore, bulk salt, copper/lead and concentrate, and lithium ore increased significantly by 64.5, percent, 40 percent, 36.8 percent, and 100 percent, respectively.

We were very excited when the first consignment of 30,000 tonnes of lithium concentrate was exported through our Port of Walvis Bay, but were disappointed later when due to low prices the lithium mine was closed.

As in the previous year, sulphur continued to be the main import commodity (47 percent) at the Port of Lüderitz, followed by petroleum. The reliance of the port revenue on zinc/zinc concentrate exports was again evident this financial year where that commodity accounted for 73 percent of the total tonnage exported, but tonnages exported decreased by 11.4 percent.

The reliance on zinc exports will be much reduced when manganese exports from the Northern Cape Province in South Africa transit the Port of Lüderitz. It was planned that the first shipment of 25,000 tonnes by logistics company Tradeport Namibia, would take place in December 2018; however, it was postponed to the latter half of 2019 due to certain structures required for environmental compliance.

Two more Northern Cape manganese logistics operators have expressed a serious commitment to growing export volumes of manganese through the Port of Lüderitz. The outlook for growth in volumes of this commodity is indeed very promising.

The passenger cruiser, the MV Boudicca, *was the first passenger vessel to dock at the dedicated cruiser berth at the new container terminal.*

1,720 vessels

23 passenger vessels

Vessel visits

Vessel visits declined by 5 percent to 1,720 vessels compared with the previous year. The key vessels visiting the Port of Walvis Bay were container vessels and Namibian vessels in respect of the Port of Lüderitz.

Namport experienced an increase in marine tourism visits with five passenger vessels visiting Port of Walvis Bay simultaneously in January 2019. The number of passenger vessels increased from 20 to 23 in the reporting year, a trend that is expected to continue.

Ship Repair

SUBSIDIARY COMPANY ELGIN BROWN & HAMER NAMIBIA (PTY) LTD

During the year under review the shares owned by the South African shareholder of EBH Namibia were acquired by local Namibian business persons, resulting in EBH Namibia being almost 100 percent Namibian owned. A major decline in docking activity from the ship repair sector over the past three years resulted in the Board of Directors of Namport's majority-owned subsidiary, Elgin Brown & Hamer Namibia (Pty) Ltd embarking on a company-wide turnaround strategy which included the retrenchment of 50 employees. Namport has proposed to the Government to divest its shareholding in the company.

SUBSIDIARY COMPANY LÜDERITZ BOATYARD (PTY) LTD

Namport has transferred the Lüderitz boatyard operations to Seaflower Corporation and will be deregistering the company Lüderitz Boatyard (Pty) Ltd after the 2018/19 financials have been approved.

Syncrolift

There was a significant decline in occupancy of repair jetties at the syncrolift in the past financial year, from 84 percent in 2017/18 to 59 percent in 2018/19.

The occupancy of repair bays showed a slight increase. There was a decrease of 5 percent in the number of vessels accommodated on the repair jetties and 11 percent in the number of vessels accommodated at the repair bays.

Key Capital Projects

This was a year where two major strategic infrastructure projects prevailed.

The Port of Walvis Bay New Container Terminal

Construction is 96 percent complete and the inauguration is planned to take place towards the latter half of 2019. Capital expenditure on the project during the financial year amounted to N$721 million. The construction of a liquid bulk terminal at the Port of Walvis Bay north port, a Ministry of Mines and Energy project, is progressing and will be commissioned in the next financial year.

Port Automation

The Port Automation Project was delayed due to procurement-related challenges. Nevertheless, to ensure operationalising of the new container terminal as planned, the terminal ICT package component of the Port Automation Project has been shifted into high gear. This included the NAVIS 4 terminal operating system upgrade, equipment control, security and access control, and radio data terminal upgrade. The remainder of the Port Automation project will be implemented based on a growth strategy where further investments are initiated when throughput reaches 75 percent of capacity.

National Single Window

Namport has been tasked by Government to drive the implementation of a Namibia National Single Window which is an electronic platform for exchanging trade information.

Gaining the Competitive Edge

In the 2018 Global Competitiveness Report, the efficiency of Namibia's seaport services was ranked at 41 out of 140 countries, with its closest southern Africa port rival being South Africa, which was ranked at position 51. Once again, the following key issues continued to take centre stage relating to our ports gaining a competitive edge:

Transport corridor connectivity

Connecting our ports with reliable and cost-effective rail and road transport corridors to the hinterland is vital for the sustainability of our ports. Transshipment cargo is volatile and as noted elsewhere, has dramatically reduced through the ports of Namibia over the past year. Only 20 percent of trade through our ports is local and the remainder is transit cargo emanating mainly from the land-locked countries of Zambia, DRC, Zimbabwe and Botswana. Significant expansion drives, as well as the development of new ports are taking place in southern Africa, coupled with the enhancement of rail and road transport corridors connecting those ports to the same hinterland business which Namport is targeting. The rail and road enhancement and development projects supporting the Namibia Logistics Hub, and the strengthening and establishment of logistics centres along the route, will offer time and cost savings which will ultimately make our ports more attractive and make it possible for volumes to grow exponentially. We are also confident that logistics centres such as the dry ports of Zambia, Zimbabwe and Botswana at the Port of Walvis Bay will attract increased cargo volumes. The DRC has also expressed interest in such a dry port facility at the port.

Reliance on one shipping line

Reliance on one shipping line for container volumes remains a concern, but the risk has reduced over the past year as three other shipping lines have increased their share of the market. The main container shipping lines currently calling at our ports are Maersk, MACS, CMA GMC, MSC and OACL.

Larger vessels

There is mounting pressure to accommodate larger container vessels at the Port of Walvis Bay, more specifically 9,000 TEU vessels. Notwithstanding the new container terminal which can accommodate the length and draft of such vessels, the Port of Walvis Bay remains constrained by the width of its entrance channel, which impacts the safe manoeuvrability of these vessels. Within its constrained balance sheet, Namport's self-funding of the widening of the entrance channel, which is currently estimated at a cost of N$1 billion, will not be an option in the foreseeable future. However, serious steps have been taken to introduce a plan to addressing this constraint in the short to medium term.

Productivity

Productivity at port terminals experienced a number of setbacks during the year resulting in targets not being met and receiving a number of customer complaints. Berth productivity, measured by berth moves per hour, fell short of target by 29 percent on average. We are implementing various solutions to improve productivity. One of these is re-engineering our processes to improve efficiencies, which has been our focus since last year, but at an accelerated pace this reporting year. The other solution is automating certain critical processes. Truck congestion outside the Port of Walvis Bay remains a concern. The services of an external consultant was utilised to remap our processes; this exercise should be completed in the next financial year. Aging cargo handling equipment has severely hampered productivity due to the unavailability of equipment arising from breakdowns and refurbishment. Namport has embarked on a focused asset management strategy which includes alternative means of sourcing equipment, including leasing with buy-back options.

Tariffs

There is continuous pressure from customers to reduce tariffs. Namport has commenced re-evaluating its business model, which is especially pertinent given that with the new container terminal coming on stream, as there is a push for private sector involvement in the management and operations thereof.

We appointed external consultants to review Namport's pricing strategy and thereafter create a financial model; this process will be completed in the new financial year. We are also awaiting the legislating of the new maritime bills proposed to institute a freight levy which will have an impact on the cost to customers using the ports.

Our stakeholders

Namport's Customer Satisfaction survey scored its service delivery at 75 percent with bottlenecks to a satisfied customer relationship including low productivity, poor communication, and the pricing of services.

Our human capital numbers decreased from 977 in 2017/18 to 965 in the past financial year. About 3 percent of payroll was spent on training and development.

We eliminated guaranteed overtime through agreements with the Mineworkers' Union of Namibia and implemented a new shift system. These changes were facilitated through the new Enterprise Change Management framework which was introduced to assist staff in pro-actively dealing with change-related processes in a consistent, holistic and inclusive manner. Change Ambassadors have been appointed to provide advice and guidance.

During the reporting year, disciplinary action was taken by Namport against 92 workers who participated in an illegal strike at the Port of Walvis Bay.

In terms of international co-operation, Namport and the Dunkerque Port (France) signed a Memorandum of Understanding to collaborate, share information, training opportunities as well as to grow business relations with each other. Namport and the Kingston Port Authority (Jamaica) are also exploring opportunities to co-operate in various areas in the ports sector.

Namport is embarking on a review of its enabling legislation, the Namibian Ports Authority Act, 1994 (Act 2 of 1994) to align aspects thereof to global best practice.

Corporate citizenship

Through our social investment vehicle, the Namport Social Investment Fund, we continued this year to build our brand as a company which cares and is committed to the upliftment of communities in Namibia.

The town of Usakos received a pre-delivery maternity shelter and the value of the education system was enhanced with four modular classrooms donated to the Kuisebmond Primary School and two to the Ovihitua Primary School.

Namport successfully hosted the two-day Third Public Enterprises Sport Games and I congratulate the Namport Team of winning two out of four gold medals, which was well-deserved.

Navigating the future

With the major infrastructure developments such as the new container terminal (and dedicated passenger vessel berth), the north port development, coupled with the positive growth forecasts for key port business transit countries, and the automation of critical port processes, we are confident that meaningful volumes of transit cargo will be generated through the Port of Walvis Bay.

Our primary focus in the next financial year will be on attracting more volumes to our ports by aggressively driving our Marketing Strategy and Plan. There is significant untapped capacity and revenue potential available at the Port of Walvis Bay north port, the new container terminal, and at the current container terminal when it becomes a multi-purpose terminal.

The current container terminal will close for a week in August 2019 for purposes of relocating operations to the new container terminal. Keeping the customer "delighted" in an environment where the shipping lines are pushing for lower tariffs and greater efficiencies continues to challenge us in terms of human capital and equipment capacity, as well as fixed costs.

In the reporting year, labour accounted for 57 percent of operational expenditure. However, numerous initiatives have been launched as solutions to these challenges.

For our Port in Lüderitz, the push for manganese exports from the Northern Cape Province in South Africa through the port, supported by a firm commitment from TransNamib on the rail side, is bearing fruit and the first shipment of manganese through the port is forecast to take place in the next financial year.

Ultimately, strategic alliances with major ports and logistics industry players like shipping lines and international terminal operators, coupled with skilled and efficient resources, are key success factors to growing volumes. This will also assist in attracting injections of capital into our strained balance sheet for port development to ensure Namport has the capacity to shift its port competitiveness into high gear over the next few years.

Looking ahead

Looking forward, the bottom line is that it is imperative that we have cargo ready for transport upon commissioning of the new container terminal, that we earnestly plough resources into diversifying our revenue sources, and that the Port of Walvis Bay north port land produces a return on investment – in fact, the time is now ripe for harnessing the benefits of smart alliances like public-private partnerships. Strategic alliances will be the mainstay of our ports, going forward.

In conclusion

Namport continues to go from strength to strength despite various challenges in our path. I thank the Minister of Works and Transport and the Minister of Public Enterprises for their unfailing support during the past year.

I also take this opportunity to thank the Board of Directors for its support and guidance during the year, my Management team for their commitment and efforts in navigating the stormy waters, and our staff for their hard work and loyalty.

We approach the new year with great anticipation when one of our treasured developments – the new container terminal at the Port of Walvis Bay - will be inaugurated. We are looking forward to a year when Namport will further cement its global presence and deepen bonds with its various stakeholders.

BISEY /UIRAB
CHIEF EXECUTIVE OFFICER

Perspective on our Business

OUR OPERATING CONTEXT

Cross-border Volumes

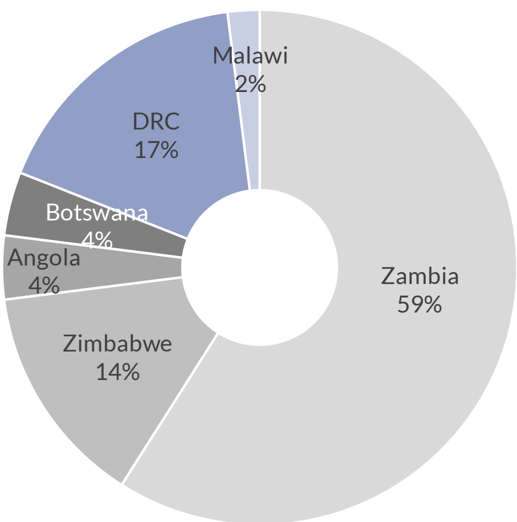
Cross-border traffic through the Port of Walvis Bay for the year ended 31 March 2019 amounted to 786,656 tonnes, an increase of 46 percent on the 536,367 tonnes recorded in the 2017/18 financial year.

Cross-border volumes to final destination increased by 52 percent from 383,002 tonnes in 2017/18 to 583,848 tonnes in 2018/19, and from destination increased by 32 percent from 153,496 tonnes in 2017/18 to 202,808 tonnes in 2018/19.

The main exports from Zambia (and southern DRC) were destined for the international markets rather than regional and these comprised mainly copper in various forms, such as copper anodes and cathodes and blister copper. Most of the copper is exported to China, with some going to Europe.

Key cross-border volume countries	Volumes (mt) 2018/19	Volumes (mt) 2017/18	% share of volume 2018/19	% share of volume 2017/18
Zambia	462,127	339,708	59%	63%
DRC	130,608	76,789	17%	14%
Zimbabwe	108,880	58,986	14%	11%

Main exporting destinations, 2018/19



Accommodation of Larger Container Vessels at the Port

According to Drewry Maritime Consultants, the ship size on the Europe-Southern African route increased from 3,116 TEU five years ago to 8,096 TEU in the first quarter of 2018. Most African ports are not geared for these larger vessels, therefore this increases pressure with regard to over-capacity. Bigger vessels create pressure on ports in terms of the need for deeper draft, larger cranes, and longer berths.

Ports and Shipping Outlook

The world's ten largest shipping liner companies now account for more than 80 percent of global transport volumes. In their 2018 annual reports, three major players in the ports and shipping industry, namely A.P. Møller/Maersk, DP World, and Hapag-Lloyd, agreed that the market environment in the 2018 financial year was not easy for shipping liner companies. In fact, the industry is emerging from the longest downturn in history.

The growth in the global container trade is estimated to have been between 3.4 and 3.7 percent for 2018, decreasing from 5.6 percent in 2017.

According to DP World, global port volumes in 2018 was 781.6 million TEUs and is expected to increase by 4.7 percent in 2018.

However, the growth outlook for global container trade is projected to deteriorate further between 1 to 3 percent in 2019.

According to Maersk, the main risks to global container demand relates to a cyclical slowing of the global economy and a further escalation of the international trade tensions.

Trade restrictions between the United States and China sharply intensified in 2018 and exposed nearly USD440 billion worth of traded goods in 2018 (2.6 percent) of the global value of traded goods.

Maersk further confirmed that the increased load on terminals is triggering requirements for upgrades of terminal infrastructure, equipment, human resources and planning capabilities, leading to more capital expenditure and operational cost, but lower utilisation. At the same time, globally, carriers are looking for ways in which to reduce their terminal costs, which have become the biggest single cost item.

The vertical integration in the container industry is continuing unabated, with shipping lines and port operators expanding into the wider supply chain and expanding their logistics offerings. More liner customers can be expect to move business to their own terminals. Several customers have also integrated their sea and landside operations.

Bigger vessels are being deployed on services across trade routes, which is set to create volume peaks and put strain on terminals and hinterland supply chains, with customers continuing to expect strong service delivery.

Namport continues to receive pressure to accommodate larger container vessels at the Port of Walvis Bay, more specifically the 9,000 TEU size vessel. Albeit that such a vessel can be accommodated at the new container terminal, there are constraints in terms of the manoeuvrability of such vessels in the channel due to the vessel's length. Nevertheless, Namport is making a concerted effort to find solutions to the dilemma within the limits of its finite financial resources.

The structural challenges arising from the cascading of large container vessels, reinforced carrier alliances and increased point-to-point services, combined with ongoing capacity increases in many ports, continue to challenge the port industry.

In their annual report, DP World stated that countries' investor sentiment is seeing a slide in fresh investment, with global container port capacity expecting to grow at just over 2 percent until 2020. Supply is expected to trail demand and, as a result, terminal utilisation levels are expected to rise markedly.

According to Drewry Ports and Terminal Insight, container carriers schedule reliability declined in 2018, falling to its worst ever level in the third quarter of 2018, with three out of ten vessels arriving late. Shippers stay dissatisfied with service reliability, while berthing delays at terminals are negatively impacting operations in terms of efficiency and cost.

Namibia Sea Trade Statistics

During the calendar year 2018, the total value of export goods transported by sea stood at N$54.9 billion. Exports by sea rose by 97 percent, resulting in sea transport of exports accounting for 59 percent of total exports.

Sea transport accounted for 35 percent of imported goods. The total value of goods imported by sea was N$39 billion in 2018, an increase of 36 percent compared with 2017.

The table below presents a comparison between 2017 and 2018 relating to mode of transport percentage share of imports and exports:

Mode of Transport	% Share 2018	% Share 2017
EXPORTS		
Sea	59%	44%
Road	18%	23%
Air	23%	33%
IMPORTS		
Sea	35%	32%
Road	60%	62%
Air	5%	6%

Source: IHS Global Insight, January 2019

Map: Transport volume and growth rates for global container traffic per trade

(Volume 2018 in million TEU; in brackets: Compound Annual Growth Rate (CAGR) 2019–2023 in %)

Competitiveness and performance

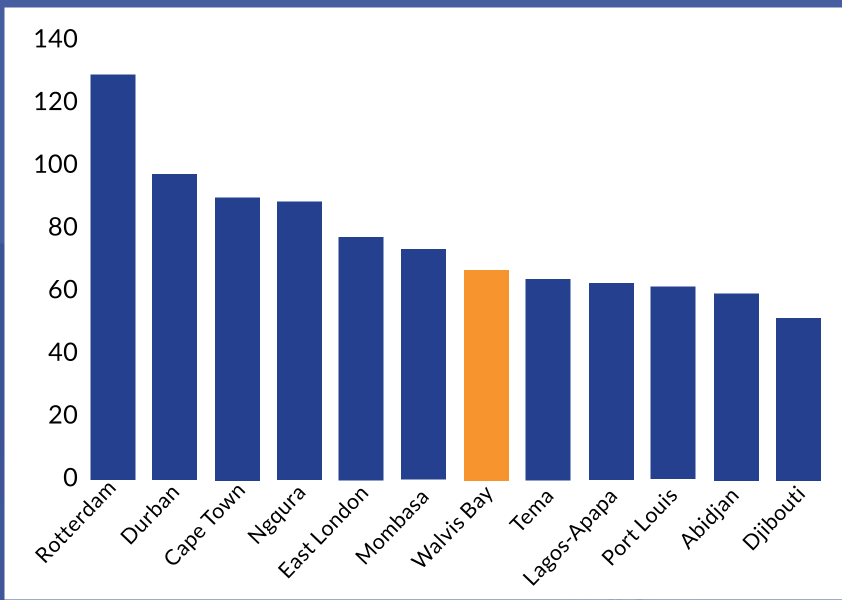
The UNCTAD Liner Shipping Connectivity Index (LSCI) captures how well countries are connected to global shipping networks.

Namibia slipped in the UNCTAD Liner Shipping Connectivity Index 2018 to position 80 from position 78 in 2017 and position 65 in 2016. South Africa achieved position 44, Angola 65, Tanzania 84, and Mozambique 95.

The following figure indicates the Port Performance Ratings of top sub-Saharan Africa ports as published by PriceWaterhouseCoopers in April 2018.

Port Performance Rating

Ratings of top sub-Saharan Africa ports compared to Rotterdam (April 2018)



Delivering value through **Our Strategy**

Strategic direction for our ports

Namport has identified the following strategic directions for Namibia's two ports:

Port of Walvis Bay: To serve as the Logistics Hub Port in the southern African region, which is critical to the success of the Namibia Logistics Hub; the focus for cargo will be hinterland imports and exports.

Port of Lüderitz: To serve as a multi-purpose port for southern Namibia and for handling bulk cargo from the Northern Cape in South Africa.

CHALLENGES WE FACE

- Declining volumes
- Volatility of the shipping industry
- Limited diversification in revenue streams
- Namport culture and resistance to change
- Competition – other ports expanding
- Limited funding
- Aging infrastructure and equipment
- Legislation
- Shortage of skills

Strategic objectives in 2018/19:

Increase throughput capacity

The end goal is to position Namport such that it is able to do more business in a year (measured in TEUs, tonnes, litres, number of ships per annum and other), and to consolidate and further strengthen Namport's role as a hub port in the southwest region in Africa.

Diversify and grow market base

The end goals are to conclude more business across all lines of products and services with all targeted trade regions (hinterland and maritime), consolidating and strengthening Namport's role as a regional hub. In addition, to reduce Namport's dependence on key clients, thereby minimising risk and increasing Namport's negotiation power.

Improve efficiencies

The end goal is to position Namport to have the best time and price efficiencies of all sub-Saharan ports.

Entrench sustainable development

The end goal is to ensure that Namport operates sustainably across the full range of its activities, makes a strong contribution to the development of a sustainable world, and enables and encourages its staff members to act in ways that promote sustainability.

Optimise human capital effectiveness

The end goal is to improve performance and increase productivity, further contributing to the envisioned enhancements in port efficiency.

Issues Impacting on our Business Model
ENGAGING OUR STAKEHOLDERS

Through being a trusted corporate citizen, Namport wants to be part of the value chain that supports and reinforces shared, sustainable prosperity for our stakeholders. Understanding and being responsive to the interests of our stakeholders through effective dialogue and engagement is critical to delivering on our mandate.

Our stakeholder engagement strategy takes into account issues that affect our business in a way that is collaborative and aimed at the Namibian society's wider goals, whilst responding to interests, concerns and expectations of our key stakeholders. The aim is to formulate an integrated approach to engaging key stakeholders, promote a shared vision and value proposition amid dynamically changing stakeholder positions, and maintain Namport's reputation as partner of choice in creating long-term sustainable value.

Across our operations, the focus of our engagement has been with those stakeholders who have the most significant impact on our business and its ability to create value.

The table on the next page provides a brief review of our key stakeholder groups, their contribution to our value creation and how we engage with them to address their interests.

STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE
1 GOVERNMENT AS SHAREHOLDER AND OTHER GOVERNMENT DEPARTMENTS	Government provides financial approval and capital as well as advice and guidelines that are critical to value creation, sustainability and growth.	We seek to build and maintain positive relationships with Government officials and departments and regularly engage through personal meetings, telephone calls and e-mails, as well as visits to our ports. We also communicate through our annual reports, press releases and website.
2 EMPLOYEES	Our employees provide the necessary skills, experience, diversity, productivity and environment to operate effectively and efficiently.	Our employee engagement is aimed at aligning employees to Namport's goals and values, and to be motivated to contribute to our success with an enhanced sense of their own well-being. Current interactions include information-sharing sessions, employee newsletters, notice boards and emails.
3 CUSTOMERS	Delivering an effective customer value proposition is the basis for all other value generated and shared.	We strive to engage regularly and be responsive to customer interests, seeking feedback through individual engagements as well as broader customer surveys, meetings and research when possible. We also communicate through regular meetings and discussions, annual reports, website, visits and events.
4 SUPPLIERS	Mutual respect and clearly defined terms of engagement enable us to deliver our value effectively and efficiently.	We engage regularly through direct supplier engagements, annual reports, our website and telephone calls to our major suppliers to ensure a mutually beneficial relationship exists.
5 INDUSTRY STAKEHOLDERS AND ORGANISATIONS	Engaging with these organisations is key to driving best business practice, identifying issues and opportunities, and creating a conductive long-term relationships.	We are active participants in various industry organisations, including the Port Management Association of Eastern and Southern Africa, Namibia Chamber of Commerce and Industry, Container Liner Operations Forum, Walvis Bay Port Users' Association, Walvis Bay Corridor Group, Trans-Kalahari Corridor Secretariat and Namibia Transports Association.
6 COMMUNITIES, MEDIA AND GENERAL PUBLIC	As a responsible corporate citizen, Namport supports and contributes to the health and well-being of communities throughout the country, as they, through the media, provide us with our reputation and societal legitimacy.	Directly and through the media, we communicate with communities and the general public. We are regularly featured in the media, be it in newspapers, radio or television, and engage regularly with journalists through the frequent release of press releases. Other communications are done through interviews, visits, annual reports, our website and events/days.

Issues Impacting on our Business Model
MANAGING OUR MATERIAL RISKS

Namport's Board of Directors recognises that effective risk management is critical to enable us to meet our strategic objectives. It also acknowledges that it is ultimately responsible for the establishment and maintenance of an effective risk management system.

In discharging this responsibility, the Board is assisted by the Board Risk Committee, which in turn is supported by the risk and compliance function within Namport. The system includes having ongoing processes in place to identify, assess, manage, monitor and report on the significant risks faced by Namport.

Namport has a formal risk management process which is documented in the approved risk management framework. The framework is designed to manage, rather than eliminate the risk of failure to achieve business objectives. This is because risk is an inherent part of our business and also accepting that it is not possible to anticipate and eliminate every risk that may arise. A risk assessment is conducted on an annual basis at respective business units to ensure that management remains aware of the risks within Namport. This process identifies the critical operational, financial and compliance exposures facing the respective operations, as well as the adequacy and effectiveness of mitigating measures at all levels.

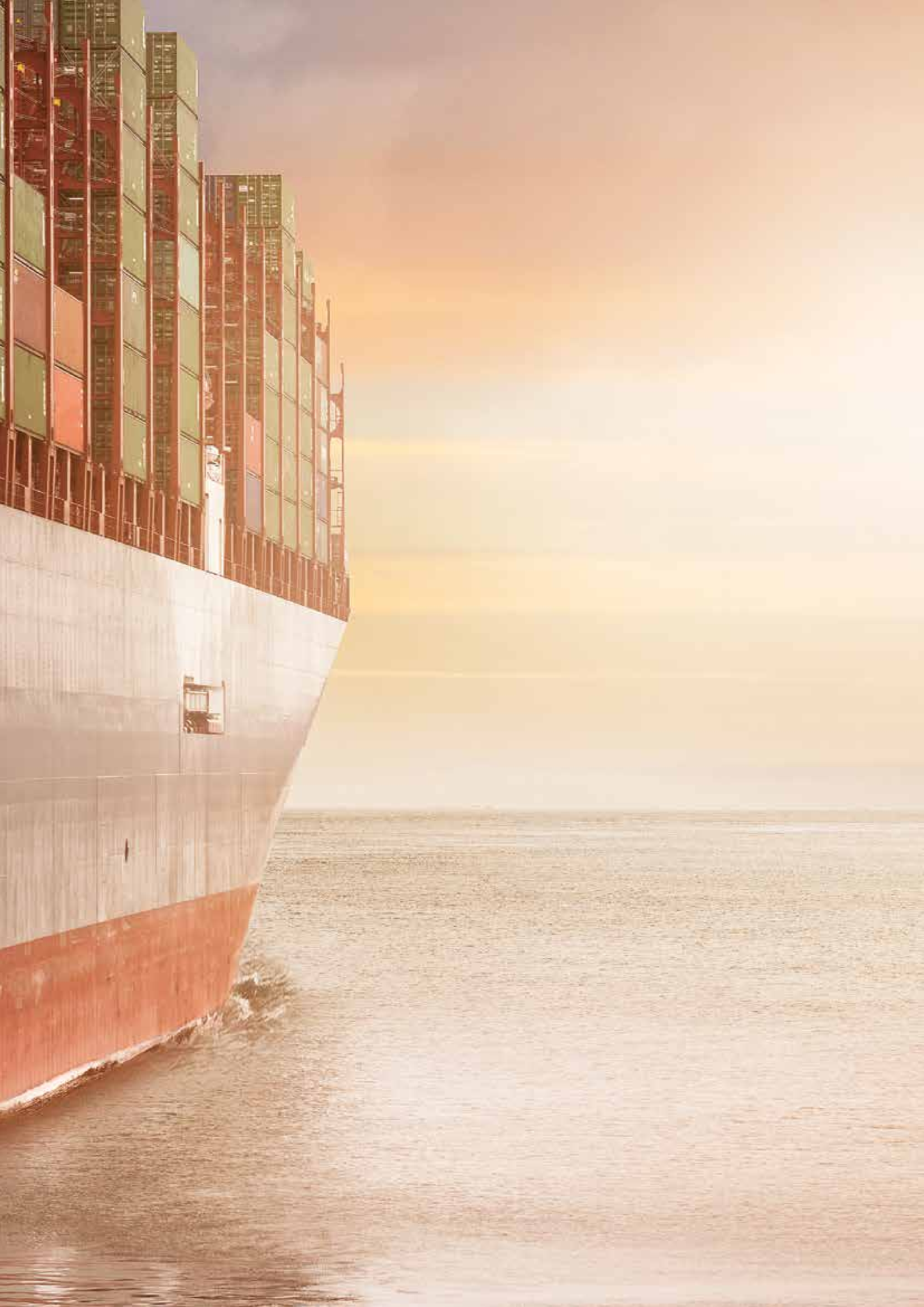
Risk and compliance monitoring and management are continuous processes within Namport. The risk and compliance function reports quarterly to executive management, as well as to the Board Risk Committee on the management of significant risks.

Namport's significant risks

Whilst not intended to be exhaustive, a summary of the significant risks are provided below:

RISK	DESCRIPTION	MITIGATION
FINANCIAL RISK	Changes in year-on-year profitability and earnings growth impacts Namport's cash flow, solvency and liquidity. It also impacts on the ability to sustainably grow and deliver on our strategy.	Reserves and capital expenditures are actively managed at Namport. Funds are only committed to priority projects/areas. Costs are streamlined and marketing is done aggressive to increase volumes, drive business profitability and sustainability.
MACRO-ECONOMIC RISK	Namport's results are subject to any adverse impact from a downturn in the global/local macroeconomic environment.	We strive to optimise our marketing strategies including brand repositioning in target markets. We have a continuous focus on delivering high levels of service that meet our customers' expectations and a proven track record of active costs management in line with the changing economic climate to mitigate any downturn in the macroeconomic environment.
OPERATIONAL RISK	Reliability of equipment and infrastructure, decreasing efficiencies and impacting negatively on service delivery.	There is a preventative maintenance plan on infrastructure. Namport conducts refurbishment of the infrastructure as and when required. Planned and unplanned maintenance on equipment is also conducted as per maintenance programme.
VOLUME GROWTH RISK	The challenge to attract and sustain additional volumes with new capacity as well as protecting current volumes against competition.	Namport has embarked on initiatives to diversify our customer base to ensure revenue and volume growth. There are regular engagements with key existing and potential customers / stakeholders.
SAFETY, HEALTH AND ENVIRON-MENTAL RISKS	The nature of our operations exposes us to various safety, health and environmental risks. Such risks could impact our business operations, financial results and our reputation.	We have a zero harm to people (employees, port users and visitors) policy. The board and executive management are committed to creating a safe culture throughout Namport. The Board monitors the implementation of our safety strategy including employee training programmes. There are management review processes in place, policy and specific operational procedures which together with continuous management monitoring and review, help to mitigate these risks.
LEGAL AND REGULATORY	Our businesses operate under increasingly stringent regulatory environments (internationally and locally). New legislations and regulations could impact our operations, increase the cost of compliance and limit or impose restrictions on our growth.	Namport continually monitors regulatory trends and developments. We have policies and procedures in place to promote legal and regulatory compliance.

OUR 2018/19 PERFORMANCE



Review:
Finance

Results for the year ended 31 March 2019

The global economic slowdown continued to hamstring the business environment and the Authority was no exception. Business volumes at the Authority's ports continued to decline, driven largely by the decline in transshipments. Shipping lines continue to deploy larger vessels with the aim of cost containment and this has unfortunately posed challenges in attracting vessels, especially the very large carriers.

However, the impact of the decline in transshipments was mitigated by the growth in import and export volumes, mainly through the Walvis Bay Ndola, Lubumbashi corridor into the Democratic Republic of Congo (DRC) and Zambia. Hence, despite the challenging business environment, the Authority recorded a year-on-year growth in revenue of four percent.

The Group achieved an operating profit of N$165 million, up from N$157 million in the previous financial year. The increase in profit was largely due to the increase in revenue and positive effects of the various measures, which have been put in place to streamline operating costs.

Complementing the increase in revenue was the improved operating margin from 14 percent recorded in the previous financial year to the 15 percent for the year ended 31 March 2019.

Subsidiaries in the Namport Group

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 percent of the issued share capital of Elgin Brown & Hamer Namibia (Pty) Limited (EBH), a ship and rig repair business concern operating from the Port of Walvis Bay. The rest of the shareholding, amounting to 47.5 percent is owned by a consortium comprising mainly of Namibian business people.

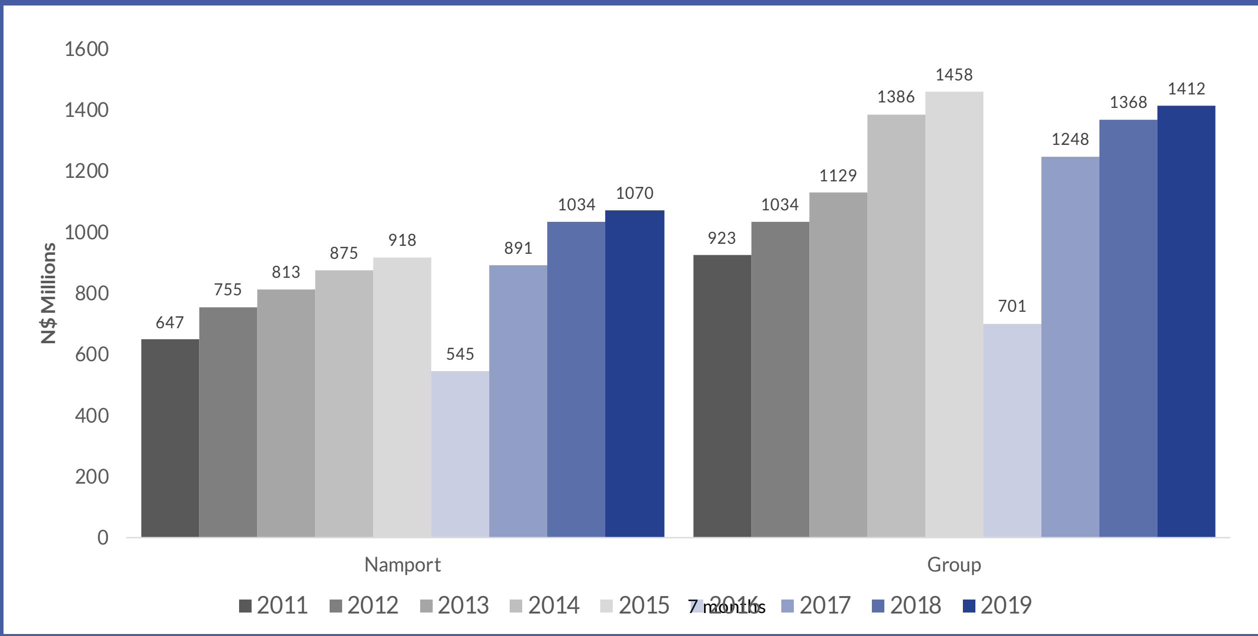
- **Lüderitz Boatyard (Pty) Limited and Namport Property Holdings (Pty) Limited**
  Lüderitz Boatyard and Namport Property Holdings (Pty) Limited are both wholly owned subsidiaries of Namport. Lüderitz Boatyard focuses on the repair of mainly fishing vessels at the Port of Lüderitz, while Namport Property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

Group operating profit increased by 35 percent as a result of increased revenue and less-than-proportionate increases in operating costs, due to the embedded cost containment culture within the Authority.

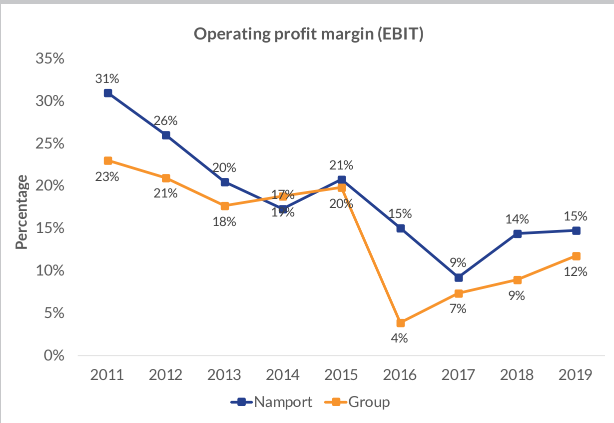
The graphs on the next page provide an overview of the Group's revenue and profitability over the years.

Revenue generated in the past nine financial years

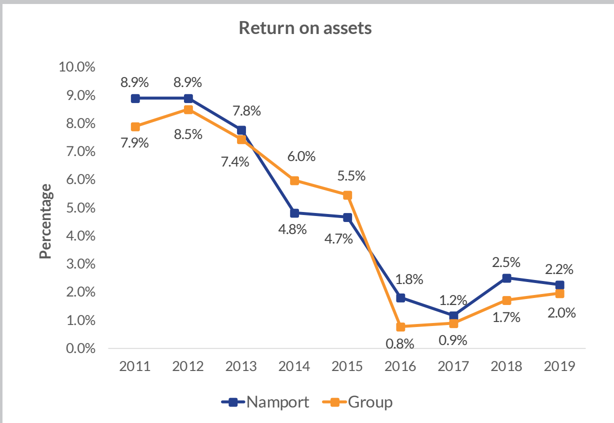
Namport's revenue continued to increase, despite challenging economic and operational environments.



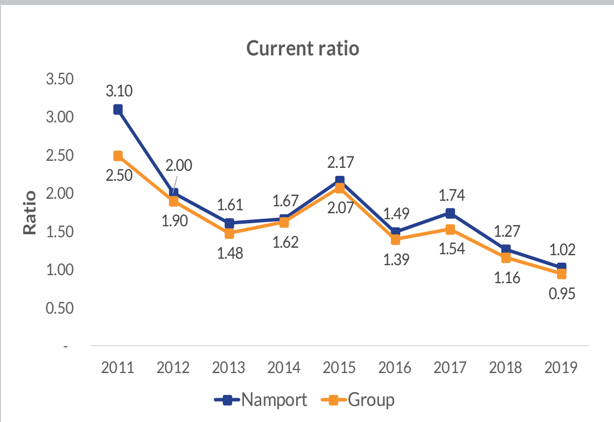
Operating profit margin



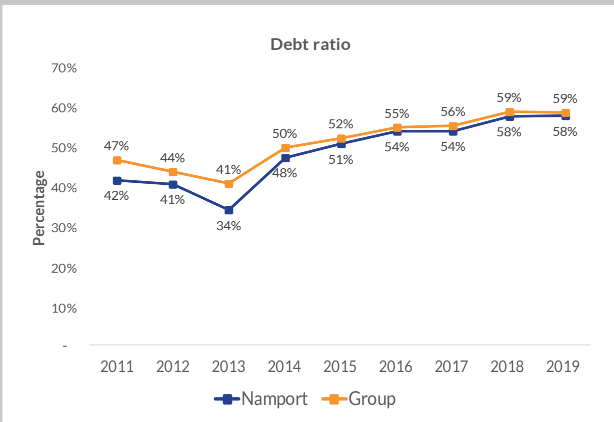
Return on assets



Current ratio



Debt ratio



Liquidity

The Group and Authority's liquidity positions decreased for the year ended the 31 March 2019, mainly as a result of the application of cash resources towards capital commitments due on the new container terminal.

While the Group continues to generate significant cash flows from operations, there has been a decrease in the overall position year-on-year as a result of the current demands on cash reserves arising from the capital expenditure commitments.

The Group's cash from operations for the year ended 31 March 2019 decreased year-on-year with cash generated amounting to N$157 million compared with N$303 million in the previous financial year. As at year-end, cash and cash equivalents held amounted to N$131 million, down from the N$182 million on hand as at 31 March 2018.

Gearing

The Group and Authority's gearing levels remained high, but generally stable year-on-year, remaining within the set minimum levels of debt of 60 percent. Currently, Namport's debt ratios stand at 60 percent and 58 percent, respectively.

The marginal increase in borrowings year-on-year was due to the additional drawdowns on the African Development Bank loan.

Going forward, the Group will endeavour to explore and utilise alternative approaches to infrastructure development such as, but not necessarily limited to, public private partnership initiatives.

Credit rating

The Authority continues to retain a positive credit rating and was affirmed a National Long-Term Rating of AA+ with the outlook as stable during the period under review. This has placed the Authority in a strong position in terms of negotiating for and securing favourable terms with providers of funds.

Looking to the future

The Group remains optimistic about the future, especially on the back of opportunities available at the Authority's new container terminal upon its completion, as well as the positive recovery prospects for the oil industry with its attendant spin-offs for the ship and rig repair business.

As at year-end, the Authority was in the final stages of completing the new container terminal at the Port of Walvis Bay. Upon completion, the capacity at the new terminal will increase from the current 350,000 TEUs to 750,000 TEUs per annum.

While the completion of the new container terminal will present a great opportunity for the Group and the country, it remains imperative to direct all efforts towards marketing these new facilities and attract business volumes from within the country and the region.

The importance of the hinterland markets cannot be overemphasised and hence great focus should be placed on improving efficiencies at our ports and facilities, and equally importantly, streamlining our operating costs so that the costs of logistics through our country ports and ship repair facilities are competitive and affordable for our customers.

Conclusion

The Group and Authority are pleased to deliver a positive and improved set of financial results, amidst the current economic challenges, both locally and regionally.

The immediate term will definitely continue to pose a challenge to the Group's operations given the continued depressed market conditions, and sustainability will necessarily have to be underpinned by aggressive marketing efforts, revenue growth and an unabated drive to contain costs.

Review:
Port Operations

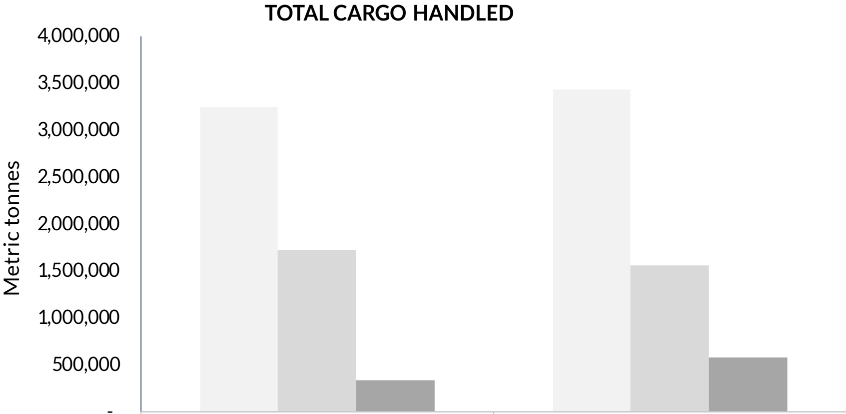
OVERALL PERFORMANCE

The reporting year saw an increase of 19 percent in bulk and breakbulk volume, which can be attributed mainly to increased imports of petroleum, copper concentrates and manganese ore. The import of copper concentrates increased significantly by 108 percent, while demand for manganese ore increased by 92 percent.

A total of 149,464 twenty-foot-equivalents units (TEUs) were handled during the reporting year, accounting for a decrease of 18 percent. Import and export container volumes increased year-on-year by 11 percent and 6 percent respectively; however, transshipment volumes decreased significantly by 63 percent, as a number of shipping lines reviewed their shipping networks.

Port operations performance is discussed in greater detail in the following pages.

TOTAL CARGO HANDLED



	April 17 - March 18	April 16 - March 17
Landed	3,243,382	3,427,120
Shipped	1,726,932	1,555,916
Transshipped	332,899	573,294

BULK AND BREAKBULK CARGO

During the reporting year, bulk and breakbulk volumes increased by 624,737 tonnes, representing a 19 percent year-on-year increase. The growth in volume was experienced in both imported and exported cargo.

Bulk and Breakbulk: Imports

Petroleum makes up 34 percent of the total bulk and break bulk volumes and imports have increased by 10 percent due to high demand from the uranium mines.

Demand for copper concentrates from local processing plants has increased significantly by 108 percent year-on-year on the back of high demand of copper from the Far East.

The oil rig that has been at anchorage at the Port of Walvis Bay since May 2018, conducted maintenance work in preparation of its next assignment and that has led to an increase in ship spares imports in comparison to previous year's average commodity figures.

The imports of manganese ore, which is used in the extraction of uranium ore at local mines, has also increased significantly: 92 percent year-on-year.

Steel imports increased due to the various project works presently underway within the region, while vehicle imports have increased due to increased demand, especially within the SADC region.

In addition, a local supplier of sulphuric acid was unable to meet the country's demand for the acid, hence there has been an increased dependence on imported acid.

Wheat imports increased by 13 percent due to an increased reliance on imported wheat following the low rainfall patterns Namibia has experienced over the past two years.

Wet fish imported through the Port of Lüderitz has been increasing gradually over the past three years due to growing demand.

However, decreases were recorded in coal, frozen fish and fish-meal, cement, machinery and cement imports.

The primary importers of coal in Namibia are no longer sourcing the commodity from South Africa, but from Botswana by road from the Maropole mine. This reduced volumes of coal imports handled at the Port of Walvis Bay.

Frozen fish and fish-meal imports decreased by 19 percent and 54 percent respectively, mainly due to the reduced total allowable catches (TACs) issued during the period under review.

The reduction in cement imports was mainly attributable to the cessation in importation of cement by one of the major clients who previously imported approximately 30,000 tonnes during the preceding financial year.

Imports of machinery for mining, manufacturing and other industrial use declined by 31 percent due to the general increase in exchange rates and the ensuing increases in the landed prices of imported equipment.

Sulphur imports declined by 15 percent year-on-year due to the closure of the Langer Heinrich Uranium Mine.

Bulk and Breakbulk: Exports

Bulk and breakbulk exports increased by 206,114 tonnes during the reporting year, representing an increase of 24 percent.

Salt exports constitute 40 percent of the total cargo exported through Namport's ports and during the year under review; the increase in demand for local salt in overseas market has driven the volume of exports through the Port of Walvis Bay.

Ship spares exports increased significantly due to the increased number of vessels at anchorage for repairs and maintenance.

The increase in lithium ore exports was the result of the first export consignment destined for Asia that was handled at the Port of Walvis Bay. On the other hand, unfavourable exchange rates impacted the exports of marble into international markets, leading to a 16 percent decline compared with the previous reporting year.

Demand for flat cartons used in fish production declined due to the TACs renewals which are still on hold, while a reduction in the number of vessels calling the two ports for crew change and ship stores resulted in a 89 percent decrease in ship stores exports.

COMMODITIES LANDED AT NAMPORT'S PORTS

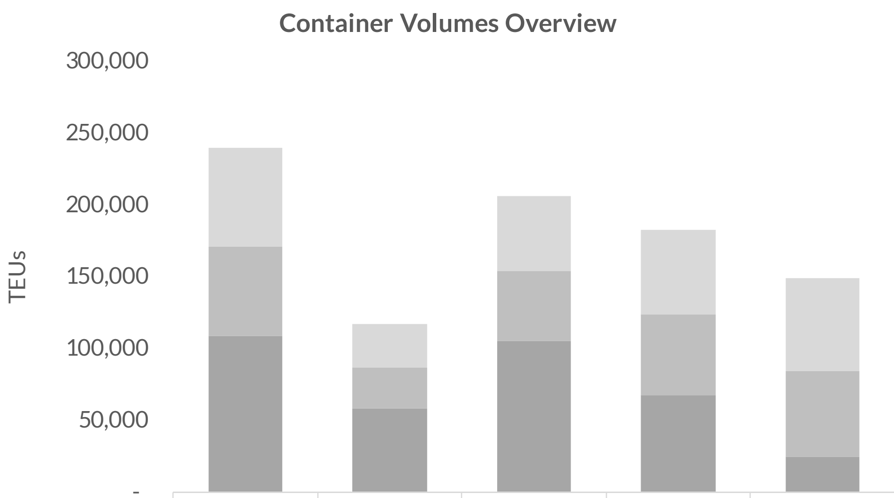
Commodity	2016/17	2017/18	2018/19	Absolute	%
INCREASES EXPERIENCED IN COMMODITIES:					
Frozen Poultry	20,698	41,664	91,036	49,372	119%
Steel	35,222	49,478	71,456	21,978	44%
Vehicles	91,732	63,452	89,936	26,484	42%
Plastic	4,988	5,808	7,986	2,178	38%
Chemicals	28,864	36,344	47,234	10,890	30%
Machinery	30,278	31,632	40,744	9,112	29%
Beer	3,894	4,752	5,632	880	19%
Frozen Fish	38,756	53,344	62,942	8,598	16%
Malt	39,260	43,978	48,444	4,466	10%
Tyres	12,496	24,442	25,345	903	4%
DECREASES EXPERIENCED IN COMMODITIES:					
Soda Ash	2,662	13,596	1,430	12,166	-89%
Sodium	18,172	28,338	18,106	10,232	-36%
Sugar	44,836	70,144	46,134	24,010	-34%
Ceramic Tiles	6,754	6,006	4,290	1,716	-29%
Rice	10,106	10,340	8,382	1,958	-19%
Empty Containers	14,701	16,384	14,457	1,927	-12%
Pulp & Paper Products	22,442	22,308	19,888	2,420	-11%
Building Material	12,234	9,834	8,888	946	-10%

CONTAINER TERMINAL OPERATIONS

Namport's two ports handled 149,464 twenty-foot-equivalents units (TEUs) during the reporting period. This represents a-year-on-year decrease in containers handled of 33,191 TEU, representing a decrease of 18 percent.

Import and export container volumes increased year-on-year by 11 percent and 6 percent respectively. Transshipment volumes, however, experienced a significant decrease during the period under review of 63 percent.

The overall generally depressed volumes were due to poor market conditions, increasing competition amongst shipping lines, service consolidation and blank sailings. Additionally, a number of regular transshipment services have relocated due to network changes by major shipping lines.



	2014/15	2015/16	2016/17	2017/18	2018/19
Landed	69,036	30,032	51,851	58,591	64,846
Shipped	61,975	28,449	48,575	56,095	59,676
Transshipped	108,851	58,648	105,565	67,969	24,942

Container Terminal: Imports

Commodities landed at the Authority's ports increased year-on-year by 11 percent on the back of the following commodities:

High demand for frozen poultry from South America for the Democratic Republic of Congo (DRC) and Zambia resulted in a year-on-year increase of 119 percent.

Steel imports increased by 44 percent as a result of the various project cargoes within Namibia and across the linked corridors, notably the Mohembo Bridge Construction, as well as the Copper Mine and Cheetah Cement plant construction.

The importation of vehicles by car dealer Jan Japan and other smaller market players from Durban to Walvis Bay has led to an increase of 42 percent year-on-year.

The continued demand for mining chemicals resulted in a 30 percent increase, while the importation of various items of industrial machinery and mechanical appliances for farming, manufacturing and mining resulted in a 29 percent increase in machinery imports.

The gradual recovery of the economies of Angola and DRC contributed to the 19 percent increase in beer imports from Europe. Malt imports increase with 10 percent, largely due to the continuous increase in the demand for Namibian beer from the international market.

In addition, the strong demand for the Tilapia fish species from the Asian market destined for DRC, Zambia and Malawi contributed mainly to an increase of 16 percent in frozen fish imports.

However, while significant increases were recorded in the above-mentioned commodities, some decreases were experienced during the period under review.

Soda ash and sodium chemicals imports declined by 89 percent and 36 percent respectively, as a result of reduced local demand for the chemicals due to the closure of operations at Langer Heinrich Mine.

Sugar imports from South Africa declined by 24,010 tonnes, representing 34 percent, because the local sugar industry was flooded with cheaper imported sugar during the period under review. Rice imports also declined by 19 percent as a result of increased substitutes and a decline in local consumption.

The continued depressed activities experienced by the local construction industry for the third year has seen the demand for tiles and building materials imports decrease by 29 percent and 10 percent respectively.

Paper and paper products imports decreased by 2,420 tonnes or 11 percent due to strong competition by suppliers from South Africa serving the same hinterland market and hence reducing the products imported through the ports.

In addition, empty containers imports decreased by 12 percent, mainly due to the low ocean carrier empties repositioning between ports.

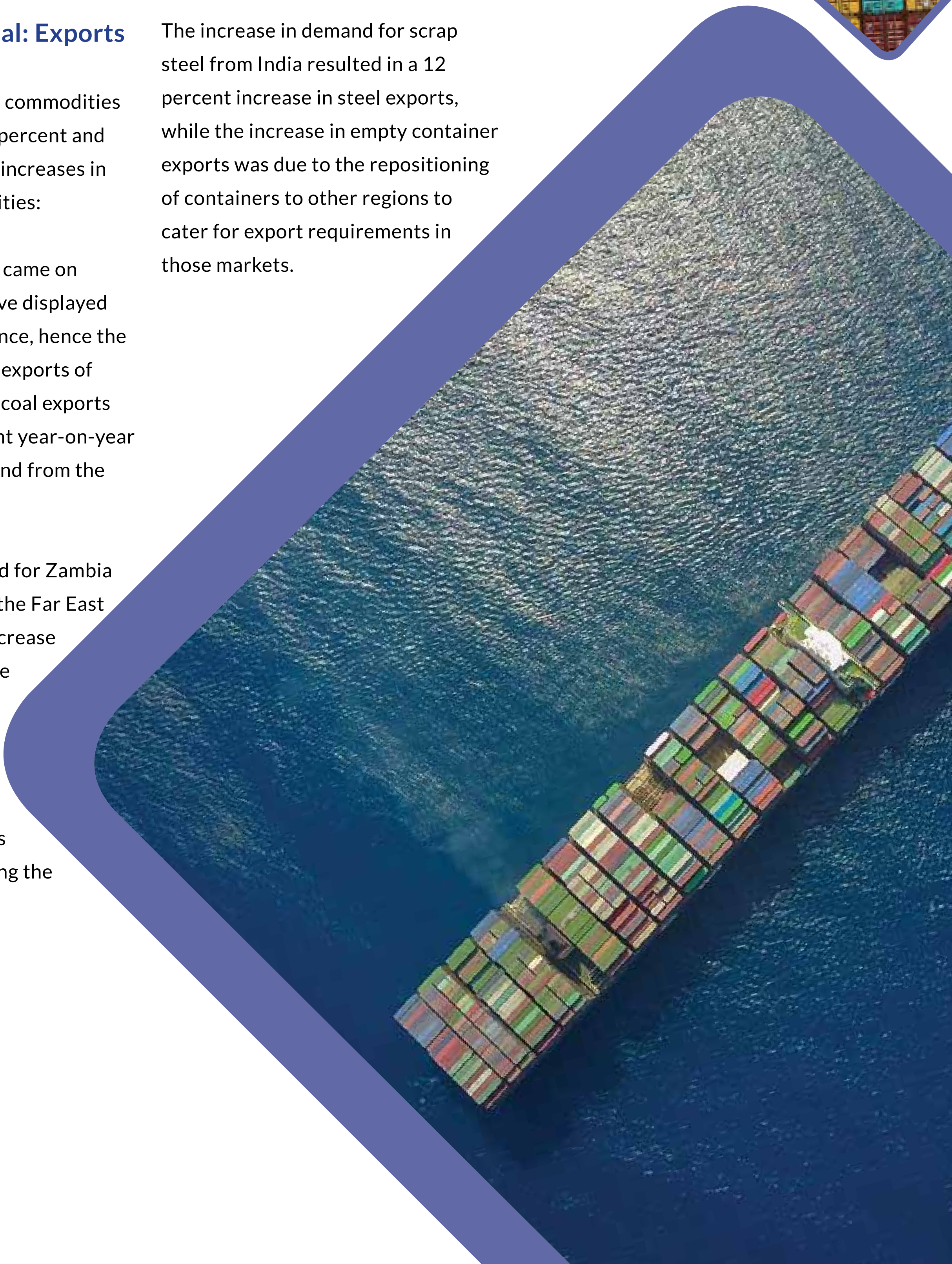
Container Terminal: Exports

Containerised shipped commodities increased overall by 6 percent and this was mainly due to increases in the following commodities:

Two manganese mines came on stream in 2017 and have displayed encouraging performance, hence the 64 percent increase in exports of manganese, while charcoal exports increased by 32 percent year-on-year due to increased demand from the international market.

The increase in demand for Zambia and DRC copper from the Far East has led to an overall increase of 30 percent, while the increase in demand from the same region for local tobacco from the Zambezi Region has buoyed the exports of the commodity during the period under review.

The increase in demand for scrap steel from India resulted in a 12 percent increase in steel exports, while the increase in empty container exports was due to the repositioning of containers to other regions to cater for export requirements in those markets.



Port of **Lüderitz**

While the Port of Lüderitz continues to be challenged by the remoteness of the town and port, aging equipment and infrastructure, limited port and berth space, the port still continues to grow in volume of cargo handled. The reporting year saw a historical milestone in terms of volume throughput per shipment.

In February 2019, South African transport company, Tradeport Namibia, was given permission to commence with manganese exports through the Port of Lüderitz. The first consignment of 25,000 tonnes is scheduled to be exported in August 2019.

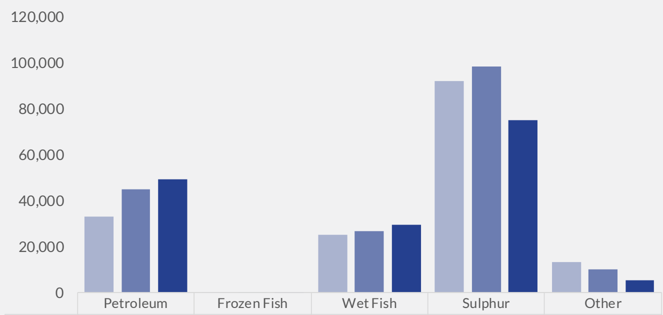
This will be a milestone in terms of volume throughput per shipment, as the previous highest tonnage per shipment export through the port was only 20,000 tonnes.

Furthermore, the export of manganese through the port is expected to increase in 2020, on the back of successful negotiations between logistic company, Pektronam Logistics and Namport.

Looking **Ahead**

In the next financial year, Namport will seek to increase import cargo with 40 percent through the Port of Lüderitz, focusing mainly on coke, chemicals and fuel. Namport also envisage acquiring a second permanent tug with higher bollard pull of 45 tonnes in the next financial year, as well as replacing aging cargo equipment. Acquiring additional storage space outside the port area close to the railway line is also on the agenda for 2019/20.

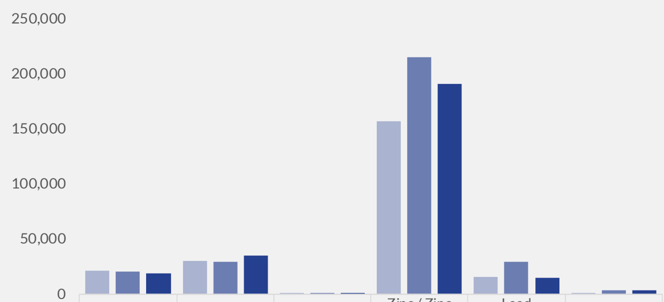
Port of Lüderitz: Main Commodities Imported 2016/17-2018/19 (metric tonnes)



	Petroleum	Frozen Fish	Wet Fish	Sulphur	Other
2016/17	33,087	41	25,361	92,078	13,560
2017/18	45,165	44	26,882	98,538	10,247
2018/19	49,473	375	29,722	75,097	5,588

2016/17 2017/18 2018/19

Port of Lüderitz: Main Commodities Exported 2016/17-2018/19 (metric tonnes)



	Frozen Fish	Ice	Wet Fish	Zinc / Zinc Conc / Ore	Lead Concentrates	Other
2016/17	21,034	30,148	231	156,458	15,070	1,132
2017/18	20,196	28,747	124	215,047	29,007	3,295
2018/19	18,282	34,446	383	190,529	14,571	3,113

2016/17 2017/18 2018/19

Opportunities await

The Port of Lüderitz serves an important niche market, linking the northern regions of South Africa and the southern parts of Namibia to the rest of the world. The completion of the rehabilitation and upgrade of the railway line between Aus and Lüderitz, which has not been operational for more than 20 years since 1998, opens up opportunities for increased imports and exports.

However, the potential expansion and growth of the current port is severely limited due to the 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.

The Angra Point deep-water port development currently under investigation could increase volumes substantially. This new port will consist predominantly of facilities for bulk handling (dry and liquid bulk), as well as storage. This will allow for an increase in fuel storage capacity in Lüderitz, which could in turn ease the high cost of doing business in the southern parts of Namibia, due to Lüderitz becoming a fuel pricing centre.

Another opportunity that will be explored is to pursue import cargo to compliment the empty return railway trains running between Lüderitz and the Northern Cape.

Syncrolift at the Port of Walvis Bay

Namport offers a thriving ship repair facility at the Port of Walvis Bay. The facility has a lifting capacity of 2,000 tonnes. A wide range of vessels, especially from the fishing industry and oil-and-gas offshore vessels, make use of this facility to perform above-water maintenance works alongside the jetty and under-water repairs on adjoining bays. This maintenance works normally includes hull painting, propeller shaft-, anodes- and engine replacements, among others.

Challenges faced

The syncrolift operations experienced increased competitive pressure, change in customer preferences and the current economic downturn, which continue to exert pressure.

Fishing factories have upgraded their existing jetties substantially and capacitated themselves for berthing and above-water work execution. This has negatively impacted the demand for the syncrolift's jetty services. In addition, delays in allocations of fishing quotas increase uncertainty in the fishing industry.

Aging infrastructure and labour cost remain challenges, while the scarcity of local suppliers or service providers leads to over-reliance on suppliers from South Africa.

Performance: Volumes

During the reporting year, 414 vessels were handled at the syncrolift. Of these, 167 vessels were handled at repair bays, while 247 were offered bay services, bringing the utilisation to 58.3 percent, representing an increase of 3.2 percent in bay and utilisation compared with the previous reporting year. However, a decrease of 28.2 percent was recorded at the repair jetties, which is attributed to fewer local vessels making use of the syncrolift jetty.

Performance: Revenue

Revenue generated from the provision of ship repair facilities amounted to N$33.5 million, representing a negative variance from both the budgeted and prior year revenue of N$9 million (22 percent) and N$4 million (10 percent) respectively due to the decline in the number of vessels that occupied the facilities during the reporting year.

OPPORTUNITIES

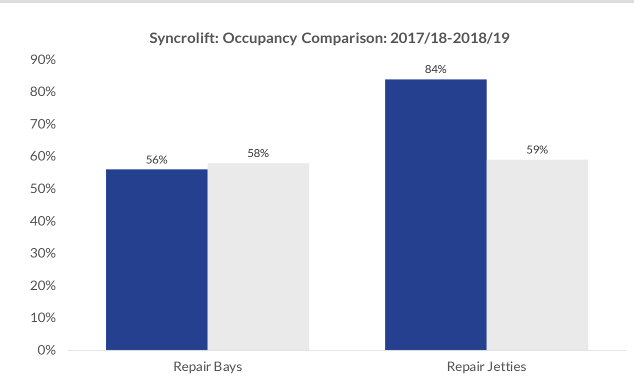
Flexibility, adaptability, as well as achievement of cost-effectiveness will offer opportunities moving into the future.

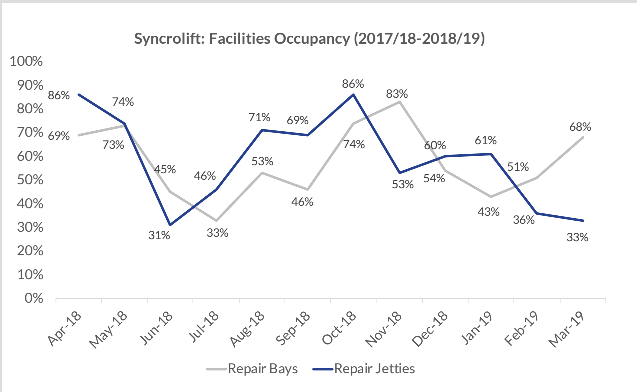
Increased business promotion that can come with the new container terminal offers an opportunity to further increase volumes at the syncrolift, while up-for-scrap vessels may also increase the demand for syncrolift facilities.

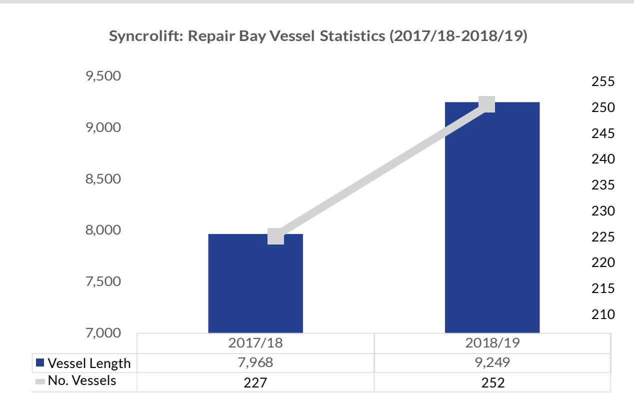
LOOKING AHEAD

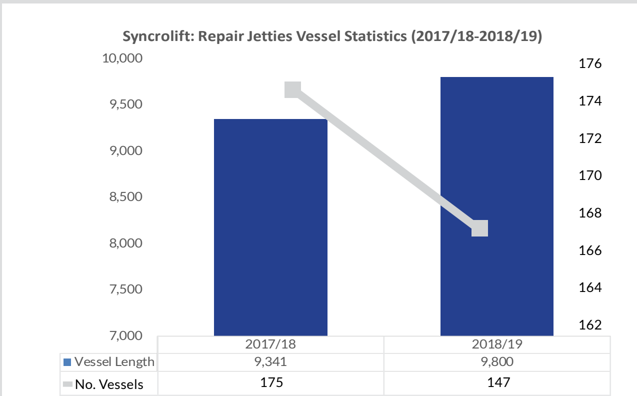
Looking ahead, collaborative working relationships with suppliers and customers are essential to exploring, expanding and diversifying the business.

At the same time, continuous lean audits to reduce cost and improve operational efficiencies will further contribute towards optimal utilisation of the syncrolift.









Review: **EBH Namibia**
Floating Dock 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.

Corporate governance

The reporting year brought significant changes to EBH Namibia.

A share transfer agreement through which 100 percent of the shares previously held by the DCD Group was transferred to a group consisting mainly of prominent Namibian business leaders known as the EBH Consortium. The result is that the 47.5 percent minority shareholding in EBH Namibia is now indirectly in the hands of Namibian companies, of which the majority are owned by Namibians. The DCD Group no longer has any interest in EBH Namibia. The agreement took effect on 2 April 2018.

As at the end of 31 March 2019, the Board of Directors comprised five Directors. As per the approved Board Charter of EBH Namibia, Mr Kosmos Egumbu resigned by rotation as Chairman of the Board of Directors with effect from 30 November 2018. Non-Executive Director Ms Matildah Jankie was appointed as Chairperson of the Board of Directors with effect from 28 March 2019.

The two DCD Group Directors tendered their resignations with effect from 10 April 2018 shortly after the effective date of the share transfer. Mr Anton Pretorius and Mr Leevi Hungamo were appointed as non-executive Directors with effect from 28 April 2018. Mr Kavin Harry was appointed as non-executive Director on 28 February 2019.

Other than the above, there were no other changes in the Board of Directors during the reporting period.

2018/19 Performance

A reliable constant, however, is the company's ability to adapt to an environment that remains volatile and challenging, whilst responding to the challenges in a manner befitting its hard-earned reputation.

During the reporting year, EBH Namibia 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 reversing inertia with aggressive business initiatives, without jeopardising its position during the economic crunch.

The company has further adopted an affirmative attitude towards the upskilling of its labour establishment in order to meet new market demands, both locally and abroad.

As part of our ongoing progress and development as a company, the new owners of EBH Namibia resolved to launch a new brand identity. With a 100 percent Namibian shareholding, it was considered important that our name reflects the true nature of our business, reinforces the company's identity going forward, and differentiates us from our competitors, while still meeting all our stakeholders' expectations. This rebranding is part of a deliberate strategy to emphasise the strength of our Namibian ownership, local investment and ongoing commitment to our core markets. The new company name Namibia Drydock and Ship Repair (Pty) Ltd (NAMDOCK) will be registered and trademarked in the next financial year.

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 final round of restructuring was decisively concluded and resulted in the formation of two SME companies comprised of redundant employees whose services are now contracted to the company.

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.

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.

Since EBH's inception in 2006, continuity of operations — serving the international maritime and oil-and-gas sectors and contributing significantly to Namibia's economy — has and continues to be of utmost importance to all stakeholders in the company.

The company recognises the importance of pursuing opportunities for change, provide equal opportunities and remain committed to creating a healthy working environment for all its stakeholders. Strengthening the company 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**

New Liquid-bulk Terminal

Implemented by the Ministry of Mines and Energy, the new liquid-bulk terminal is currently at 95 percent completion and is expected to be completed and commissioned in 2020.

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 is 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.

New Container Terminal

Construction is 96 percent complete and the inauguration is scheduled to take place on 2 August 2019. The commissioning will take place on 24 August 2019 and the week prior to that, the port will be closed for the relocation of the equipment and staff from the old container terminal to the new. Capital expenditure on the project during the financial year amounted to N$721 million.

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.

Commencement of the specialist studies recommended in the scoping study would be the next step in the project and they are expected to be completed within the next two to three years.

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 2020.

Review: Environmental Sustainability

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 users and to promote greater sustainability in the logistics chain.

As part of the Authority's overall commitment, as demonstrated through the 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.

Accredited framework

Namport has integrated its SHEQ Management System and has aligned all its operational and systems procedures accordingly. The integrated system is aligned in accordance with the following ISO standards:

- ISO 45001:2018
- ISO 9001:2015
- ISO 14001:2015

The standards 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.

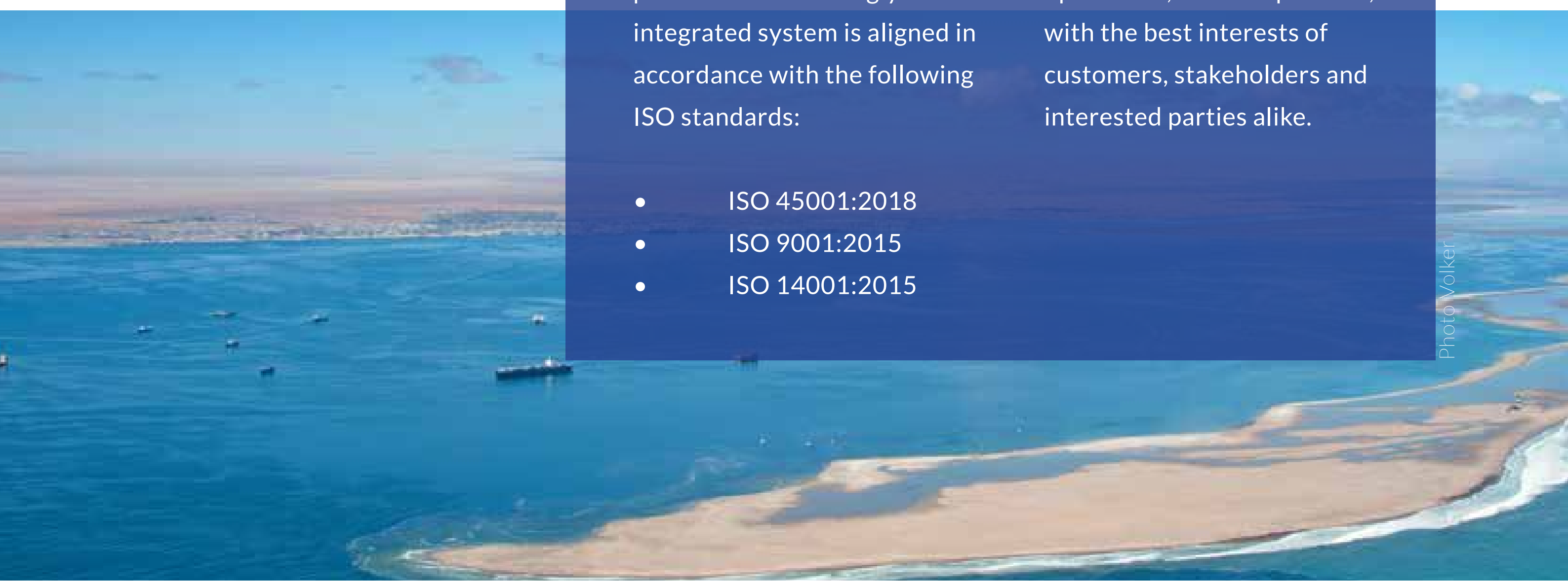


Photo Volker

Complying with the Environmental Management Act 7 of 2007

In order to comply with Namibian legislation, and to adhere to all codes and standards applied in their operations, Namport is in the process of developing Environmental Management Plans (EMPs) for its operations in the Port of Lüderitz and Walvis Bay.

Geo Pollution Technologies (Pty) Ltd was appointed by Namport to develop the EMPs. The EMPs provide management options to ensure environmental impacts of the ports are minimised. The environment is being defined in the Environmental Assessment Policy and Environmental Management Act as “land, water and air; all organic and inorganic matter and living organisms as well as biological diversity; the interacting natural systems that include components referred to in sub-paragraphs, the human environment insofar as it represents archaeological, aesthetic, cultural, historic, economic, palaeontological or social values”.

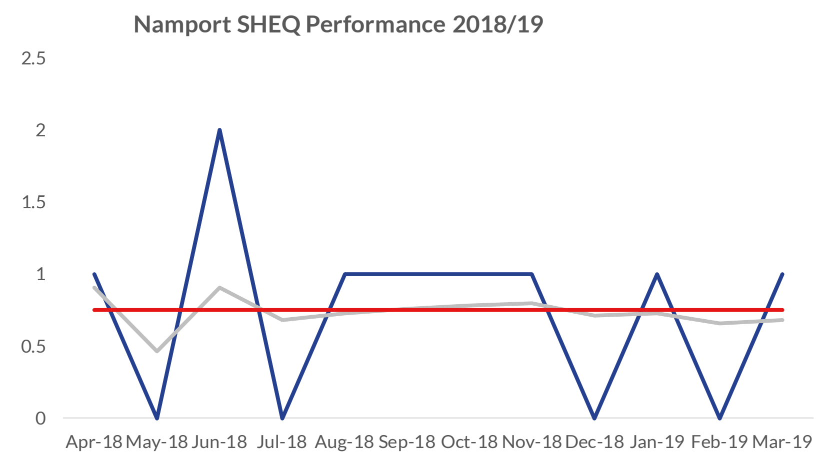
The EMPs are thus a tool used to take pro-active action by addressing potential problems before they occur. This limits potential future corrective measures that may need to be implemented and allows for the application of mitigation measures for unavoidable impacts. The EMPs will be used to apply for an environmental clearance certificate in compliance with Namibia’s Environmental Management Act (Act No 7 of 2007).

Namport SHEQ Performance

Namport retained its ISO 9001, ISO 14001 and OHSAS 18001 certification for the reporting year ending 31 March 2019.

This was the last period under which Namport was certified on OHSAS 18001. The new ISO 45001 will replace this standard as we integrated our management system on the new ISO standards.

Namport achieved a Lost Time Injury Frequency rate (LTIFR) of 0.68 (compared to 0.23 the previous reporting year), against a target of 0.75. Nine Loss Time Injuries were reported, contributing to the LTIFR mentioned. Namport SHEQ performance for the reporting period is summarised in the table and graph below.



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
No. Lost Time Injuries	1	0	2	0	1	1	1	1	0	1	0	1
LTIFR (YTD)	0.91	0.46	0.91	0.68	0.73	0.76	0.78	0.8	0.71	0.73	0.66	0.68
LTIFR Target	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

YEAR TO DATE	Number
LTI	9
NLTI	4
Fatality	0
FAC	26
Asset Damages	4
Environmental Incidence	30
Quality Incidence	7

Review: Commercial **Activities**

Increase cargo throughput and diversify its market base

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. In addition, pursuing strategic alliances and business opportunities through public-private partnerships are other facets of its activities.

In the reporting year, Namport's revenue from commercial activities has increased, which is a major achievement in light of the tough economic times experienced locally and globally. Even though transshipment revenues have declined, volumes from the Corridor-link countries, such as the Democratic Republic of Congo and Zambia, have increased, offsetting lower transshipment volumes. Revenue from project cargo has also increased year-on-year.

In a drive to further increase bulk and breakbulk cargo movement to and from neighbouring land-locked countries, Namport, through the Walvis Bay Corridor Group, appointed a person in the Johannesburg office to provide services to clients linked to the Trans-Kalahari Corridor.

The operationalising of the new container terminal, scheduled for August 2019, will no doubt contribute substantially towards increased container volumes in the next financial year.

10,720 metric tonnes of project cargo

In June 2019, the Nomadic Milde vessel docked at the Port of Walvis Bay with a consignment of 10,720 metric tonnes of project cargo which will be used in the construction of the Okavango River Bridge in Mohembo, Botswana. This 1.2 km-long bridge has been under construction since November 2016 and will connect villages on the east of the Okavango River with the rest of Botswana. Upon completion the bridge is expected to boost tourism in the area and provide reliable access to education and health to the communities.

One of two transformers landed in the Port of Walvis Bay.

Transporting two massive transformers

During the reporting year, project cargo played an important role in Namport's product mix. One such example is the two 142-tonnes transformers, built in India and destined for NamPower's newly-built 330 kw substation in Ruacana, which supplies electricity to Oshakati and Ondangwa areas in the northern part of Namibia.

The old container terminal area will become available for the importation of bulk sulphur, which will be bagged and transported in containers to mines in the DRC and Zambia. On the back of this, export cargo can be transported back to the port, reducing overall transport cost for customers.

The first shipment of 25,000 tonnes of manganese through the Port of Lüderitz is scheduled for August 2019, which is expected to increase to 30,000 tonnes per month. This will have a major positive impact on the port's revenue base, as it will increase the port's annual cargo volume handles by between 30 to 50 percent.

Zambian Dry Port fulfils its goal

As an entrance to and from SADC countries via sea to Namibia, Namport received various building materials that will be used for the construction of the Kafulafuta Water Supply Treatment Plant in Ndola, Zambia. The 3,336 tonnes shipment arrived in June 2019 from China and was transported via road to Zambia. Zambia, a landlocked country, makes frequent use of the Port of Walvis Bay to carry out its commercial activities that are conducted via sea.

Such working relationships between the two countries are as a result of the Memorandum of Understanding which both governments signed in 2007 to establish the Zambian Dry Port at the Port of Walvis Bay. The presence of dry ports at Walvis Bay opens up the SADC region to trade opportunities with the world.

Potential guaranteed volumes

Following several years of Government-level negotiations, car manufacturer Peugeot of France agreed to set up an assembly plant in Walvis Bay. The N$190 million plant, which aims for an annual targeted volume of 2,000 vehicle, could result in additional revenue to Namport in terms of guaranteed additional volumes of cargo. The assembly plant is a partnership by Groupe PSA, the manufacturer of Peugeot, and Government through the Namibia Industrial Development Agency (NIDA).

205 animals exported via the Port of Walvis Bay

In June 2018, Namibia exported a consignment of 205 animals via the Port of Walvis Bay. Most of the animals, which included nyala, eland, impala, hartebeest, oryx and waterbuck, were destined for a tourism game park in the Democratic Republic of Congo.

The animals were captured on various game farms in Namibia, while the blesbuck were imported from South Africa. The translocation was done by Wildlife Vets Namibia, a company with many years of experience in game capture and translocations.

The animals were released into strictly non-hunting reserves which are used for tourism and nature education purposes, allowing those living in Kinshasa to see non-indigenous animals for the first time.

The animals were transported on the El Nino vessel, which is primarily used to export frozen fish from Walvis Bay to the port of Boma in the DRC and from the port, the animals were transported via road to the game reserve.

Family of elephants successfully transported to tourism game park in DRC

In May 2019, a family of six elephants comprising two adults, a bull and cow, and four calves, was successfully and safety transported from the Port of Walvis Bay on the 'El Nino' vessel to a tourism game park in Kinshasa, Democratic Republic of Congo (DRC).

The herd was captured and transported in specially adapted containers from the Erindi Game farm in the Otjozondjupa Region.

This is the first time a consignment of such magnitude involving adult elephants has left the country and will definitely not be the last, as this was a trial run to guarantee that future exportations are conducted smoothly.

The entire operation, which lasted over 20 hours, required approximately 50 personnel members from various stakeholders to ensure the animals were safely loaded and transported to their destination.

The export consignment of 205 animals was transported from Walvis Bay to the same tourism game park in Kinshasa. The animals were released into strictly non-hunting reserves, and are faring well, having reproduced significantly.

Stimulating intercontinental trade

Attesting to Namport's ongoing drive to enhance intercontinental trade, 418 vehicles were off-loaded from the Grand Orion roro vessel, which consisted of 228 sedan cars, 4x4 pick-ups and 173 trucks. Only eight of these vehicles were destined for the local market whilst the rest were imported for our neighbouring countries: Zambia (89 units), Zimbabwe (257 units), Botswana (16 units), Malawi (42 units), Congo (6 units). The vehicles were loaded in Sheerness and Killingholme (UK ports) and Antwerp (Belgian port).

First-ever consignment of PETCOKE

The first-ever consignment of 37,800 tonnes of petroleum coke (PETCOKE) was offloaded at the Port of Walvis Bay during the reporting year. The petcoke was received in bulk from the United States of America, then bagged and transported in trucks via the Trans-Caprivi Corridor to Zambia.

PETCOKE is a by-product of bitumen and is used as a fuel in the metal and brick industries, as well as in the crude oil industry. Being relatively low in cost and high in value and having a carbon content with good chemical stability, it makes an efficient and cost-effective fuel source.

Namport acknowledged Alan Louw

In September 2018, Namport introduced a new award, namely the CEO Life Time Award, at the Port Users' Dinner which is held every year honouring our loyal customers.

Mr Alan Louw (84) was the first recipient of the award. Always a diligent business man, he has been in the seafaring business for over 40 years and during that time has made exceptional contributions towards the marine industry.

Mr Louw consistently demonstrated clarity of vision, judgement and motivational skills that transformed his company, Namib Marine and Diving Services. He is a leader who is highly respected by both his peers and competitors and admired by employees who regard him as their mentor.

Second consignment of clinker off-loaded

Following the first consignment of 40,000 clinker that was off-loaded in the previous financial year, the second consignment was received during the reporting year and successfully off-loaded.

The consignment was imported from China and destined for a cement factory in Otjiwarongo in the Otjozondjupa Region.

Namport honours its clients

In September 2018, Namport rolled out the red carpet to celebrate the success of and acknowledge the business it received from its Walvis Bay-based clientele at a glamorous Port Users' function. The recipients were awarded in the following categories:

Top 5 Revenue Clients

Logistics Support Services (Pty) Ltd
Maersk Namibia (Pty) Ltd
Sturrock Grindrod Maritime Namibia (Pty) Ltd
Trade Ocean Shipping Namibia (Pty) Ltd
Woker Freight Services (Pty) Ltd

Top 3 Revenue-based SME

Camel Thorn Freight Forwarding (Pty) Ltd
Cross Border Vehicle Trade
West to East Coast Investments

Top 3 Volume-based clients

Engen Namibian (Pty) Ltd
Puma Energy Namibia (Pty) Ltd
Walvis Bay Salt Refiners (Pty) Ltd

Brand Audit conducted

During the reporting year, a comprehensive independent brand audit was conducted, involving 495 clients of Namport located in Windhoek, Walvis Bay and Lüderitz. The audit concluded that there is a high brand awareness (95 percent), while 79 percent perceived the brand to be of good quality.

A total of 58 percent of the respondents had a positive association towards Namport's brand, while 60 percent scored positive on loyalty towards the brand.

Three research vessels called at port

Walvis Bay's strategic importance as a supply point for offshore research vessels was once again demonstrated with the call at port of three research vessels and two support vessels in the course of three weeks during the reporting year. The offshore oil and gas research vessel Polarcus Alima docked in January 2019, accompanied by its support vessel Mainport Pine.

On 30 January 2019, the Dutch oceanographic research vessel Pelagia called at the Port of Walvis Bay and mid-February, a German sponsored oceanographic research vessel, Meteor, called at port. Both these vessels were accompanied by their support vessels. The research vessels were calling at Walvis Bay for supplies, bunkering and crew changes.

Review:
ICT Activities

Fulfilling its mandate to leverage technology to improve productivity and efficiency at Namport, the ICT Department plays a vital role as a key enabler for the long-term success of the Authority. The focus of the ICT activities continues to be on implementing Namport's ICT master plan, aimed at improving productivity and efficiency at the ports.

The control room in the new container terminal.

Focus on Commissioning of New Container Terminal

During the reporting year, nearly all of the ICT's activities were centred around the commissioning of the new container terminal.

At the beginning of the year, when it was decided that the new container terminal must be launched and ready for operation in August 2019, the automation project was split into two phases. The first phase focused on the core systems and technology required to get the terminal up and running before the launch date.

The delay in completion of the construction phase of the terminal impacted on the time available to put the ICT equipment and network in place and upgrading the terminal operating system. While the tender for the NAVIS terminal operating system had already been awarded in the previous financial year, the network installation tender was only awarded in the reporting year, with tight deadlines to be ready for launching of the terminal.

Much time and planning efforts were focused on adapting processes from how things were done at the old container terminal to how it will have to change at the new container terminal. This had to be done taking into consideration the process improvements and automation initiatives that Namport is implementing in its ambition to become a 'smart port'.

However, the selected service providers all pulled their weight and, together with the ICT team, were able to have the terminal operational and ready at the launch date. A central command centre was installed on the third floor of the new container terminal building, which acts as the nerve centre of the terminal.

The efficiency and functional enhancement of the systems will continue to receive attention in the coming financial year, especially regarding business intelligence solutions.

Gearing up for the National Single Window for Trade

While most of the ICT department's activities focused on the operationalising of the new container terminal, activities to support the National Single Window for Trade project continued.

Following Namport being mandated by Cabinet to implement the National Single Window on behalf of the Namibian Government, Namport registered Namibia e-Trade Services (NETS) as a focused vehicle with the objective of serving as the national operator of the National Single Window. The company will remain a 100 percent subsidiary of Namport. A memorandum of understanding will be drafted in the next financial year to clarify the roles and responsibilities of all parties involved.

It is expected that the new company will commence with activities in the next financial year.

Productivity Dashboards to Enhance Efficiencies

Work continued on the development of productivity dashboards to track productivity in all Namport's operations. As part of the new container terminal's operating system solution, the Business Intelligence (BI) component was purchased and implemented. The BI component gives analysis and indicators from an operations point of view, but also pulling in all enabling services. This will allow management to view indicators in near-real time, and enable them to manage the port more efficiently.

Training of staff will commence in November 2019 and towards the end of the next financial year, the productivity dashboards should be completely operational.

Looking ahead

After implementation of phase one of the ICT automation plan – putting the network and system in place and getting the new terminal operational – the focus in the next financial year will be on phase two, namely focusing on enhancing efficiency and productivity in all of Namport's operations.

Review: Human Resources **Activities**

The Human Resources (HR) department focused on creating exponential value through the development and retention of a competent and adaptable workforce that is able to deal with unexpected and dynamic changes in the business environment. For this, the department set 'Optimise Human Capital Effectiveness' as a strategic goal for the realisation of organisational strategy through the following key outcomes and initiatives:

Attract, develop and retain suitable human capital

Given that Namport competes in a highly competitive and volatile global maritime industry, talent availability remain a critical business imperative. This, coupled with increasing mobility of core talent compelled the Authority to develop a Skills Segmentation Tool for the objective identification of critical or scarce skills which was complemented by the revision of the Retention Policy that provides for tailored retention and rewards. This tool is expected to enhance Namport's overall Employer Value Proposition (EVP), which in turn will contribute immensely to Namport's overall competitiveness, through competent human capital.

Nurture and promote a learning and performance-driven culture

Namport continues to place a high premium on ongoing development of people knowledge and skills for greater organisational agility within the ever-changing world of work.

Workforce profile

At the close of the reporting period, Namport's workforce stood at 965 permanent employees.

Gender profile

A total of 18.6 percent of permanent employees are female and 81.3 percent are males. 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 72 percent of the male workforce is employed in the operations department.

Currently, 28 percent 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, as well as for people living with disabilities. The Affirmative Action Committee has been tasked to actively drive addressing gender imbalance as far as it is practical.

Total staff complement versus vacancies

Namport has a total staff complement of 1,185 positions at establishment. There is a vacancy pool of 211 vacancies, representing 21 percent of the approved workforce. It is anticipated that these vacancies will be filled at the completion of new container terminal subject to human resources needs.

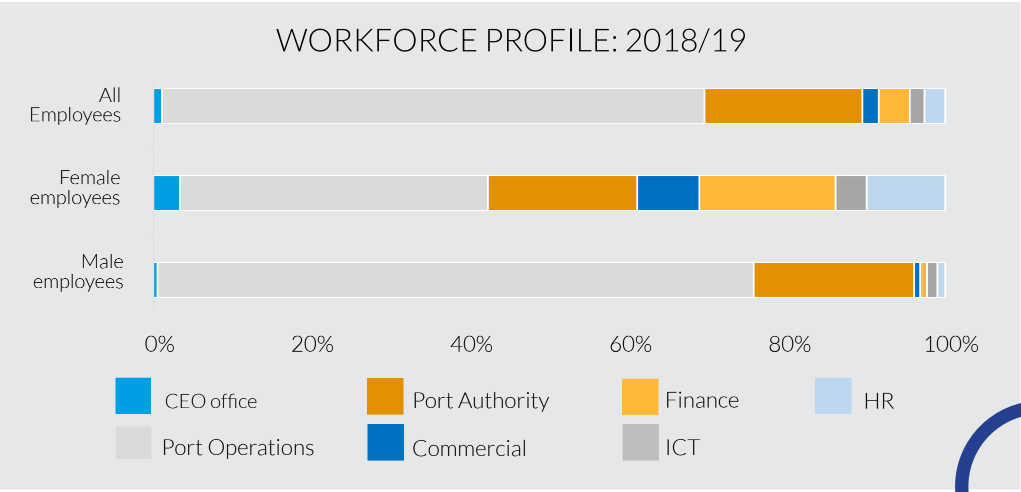
New appointments and staff turnover

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 percent.

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. Interventions have been put in place to address work-related situations.

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



Training and Development **Activities**

Namport's training and development programme is a key strategic imperative to move the Authority successfully into the future.

Suoma Kalulu, Manager Employee Relations and Wellness, obtained a Masters Degree in Maritime Affairs.

Namport invested N$8 million on the training and development of its workforce during the reporting year.

During the previous financial year, the HR Department 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.

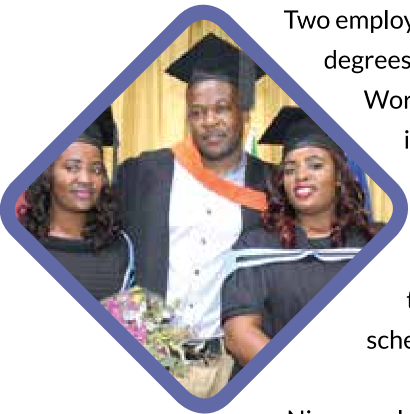
The first key intervention was placing all executive staff on a development programme for a two-year period. The programme focuses on leadership, behavioural changes and the dynamics of Namport's business. The programme will be completed by June 2019.

The second major intervention was to ensure the Authority's human resources are ready for the operationalising of the new container terminal. During the reporting year, extensive planning was undertaken to provide training to the ship-to-shore (STS) crane operators; the training programme will commence early in the next financial period and be completed by July 2019.

In response to the relatively high demand for maritime skills, coupled with a pervasive scarcity of some skills in the industry, Namport has invested heavily in the development of mariner skills and others to be ready for future demand. This is especially the case with Class I marine pilots and marine engineers.

Currently, four Namibian pilots have Class I Certificates of Competency, while four employees are undergoing intensive training for certification as Class II marine pilots and will continue their training for certification at the highest level as Class I pilots in three to four years.

Bursaries were awarded to four students from previously disadvantage backgrounds for a two-year Business Administration course at Namibia University of Science and Technology (NUST) as part of the Commercial Advancement Training Scheme (CATS), which is a collaborative initiative between the maritime industry and academia. The CATS programme provides dual training to both school-leavers and employees wanting to further their professional careers with member companies such as Namport, for a period of two years.



Two employees were awarded master's degrees in Maritime Management at World Maritime University (WMU) in Malmö, Sweden. At the date of reporting one employee was busy with his doctoral thesis in maritime studies at the University of Cape Town, scheduled for completion in 2019.

Nine employees successfully completed a course on Management Development Programme (MDP) with the University of Stellenbosch (USB) in Windhoek, while 20 trainees benefited from apprenticeship training exposure which is the outcome of a Memorandum of Understanding entered between Namport and the Namibia Training Authority in July 2018 as part of the Apprenticeship Pilot Programme.

Overall, Namport invested N$8 million on a variety of training and development initiates that comprise the following:

- 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.

As a key priority, the HR department reviewed the company's overall Learning and Development Plan for re-prioritisation and re-alignment to strategy in response to changing business demands. In terms of performance management, all the scorecards were updated.

Overall, one of the most significant milestones attained by HR was the development and approval of an Enterprise Change Management Framework, which aims at introducing and cementing change management as a critical business driver of organisational change with added benefits of mitigating business risk and enhancing business continuity.

Finally, the HR department's steadfast focus on employee engagement and growth remain the key differentiator in contributing to Namport's relevance and agility in the rapidly changing and unpredictable business landscape.

Pan-African Capacity Building Programme

The Pan-African Capacity Building Programme (PACBP) of the Development Bank of Southern Africa collaborated with Namport and delivered a five-day training course in project finance. This was the first of many in-house training sessions in support of Namport's staff capacity building programme.

The programme culminated in the training of 90 managers and supervisors in the areas of project finance, leadership and coaching skills. The purpose of the programme was to ensure Namport's finance staff are familiar with the latest global best-practice project financing knowledge and skills.

Employee **Wellness** Activities

Namport's HR philosophy is based on its experience that a healthy workplace is conducive to employee satisfaction and morale, which promotes a productive workforce. In line with this philosophy, during the reporting year, several wellness interventions took place, promoting health-related programmes to assist individuals to achieve their full physical and emotional potential.

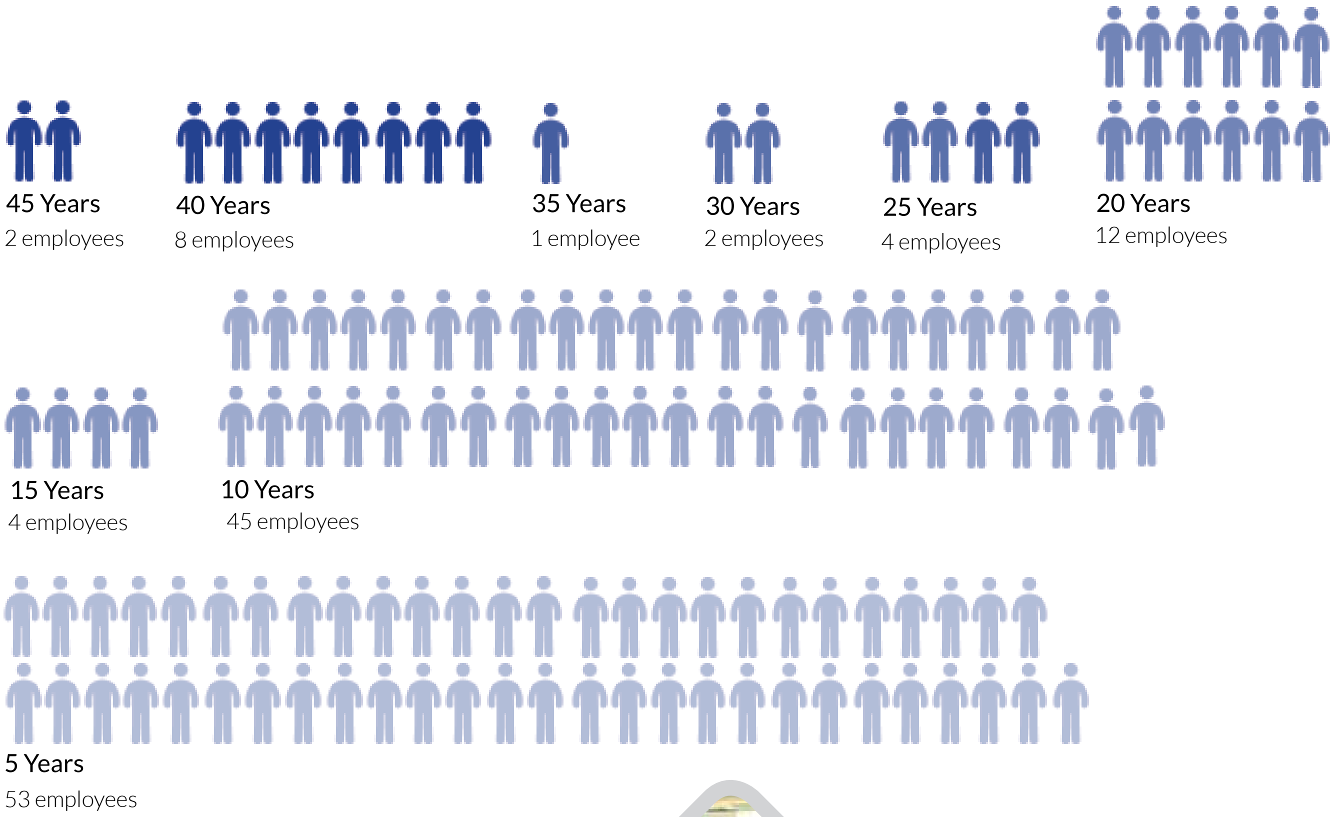
Among these, Namport celebrated the month of June as Men's Health Month, themed "Keeping Men Healthy". A prostate screen day hosted by Namport's Wellness Office in collaboration with the Renaissance Health Medical Aid Fund. A social worker from the Ministry of Health and Social Services conducted various group sessions with men creating awareness on gender-based violence against men.

Various wellness screenings and biometric assessments of staff members were conducted by Walvis Bay Corridor Group and Namibia Medical Care (NMC), confirming its commitment to promote a healthy workforce through awareness and education. In addition, counselling sessions were offered for aspects of psychosocial wellness, including alcohol and drug abuse, depression, finance management, absenteeism and family health, among others.

In June 2018 Namport hosted the third Public Enterprises CEO's Forum Sports Day, held in Walvis Bay. A total of 17 Public Enterprises participated in the successful sports day when CEOs and employees exchanged their boardrooms and office attire for sneakers and sporting gear.

Long-service **Awards**

Namport honoured 131 long-serving employees at events held in Walvis Bay and Lüderitz. A breakdown of the number of employees and the length of their service to Namport are depicted below.



Review: Our Social and **Relationship-building Activities**

Namport's corporate social responsibility activities are channelled through the Namport Social Investment Fund (NSIF), which was established in 2006 with the purpose of ploughing back benefits to Namibian communities. Although Namport operates in the Erongo and //Karas Regions, our social responsibility activities are distributed throughout Namibia. The NSIF's main focus is on the education and health sectors.

Support to the Kunene Region

Namport demonstrated its commitment to assisting Namibian communities throughout the country when it donated funds totalling N$430,000 to towns in the Kunene Region, in collaboration with Standard Bank and the Rotary Club.

Funds to the value of N$300,000 were made available for renovation of the Frans Frederick School in Fransfontein, while ICT equipment were procured for the Cornelius Goreseb High School to the value of N$36,000.

N$300,000 were donated to the Seringkop community towards two containers which will be used as a health facility and housing for the local nurse.

The Outjo Municipality received a moveable structure valued at N$86,000 which will be used as a dual facility for an office for the Namibian Police and an office for the Ministry of Health and Social Services in the town.

In the past two years, the Fund has spent 11.2 percent of its sponsorship budget in the Kunene Region, placing this region the second top most funded region across the country by the NSIF.

CEO of Namport and NSIF Chairperson Mr Bisey /Uirab at the photo opportunity at the Seringkop clinic handover.

The Dawid //Khamuxab Clinic ready to provide the community with access to health services.

Computer Equipment to Hungua Primary School near Opuwo

The 550 learners from the Hungua Primary School, located 150 km outside Opuwo in the Kunene Region, were the grateful recipients of 25 desktop computers and software. The school did not have a computer laboratory and the computer equipment, valued at N$200,840 will open up the world of technology to these learners.

Namport continues to invest in the education of Namibia's children. The NSIF also donated IT equipment valued at N$36,000 to the Cornelius Goreseb School in the same region and purchased computers for the Kuisebmond Primary School in the Erongo Region to the value of N$10,000.

Dr. Felix Musukubili and Ms Taná Pesat of Namport handed over the computer equipment to the school principal Mr Tjivikua and some of the teachers.

The fund also donated stationery and educational to the value of N$40,000 to the Brightstar Montessori School in Walvis Bay.

Pre-delivery Facility in Usakos

Expecting mothers in the Usakos area can now reduce their levels of stress for the sake of their unborn child by making use of the pre-delivery facility at the Usakos State Hospital, which was made possible by the NSIF's donation of N$1.1 million. The facility was handed over to the Ministry of Health and Social Services in March 2019.

Speaking on behalf of the minister of Health, the Special Advisor of Health in the President's Office, Dr Bernard Haufiku, said that this plea for help from mothers has been long coming and finally Namport under the NSIF has heeded their cry. He further said that "expecting mothers have now one less thing to worry about as in the past they would have to travel long distances waiting for delivery of their babies". The advisor further challenged other captains of industry to follow the good example set by Namport.

Health Advisor to the Office of the President, Dr. Bernard Haufiku, and Mr Amos Shiyuka, NSIF Trustee Member, appreciating the newly furnished pre-delivery facility.

Staff Supported Cancer Awareness

The month of August is popularly known as a month for raising awareness around cancer. It was with this in mind that the Namport staff members joined hands with the Cancer Association of Namibia (CAN) to raise funds in the Erongo Region for this organisation by means of initiatives such as Tekkie Day and Shake-a-Can, which were held on the Namport premises. The funds raised will be used towards buying much-needed items for cancer patients.

The CAN representative indicated that Namport was the only corporate entity in Walvis Bay to partake in the Shake-a-Can initiative and urged all other entities to follow suit as cancer affects everyone. The Association further thanked Namport's management and staff members and encouraged the company for continued partnerships in future events.

Namport staff members with the CAN representative during the Shake-a-Can donation hand-over.

Namport lowers pressure on the education system in the Erongo Region by donating four classrooms to Kuisebmond Primary School

Through the NSIF, Namport donated four modular classrooms to the Kuisebmond Primary Project School in Walvis Bay, bringing much-needed relief to the education system in the Erongo Region.

Speaking at the hand-over ceremony, Mr John Awaseb, Regional Director of Education in the Erongo Region, welcomed Namport's commitment, stating Namport "to be friends of eduction".

On his part, Chairperson of the NSIF and CEO of Namport, Mr Bisey /Uirab, reiterated that the timeous completion of the project bears evidence of the importance that the NSIF trustees has placed on assisting the Namibian Government in providing quality education to the Namibian child. He further said that "milestones of this nature play and will continue to be a vital part of our business as Namport, as this represents the tangible reflection of our values and vision as an entity."

At the same event, the Deputy Minister of Fisheries, Hon. Silvia Makona thanked Namport for "ploughing back into the community that required the support and help". She further called on all captains of industry to follow the commendable example of Namport and to address the needs of the communities in which they operate.

Unveiling of the four donated classrooms to the Kuisebmond Primary Project School by the Deputy Minister of Fisheries, Hon. Silvia Makona.

Invited guests to the handing-over ceremony received a warm welcome from the learners of the Kuisebmond Primary Project School.

Warming Hearts at the Kuisebmond Old Age Home

As part of their corporate social responsibilities, the Public Enterprises CEOs Forum visited the Kuisebmond Old Age Home were they handed over 37 blankets to the delighted recipients.

The executives collectively also pledged monetary contributions to the value of N$55,000. The funds will be used for the upkeep and maintenance of the facility.

The Public Enterprises CEOs Forum made a donation to the Kuisebmond Old Age Home.

Classrooms for Ovihitua Primary School

During the reporting year, two modular classrooms where donated to the Ovihitua Primary School in the Omatjete Constituency valued at N$630,000.

The new addition to the school's existing two-classroom infrastructure will not only cater for 40 learners who previously used tents as their shelter during classes, but will also ensure that the school's principal has an office of her own since the two new classrooms come with a storeroom each. The previously-used tent structures proved to be a health hazard for the pupils during winter and rainy seasons and this would always interfere with the quality of education the learners would receive.

Speaking at the hand-over event, the school's principal Ms Kapia praised Namport for its support: "Due to this sponsorship, our students will now receive education in a safe and clean environment without being exposed to any of the elements, and for that we can never thank the Namport Social Investment Fund enough".

Pebble Foundation Supported

Female learners of the Tshaulikhaeb Secondary School in Rosh Pinah were the grateful recipients of basic necessities that many others take for granted — sanitary towels, through a donation made to the Pebble Foundation. The foundation was established as a not-for-profit organisation and is grounded in the belief that small acts of kindness on sustainable projects have the potential for social upliftment of previously disadvantaged communities in Namibia. One of its projects is to provide a year's supply of sanitary towels to female learners in disadvantaged communities, as the access to these items is a significant problem faced at some schools, which in turn negatively affects the self esteem and performance of female learners.

Members of the Pebble Foundation, receiving the donation of sanitary towels on behalf of female learners of Rosh Pinah's only secondary school.

STATISTICS

PORT OF WALVIS BAY

Number of vessel visits to the Port of Walvis Bay (by type of vessel)								
	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 17/18	Apr/Mar 18/19
Container	594	558	506	448	216	356	316	297
Reefer	33	40	33	41	18	34	41	41
Foreign fishing vessels	216	202	199	197	131	197	192	149
Namibian fishing vessels	47	17	10	14	21	37	18	25
Petroleum	52	59	63	83	48	69	88	79
General cargo vessels	186	160	196	203	107	163	164	165
Other	497	505	513	409	346	489	251	246
TOTAL	1,625	1,541	1,520	1,395	887	1,345	1,070	1,002

Cargo handled at the Port of Walvis Bay (Freight tonnes)								
	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 17/18	Apr/Mar 18/19
CARGO LANDED								
Bulk and Breakbulk	906,800	901,236	817,002	964,092	581,565	1,000,872	926,082	1,146,868
Containerised	980,117	1,043,067	1,200,808	1,036,661	453,499	772,844	812,315	906,909
Sulphuric Acid	336,862	216,898	157,869	378,575	72,443	115,337	147,270	170,217
Petroleum landed	995,067	1,111,846	1,149,777	1,203,224	750,661	1,373,941	1,176,839	1,234,346
	3,218,846	**3,273,046**	**3,325,456**	**3,582,551**	**1,858,168**	**3,262,993**	**3,062,506**	**3,458,340**
CARGO SHIPPED								
Bulk and Breakbulk	856,031	849,957	461,611	619,422	363,186	614,100	639,705	881,014
Containerised	599,867	713,325	708,746	665,676	356,740	717,745	790,810	866,447
	1,455,898	**1,563,282**	**1,170,357**	**1,285,098**	**719,926**	**1,331,845**	**1,430,515**	**1,747,461**
CARGO TRANSSHIPPED								
Bulk and Breakbulk	7,874	41,894	38,941	29,887	54,840	48,203	53,854	44,855
Containerised	1,527,667	1,255,638	837,881	854,432	352,268	525,090	279,045	124,058
	1,535,541	**1,297,532**	**876,822**	**884,319**	**407,108**	**573,293**	**332,899**	**168,913**
TOTAL CARGO	6,210,285	6,133,860	5,372,635	5,751,968	2,985,202	5,168,131	4,825,920	5,374,714
Containers handled at the Port of Walvis Bay (Twenty-foot Equivalent Units)								
Landed	66,190	70,987	82,495	68,111	29,428	50,258	55,026	62,064
Shipped	50,634	60,492	62,153	60,584	27,879	47,248	53,340	57,103
Transshipped	217,586	170,338	108,404	108,851	58,648	105,565	67,969	24,942
TOTAL TEUs	334,410	301,817	253,052	237,546	115,955	203,071	176,335	144,109
VESSEL VISITS	1,625	1,541	1,520	1,395	887	1,345	1,070	1,002

STATISTICS (CONTINUED)

PORT OF WALVIS BAY

Main Commodities handled at the Port of Walvis Bay (Freight tonnes)								
	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 17/18	Apr/Mar 18/19
LANDED								
Petroleum	995,067	1,111,846	1,149,777	1,203,224	750,661	1,373,941	1,176,839	1,234,346
Fish & Fish Products	159,043	180,609	238,973	240,151	139,399	213,926	192,153	222,919
Sulphuric Acid	336,862	216,898	157,869	378,575	72,443	115,337	147,270	170,217
Vehicles	345,330	357,088	355,933	257,820	108,910	190,930	132,820	274,504
Copper/Lead & Concentrates	194,342	177,721	177,296	239,013	117,917	181,483	210,538	352,157
Sugar	99,684	112,179	106,346	113,411	66,139	111,459	30,038	100,071
Coal	70,399	79,060	69,368	107,966	60,499	116,398	32,969	32,848
Machinery	40,298	35,088	68,169	61,887	29,771	33,918	37,601	44,877
Chemicals	6,025	22,264	75,020	51,140	15,283	37,240	40,808	65,653
Sodium Carbonate	48,849	68,706	49,334	41,976	7,634	18,524	28,338	18,370
Wheat	57,028	54,368	39,683	75,116	52,569	136,166	92,700	104,944
Spare Parts	10,235	12,141	39,768	22,576	13,208	16,455	18,614	25,128
Wooden Products	2,002	22,044	38,478	9,945	2,024	5,989	4,687	4,749
Other Cargo	853,683	823,035	759,444	779,751	421,713	711,229	707,696	807,557
TOTAL	3,218,846	3,273,046	3,325,456	3,582,551	1,858,168	3,262,994	3,062,506	3,458,340
SHIPPED								
Salt	687,448	651,880	366,713	583,536	348,619	587,717	611,098	814,794
Fish & Fish Products	165,107	159,972	191,410	194,234	73,774	169,658	169,626	167,713
Copper/Lead & Concentrates	110,854	105,587	107,800	135,652	84,986	119,088	160,308	219,222
Manganese Ore	112,794	151,514	95,282	43,230	6,402	21,670	17,309	30,321
Lithium Ore	-	-	-	-	-	-	-	28,468
Fluorspar	96,802	65,791	62,145	16,801	-	946	440	-
Marble and Granite	42,364	93,079	85,847	78,940	47,243	104,233	136,461	114,958
Scrap Steel	25,124	30,712	37,686	32,054	17,600	23,517	29,078	33,044
Zinc/Ore/Concentrates	67,319	126,150	35,593	683	1,584	-	-	-
Flat Cartons	21,139	17,696	11,534	22,695	16,619	23,728	31,400	25,464
Building Materials	132	88	4,480	9,751	1,012	2,398	132	616
Other Cargo	126,816	160,815	171,869	167,523	122,088	278,888	274,664	312,861
TOTAL	1,455,898	1,563,282	1,170,357	1,285,098	719,926	1,331,844	1,430,515	1,747,461
TRANSSHIPPED								
General Cargo	**1,535,541**	**1,297,532**	**876,822**	**884,319**	**407,108**	**573,293**	**332,899**	**168,913**
TOTAL	6,210,285	6,133,860	5,372,635	5,751,968	2,985,202	5,168,131	4,825,920	5,374,714

STATISTICS (CONTINUED)

PORT OF LÜDERITZ

Cargo handled at the Port of Lüderitz (Freight tonnes)								
	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 17/18	Apr/Mar 18/19
BREAKBULK								
CARGO LANDED								
Fuel	35,936	46,828	44,159	32,684	28,301	33,087	45,165	49,473
Fish	22,193	22,500	20,694	24,397	9,993	25,361	26,926	30,010
Sulphur	66,017	79,517	105,888	50,695	34,099	92,078	98,538	75,097
General Cargo	3,730	10,522	5,999	26,572	22,512	5,328	6,463	1,072
TOTAL LANDED	127,875	159,367	176,740	134,348	94,905	155,853	177,092	155,652
CARGO SHIPPED								
Fish & Bait	46	6,199	5,711	956	-	374	124	119
Ice	23,630	18,705	17,433	29,252	12,487	29,594	28,747	34,446
Zinc/Zinc Concentrates	-	10,996	284,314	182,954	109,338	155,269	178,087	157,309
Lead & Lead Con	-	-	33,651	16,415	10,308	15,070	29,007	12,372
Other	131,879	139,949	53,000	10,624	42	663	191	2,597
TOTAL SHIPPED	155,555	175,849	394,110	240,201	132,175	200,970	236,157	206,843
CARGO TRANSSHIPPED								
Fish	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL TRANSSHIPPED	-	-	-	-	-	-	-	-
TOTAL BREAKBULK	283,430	335,216	570,850	374,549	227,080	356,823	413,249	362,495
CONTAINERISED CARGO								
Landed	1,760	8,575	8,656	2,728	8,910	8,273	3,784	4,603
Shipped	26,730	28,277	24,980	21,142	4,510	23,102	60,260	54,480
Transshipped	-	-	-	-	-	-	-	-
TOTAL	28,490	36,852	33,636	23,870	13,420	31,375	64,044	59,083
TOTAL CARGO	311,920	372,068	604,486	398,419	240,500	388,198	477,293	421,578
Containers handled at the Port of Lüderitz (Twenty-foot Equivalent Units)								
Landed	1,324	1,460	1,073	925	604	1,593	3,565	2,782
Shipped	1,400	1,532	1,121	1,391	570	1,327	2,755	2,573
TOTAL TEUs	2,724	2,992	2,194	2,316	1,174	2,920	6,320	5,355
Vessel visits to the Port of Lüderitz								
VESSEL VISITS	940	823	724	774	369	734	736	718

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 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 18/19	Apr/Mar 18/19
CARGO LANDED								
Bulk and Breakbulk	998,740	1,013,775	949,583	1,065,755	648,169	1,123,638	1,058,009	1,253,047
Containerised	981,877	1,051,642	1,209,464	1,039,389	462,409	781,117	816,099	911,512
Sulphuric Acid	336,862	216,898	157,869	378,575	72,443	115,337	147,270	170,217
Petroleum landed	1,031,002	1,158,674	1,193,936	1,235,908	778,962	1,407,028	1,222,004	1,283,819
TOTAL LANDED	3,348,481	3,440,988	3,510,852	3,719,627	1,961,983	3,427,119	3,243,382	3,618,595
CARGO SHIPPED								
Bulk and Breakbulk	1,011,586	1,025,806	855,721	859,622	495,361	815,069	875,862	1,087,857
Containerised	626,597	741,601	733,726	686,818	361,250	740,847	851,070	920,927
TOTAL SHIPPED	1,638,183	1,767,408	1,589,447	1,546,440	856,611	1,555,916	1,726,932	2,008,784
CARGO TRANSSHIPPED								
Bulk and Breakbulk	7,874	41,894	38,941	29,887	54,840	48,203	53,854	44,855
Containerised	1,527,667	1,255,638	837,881	854,432	352,268	525,090	279,045	124,058
TOTAL TRANSSHIPPED	1,535,541	1,297,532	876,822	884,319	407,108	573,293	332,899	168,913
TOTAL CARGO HANDLED	6,522,205	6,505,928	5,977,121	6,150,387	3,225,702	5,556,329	5,303,212	5,796,292
Containers handled at the Port of Walvis Bay and Port of Lüderitz (Twenty-foot Equivalent Units)								
Landed	67,514	72,447	83,568	69,036	30,032	51,851	58,591	64,846
Shipped	52,034	62,024	63,274	61,975	28,449	48,575	56,095	59,676
Transshipped	217,586	170,338	108,404	108,851	58,648	105,565	67,969	24,942
TOTAL TEUs	337,134	304,809	255,246	239,862	117,129	205,991	185,655	149,464
Vessel visits to the Port of Walvis Bay and Port of Lüderitz								
VESSEL VISITS	2,565	2,364	2,244	2,169	1,256	2,079	1,816	1,720

NAMIBIAN PORTS AUTHORITY

AND ITS SUBSIDIARIES

GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2019

NAMPORT

Table of Contents

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

Authority's Key Financial Indicators for the year ended 31 March 2019 and Statement of Financial Position as at 31 March 2019

	2018/19	2017/18	2016/17	2015/16 7 months	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Turnover (N$ '000)	1,070,350	1,033,769	890,770	544,593	917,801	874,533	812,926	755,163	646,792	566,025
Operating profit (N$ '000)	156,913	148,924	82,651	81,847	190,494	166,406	166,406	194,203	202,623	165,851
Profit before taxation (N$ '000)	172,433	181,572	73,065	111,845	260,645	217,288	217,288	254,996	231,817	192,679
Return on assets	2%	3%	1%	2%	5%	4%	8%	9%	9%	8%
Return on equity	5%	6%	3%	4%	9%	9%	12%	15%	15%	14%
Operating profit margin	15%	14%	9%	15%	21%	19%	20%	26%	31%	29%
Total assets (N$ '000)	7,673,168	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
Shareholder's interest (N$ '000)	3,220,854	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
Long-term borrowings (N$ '000)	2,705,653	2,374,686	1,898,188	1,654,149	1,262,388	634,971	132,678	364,089	514,097	466,958
Debt: Equity ratio	0.84	0.78	0.66	0.58	0.46	0.25	0.07	0.21	0.34	0.35
Current ratio	1.02	1.27	1.74	1.49	2.17	1.67	1.61	1.98	3.14	3.43
Debt-service coverage ratio	8.3	8.3	5.8	6.8	5.9	3.6	4.1	13.6	2.8	4.9
Training as % of payroll	4%	4%	4%	3%	6%	6%	7%	4%	5%	2%
Number of employees	965	977	981	1,004	986	854	829	825	692	611
Turnover per employee (N$ '000)	1,109	1,058	908	542	931	1,024	981	915	935	926
Assets per employee (N$ '000)	7,951	7,430	6,446	6,156	5,683	5,705	3,379	3,490	3,766	3,744

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 2020 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 88 to 89.

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 03 December 2019 and are signed on its behalf by:

....	....
Adv. G S 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 2019 has been carried out to my satisfaction.

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Junias Etuna Kandjeke

Auditor General

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

We have audited the consolidated and separate financial statements of the Namibian Ports Authority and its Subsidiaries ("The Group") set out on pages 90 to 126, which comprise the consolidated and separate statements of financial position as at 31 March 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Group at 31 March 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Namibian Ports Authority Act, 1994 (Act 2 of 1994).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts 1 and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises, the director's report, required by statute and the Integrated Annual Report which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Namibian Ports Authority Act, 1994 (Act 2 of 1994), and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial

Report of the Independent Auditors to the Member of the Namibian Ports Authority (continued)

statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's or Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grand Namibia

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GRAND NAMIBIA

CHARTERED ACCOUNTANTS (NAMIBIA)

REGISTERED ACCOUNTANTS AND AUDITORS

Per: R Beukes

03 December 2019

Windhoek

Report of the Directors for the year ended 31 March 2019

The directors submit their report for the year ended 31 March 2019.

Review of activities

The operating results and the state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Operating results

The operating profit for the year ended 31 March 2019 was N$ 165,120 (2018: N$ 121,933) (N$ '000)

Main business and operations

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

Property, plant and equipment

The Group's total assets acquired for the year ended 31 March 2019 amounted to N$ 778,918 (2018: 1,238,447) (N$ '000) whilst assets with a net book value of N$ 94 (2018: N$ 7,399) (N$ '000) were disposed of during the year. No assets were impaired during the current financial year (2018: N$ 0).

Going concern

The Group is in a net current liability position of N$ 23,797 (2018: N$ 100,971 net current asset position) (N$ '000).

Albeit the net current liability position, which is mainly due to the impact from the subsidiaries, as the Authority is in a net current asset position, the directors are of the opinion that the Group is a going concern and that all debts and obligations will be settled as and when they fall due during the ordinary course of business.

The directors have prepared the annual financial statements on a going concern basis. The directors have reviewed the company's cash flow projections for the 2020 financial year and are satisfied that the Group has access to the necessary financial reserves required to meet that financial obligations as they fall due in the normal course of business.

Events after the reporting period

The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which materially affects the financial position of the Group or results of its operations.

Capital

Reflects net value at which assets were transferred from the shareholder in 1994 when the Authority was incorporated.

Dividends

No dividends were declared or paid to the shareholder during the year.

Directors and company secretary

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Appointed
Adv. Gerson Hinda (Chairman)	Namibian	December 2016
Jennifer J. Comalie	Namibian	July 2011
Johannes Kangandjera	Namibian	August 2017
Mbingee Hindjou	Namibian	August 2017
Nangula Hamunyela	Namibian	August 2017

The Company secretary of the Authority is:

Ndahambelela Haikali

Registered office

Registered address:	Postal address:
No. 17 Rikumbi Kandanga Road	P O Box 361
Walvis Bay	Walvis Bay
Namibia	Namibia

Auditors

Grand Namibia will continue in office in accordance with section 278 (1) of the Namibian Companies Act.

Statement of Financial Position as at 31 March 2019

	Notes	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
ASSETS					
Non-current Assets					
Property, plant and equipment	2	7,055,050	6,396,980	6,658,011	5,985,040
Intangible assets	3	8,420	13,208	8,420	13,208
Investments	4	172,776	215,694	172,712	215,633
Investments in subsidiaries	5	-	-	3,152	3,152
Loan to subsidiaries	6	352	293	4,320	3,934
Prepayments	7	25,000	25,000	25,000	25,000
Operating lease asset	8	315,442	283,012	315,442	283,012
Channel Levy Fund Investment	18	133	127	133	127
Deferred tax assets	9	44,536	108,729	87,789	43,254
Total Non-current Assets		7,621,710	7,043,043	7,274,979	6,572,359
Current Assets					
Inventories	10	5,707	36,848	3,116	2,671
Trade and other receivables	11	310,658	297,689	223,117	248,297
Prepayments	7	15,843	75,050	15,843	75,050
Current tax asset	23	-	-	-	-
Other financial assets	12	-	140,444	-	140,444
Cash and cash equivalents	13	131,863	182,128	156,112	220,618
Total Current Assets		464,072	732,159	398,189	687,079
TOTAL ASSETS		8,085,782	7,775,199	7,673,168	7,259,439
EQUITY AND LIABILITIES					
Capital and reserves					
Capital account	14	50,344	50,344	50,344	50,344
Revaluation reserves	15	472,471	445,506	472,470	445,506
Retained income		2,753,496	2,624,168	2,698,040	2,563,229
Shareholders' interest		3,276,311	3,120,018	3,220,854	3,059,079
Non-controlling interest		56,059	60,632	-	-
Total capital and reserves		3,332,370	3,180,650	3,220,854	3,059,079
Non-current liabilities					
Long-term borrowings	16	296,286	300,168	116,486	128,753
African Development Bank	17	2,589,168	2,245,933	2,589,168	2,245,933
Special purpose funds	18	2,728	2,595	2,728	2,595
Deferred income	19	337,186	337,186	337,186	337,186
Severance pay provision	20	6,455	6,836	6,455	6,836
Post retirement medical aid provision	20	7,476	6,983	7,476	6,983
Loans from shareholders		3,229	3,229	-	-
Operating lease liability	8	7,130	5,546	-	-
Deferred tax liabilities	9	1,015,885	1,054,888	1,003,979	929,720
Total Non-current Liabilities		4,265,543	3,963,364	4,063,477	3,658,006
Current liabilities					
Trade and other payables	21	230,814	386,838	140,537	304,529
Short-term portion of long-term borrowings	16	20,936	115,240	12,180	108,720
African Development Bank	17	151,931	47,712	151,931	47,712
Special purpose funds	18	6,827	6,852	6,827	6,852
Provisions	22	77,361	74,546	77,361	74,546
Total Current Liabilities		487,869	631,188	388,837	542,359
Total Liabilities		4,753,412	4,594,552	4,452,314	4,200,365
TOTAL EQUITY AND LIABILITIES		8,085,782	7,775,199	7,673,168	7,259,439

Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 March 2019

	Notes	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Revenue	24	1,412,123	1,368,019	1,070,350	1,033,769
Other income		22,312	17,181	11,404	3,475
Total income		1,434,435	1,385,200	1,081,754	1,037,244
Operating costs		(1,269,314)	(1,263,267)	(924,841)	(888,321)
Employee costs		(554,577)	(565,550)	(529,106)	(522,089)
Other costs	25	(481,701)	(474,684)	(181,486)	(162,801)
Depreciation and impairment charges		(178,133)	(168,955)	(161,010)	(150,366)
Maintenance costs		(54,903)	(54,078)	(53,240)	(53,065)
Operating profit	26	165,120	121,933	156,913	148,923
Fair value adjustments on financial assets	29	13,789	20,161	13,789	20,161
Interest income	27	20,550	35,363	20,526	35,203
Finance costs	28	(41,612)	(36,518)	(18,795)	(14,133)
Foreign exchange differences		-	(8,583)	-	(8,583)
Profit Before Tax		157,848	132,356	172,433	181,571
Taxation	30	(25,194)	(1,455)	(29,724)	(15,430)
Profit for the year		132,654	130,901	142,709	166,141
Profit for the year/period		132,654	130,901	142,709	166,141
Other comprehensive income		-	-	-	-
Revaluation surplus net of tax		-	-	-	-
Total comprehensive income for the year		132,654	130,901	142,709	166,141
Profit for the year attributable to:					
Owners of the parent		137,227	147,346		
Non-controlling interest		(4,573)	(16,445)		
		132,654	130,901		
Total comprehensive income attributable to:					
Owners of the parent		137,227	147,346		
Non-controlling interest		(4,573)	(16,445)		
		132,654	130,901		

	Capital N$ '000	Revaluation reserve N$ '000	Retained earnings N$ '000	Non-controlling interest N$ '000	Total N$ '000
Group					
Year ended 31 March 2019					
Balance at 1 April 2018	50,344	445,506	2,624,168	60,632	3,180,650
Adjustment from adoption of IFRS 9			(29,724)		(29,724)
Total comprehensive income for the period	-	-	137,227	(4,573)	132,654
Revaluation		48,789			48,789
Transfer - revaluation depreciation and impairment	-	(21,825)	21,825	-	-
Balance at 31 March 2019	50,344	472,470	2,753,496	56,059	3,332,370

Statement of Change in Equity
for the year ended 31 March 2019

Notes	14	15			
Year ended 31 March 2018					
Balance 1 April 2017	50,344	468,288	2,454,040	77,077	3,049,749
Total comprehensive income for the year	-	-	147,346	(16,445)	130,901
Transfer - revaluation depreciation and impairment	-	(22,782)	22,782	-	-
Year ended 31 March 2018	50,344	445,506	2,624,168	60,632	3,180,650
Notes	14	15			

	Capital N$ '000	Revaluation reserve N$ '000	Retained earnings N$ '000	Total N$ '000
Authority				
Year ended 31 March 2019				
Balance at 1 April 2018	50,344	445,506	2,563,229	3,059,079
Adjustment from adoption of IFRS 9			(29,724)	(29,724)
Total comprehensive income for the period	-	-	142,709	142,709
Revaluation		48,789		48,789
Transfer - revaluation depreciation and impairment	-	(21,825)	21,825	-
Balance at 31 March 2019	50,344	472,470	2,698,040	3,220,854
Notes	14	15		
Year ended 31 March 2018				
Balance 1 April 2017	50,344	468,288	2,374,305	2,892,937
Total comprehensive income for the year	-	-	166,142	166,142
Transfer - revaluation depreciation and impairment	-	(22,782)	22,782	-
Year ended 31 March 2018	50,344	445,506	2,563,229	3,059,079
Notes	14	15		

	Notes	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Cash flows from operating activities					
Cash receipts from customers		1,066,347	921,661	1,037,697	900,139
Cash paid to suppliers and employees		(909,046)	(618,379)	(909,046)	(621,372)
Cash generated by operations	31	157,301	303,282	128,651	278,767
Interest received		20,550	35,363	20,526	35,203
Interest paid		(41,612)	(36,518)	(18,795)	(14,133)
Tax received/(paid)		-	22,046	-	22,046
Net cash flow from operating activities		136,239	324,173	130,382	321,883
Cash flows from investment activities					
Additions to property, plant and equipment	2	(793,133)	(1,238,455)	(790,899)	(1,228,658)
Additions to intangible assets		-	(291)	-	(291)
Additions to investments		-	-		
Borrowing cost capitalised	2	176,851	150,183	176,851	150,183
Movement in channel levy fund investment		-	3	-	3
Proceeds from disposal of property, plant and equipment		6,032	300	6,028	-
Movement in prepayment		59,203	90,545	59,210	90,545
Proceeds from maturing investments		42,922	362,056	42,922	362,052
Loan extended to subsidiary		(386)	(381)	(386)	(380)
Net cash from investing activities		(508,511)	(636,040)	(506,274)	(626,546)

Statement of Cash Flows
for the year ended 31 March 2019

Cash flows from financing activities					
Proceeds from long-term borrowings		624,798	625,402	606,208	625,405
Interest paid on long term borrowings		(185,991)	(149,601)	(185,991)	(149,602)
Repayment of long-term borrowings		(116,776)	(46,238)	(108,808)	(36,878)
Increase in special purpose funds		(25)	(887)	(25)	(888)
Government grant received		-	38,000	-	38,000
Net cash inflow from financing activities		322,006	466,676	311,384	476,037
Net increase in cash and cash equivalents		(50,266)	154,809	(64,508)	171,374
Cash and cash equivalents at the beginning of the year		182,129	27,320	220,620	49,246
Cash and cash equivalents at the end of the year	13	131,863	182,128	156,112	220,618

Notes to the Annual Financial Statements
for the year ended 31 March 2019

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 and Authority's financial statements were authorized for issue by the Board of Directors on 03 December 2019..

Statement of compliance

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

1. 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.

1.1 Significant judgements and estimates

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

a) Trade receivables and Loans and receivables

The Authority 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 Authority 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 Authority determines that an individual financial asset is not subject to impairment, it includes this asset in a Authority of financial assets with similar credit risk characteristics and assesses the Authority for impairment collectively.

b) 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.

c) 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.

d) 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 Authority 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.

e) 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 22: Provisions.

f) Impairment testing

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

g) 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.

ACCOUNTING POLICIES (CONTINUED)

1. Principal accounting policies and presentation of financial statements (continued)

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3 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 Authority; and
- the cost of the item can be measured reliably.

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

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

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

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

Depreciation

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

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 categorized into capital dredging and maintenance dredging.

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

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

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

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

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

1.4 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

1.4 Intangible assets (continued)

unique software products controlled by the Authority are recognised as intangible assets when the required criteria are met. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of the relevant overheads. Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously expensed are not recognised as an asset in a subsequent period.

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

1.5 Investments in subsidiaries

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

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

1.6 Financial Instruments

Financial instruments held by the Authority are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Authority, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit and loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise , on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit and loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit and loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatory at fair value through profit and loss

Financial liabilities:

- Amortised cost; or
- Mandatory at fair value through profit and loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit and loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Authority are presented below:

Trade and other receivables

Trade and other receivables, excluding when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Authority's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Authority becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance in line with IFRS 9.

Impairment

The Authority recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

ACCOUNTING POLICIES (CONTINUED)

1.6 Financial Instruments (continued)

The Authority measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL). The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12 month expected credit losses (12 month ECL). Hence the simplified approach has been adopted by the Authority, which applies to determining the lifetime of expected credit losses (lifetime ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 months ECL to trade and other receivables which do have a significant financing component, the Authority considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a receivable being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a receivable or group of receivables has increased significantly since initial recognition, the Authority compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Authority considers both quantitative or qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a receivable is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a receivable is assessed to have a low credit at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

The Authority regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Authority consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Authority considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. This relates to all receivables apart from staff related receivables.

Measurement and recognition of expected credit losses

The Authority makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit losses experience, adjusted for factors that are specified to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. This approach uses unbiased probability outcomes.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 11.

An impairment gain or loss is recognised in profit and loss with a corresponding adjustment to the carrying amount of the trade and other receivables, through use of a loss allowance account. The impairment loss is included in other costs in profit or loss as a movement in credit loss allowance (note 26).

Write off policy

The Authority writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Authority's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit and loss as a credit.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 11) and the financial instruments and risk management note (note 36).

1.6 Financial Instruments (continued)

Borrowings and loans from related parties

Classification

Loans from group companies (note 6) and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the Authority becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, the transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 28).

Borrowings expose the Authority to liquidity risk and interest risk. Refer to note 36 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 21), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amorised cost.

Recognition and measurement

They are recognised when the Authority becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 28).

Trade and other payables expose the Authority to liquidity risk and possibly to interest rate risk. Refer to note 36 for details of risk exposure and management thereof.

Financial liabilities at fair value through profit or loss

Classification

Financial liabilities which are held for trading are classified as financial liabilities mandatory at fair value through profit or loss. Refer to note 16.

When a financial liability is contingent consideration in a business combination, the Authority classifies it as a financial liability at fair value through profit or loss. Refer to note 16.

The Authority, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss. Refer to note 16 for details.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the Authority becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit and loss.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses).

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the Authority's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 28).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

ACCOUNTING POLICIES (CONTINUED)

1.6 Financial Instruments (continued)

Derecognition

Financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Authority derecognises financial liabilities when, and only when, the Authority obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The Authority only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not classified.

1.7 Hedge accounting

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

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

Fair value hedge

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

Cash flow hedge

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

Amounts accumulated in equity are reclassified to other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

1.8 Taxation

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 or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

1.8 Taxation (continued)

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- the net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

1.9 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 so as to produce a constant periodic rate on the remaining balance of the liability.

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 profit or loss.

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. Any contingent rents are expensed in the period they are incurred.

1.10 Inventories

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

1.11 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.

ACCOUNTING POLICIES (CONTINUED)

1.12 Impairment of non-financial assets

The Authority 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 Authority estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Authority also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash- generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash- generating unit is the higher of its fair value less costs to sell and its value in use.

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.

An entity assesses at each reporting date whether there is an indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

1.13 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 Authority'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.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

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.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in order comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

1.13 Employee benefits (continued)

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.14 Provisions and contingencies

Provisions are recognised when:

- the Authority has a present obligation as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

1.15 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.

1.16 Revenue from contracts with customers

The Authority recognises revenue from the following major sources:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Authority recognises revenue when it transfers control of a product or service to a customer.

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

Rendering of service

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

Rental income

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

Finance income

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

Dividends

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

1.17 Borrowing costs

The Authority 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 Authority 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 Authority 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.

1.18 Translation of foreign currencies

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

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

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

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

ACCOUNTING POLICIES (CONTINUED)

1.19 Changes in accounting policies and disclosures

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. Specifically, the Authority applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. There were several other new and amendments to standards and interpretations which are applicable for the first time in 2019, but either not relevant or do not have an impact on the annual financial statements of the Authority.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and applies to all revenues arising from contracts with its customers except for rental income. IFRS 15 requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Authority adopted IFRS 15 using the modified retrospective method and applied IFRS 15 to all contracts. There were no contracts not completed at the date of initial application. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

The Authority identified the following revenue streams that are in the scope of IFRS 15:

- Cargo Services
- Marine Services
- Port Authority services
- Syncrolift services - dry dock
- Rebates and discounts.

The simplified transition method was applied in terms of IFRS 15 C8, with consideration given to the amount by which each financial statement line item is affected in the current reporting period by comparing it to IAS 18 interpretations. There were no significant changes identified from a quantitative perspective on any of the financial statement line items. The overall impact of IFRS 15 has been determined to be immaterial.

Accounting policy and revenue note disclosure has been updated, see 1.16 in summary of significant accounting polices and note 24.

Significant considerations made to determine impact of IFRS 15 as immaterial

The point at which control of performance obligations is transferred to customers under IFRS 15 matches the point at which risks and rewards were transferred under IAS 18. As there were no contracts not completed at the date of initial application there is no resultant impact and comparatives are not restated. There are no significant judgements involved to determine when customers obtain control. There are no complications arising with regards to the transactional price allocated, as these are based on stand-alone selling prices for separate performance obligations which are considered to be distinct. Consideration has been given to variable consideration, allocation of the stand-alone selling price, sale with a right of return, warranties, loyalties, refund liabilities and significant financing components. None of these have resulted in a change in recognition or measurement of revenue from the previous recognition and measurement under IAS 18.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment, and hedge accounting. The Authority applied IFRS 9 retrospectively, with an initial application date of 1 March 2018. The company did not elect to restate the comparative information for 2018, which continues to be reported under IAS 39. No differences arising from the adoption of IFRS 9 have been recognised in retained earnings nor in other components of equity on 1 March 2018.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment of the Authority's business model was made as of the date of initial application, 1 March 2018.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Authority. The changes in the classification of the Authority's financial assets are, as follows: all financial assets previously classified as loans and receivables (trade and other receivables, loans to related parties, cash and cash equivalents) are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now measured at amortised cost.

Impairment

The adoption of IFRS 9 has fundamentally changed the Authority's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and for contract assets.

Specifically, IFRS 9 requires the Authority to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

1.19 Changes in accounting policies and disclosures (continued)

In particular, IFRS 9 requires the Authority to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at 1 March 2018, management reviewed and assessed the Authority's existing financial assets, and amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 1 March 2017 and 1 March 2018. The result of the assessment is as follows:

Loans to related parties

Management have concluded that it would require undue cost and effort to determine the credit risk of each loan on their respective dates of initial recognition. These loans are also assessed to have credit risk other than low. Accordingly, the Authority recognises lifetime ECL for these loans until they are derecognised.

Trade and other receivables

The Authority applies the simplified approach and recognises lifetime expected credit losses for these assets.

Measurement category			Carrying amount (N$'000)		
Current financial assets	Original IAS 39 category	New IFRS 9 category	Closing balance	Adoption of IFRS 9	Opening balance IFRS 9
Trade and other recei-vables	Amor-tised cost	Amor-tised cost	252,841	(29,724)	223,117

Cash and bank balances

All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions.

The Authority determined that, due to the conservative approach developed in estimating the impairment for allowance under IAS 39, no increase in the loss allowance is necessary under the expected credit loss under IFRS 9.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2019			2018		
		Cost or revaluation N$'000	Accumulated depreciation N$'000	Carrying value N$'000	Cost or revaluation N$'000	Accumulated depreciation N$'000	Carrying value N$'000
2	Property, plant and equipment						
	Group						
	Land structures & buildings	2,193,295	(895,536)	1,297,759	2,142,508	(827,622)	1,314,887
	Leased assets	82,892	(21,303)	61,589	82,892	(18,578)	64,314
	Vehicles, machinery, equipment and furniture	1,097,412	(692,722)	404,690	1,076,300	(622,379)	453,921
	Floating craft	804,275	(238,954)	565,320	803,882	(206,798)	597,083
	Assets under construction	4,725,692	-	4,725,692	3,966,772	-	3,966,772
	Total	8,903,566	(1,848,515)	7,055,050	8,072,354	(1,675,377)	6,396,977

Reconciliation of property, plant and equipment - 2019

	Opening balance N$'000	Additions N$'000	Revaluation N$'000	Assets scrapped N$'000	Transfers N$'000	Depreciation N$'000	Total N$'000
Land structures & buildings	1,314,887	7	48,789	(2)	1,991	(67,914)	1,297,758
Leased assets	64,314	-	-	-	-	(2,725)	61,589
Vehicles, machinery, equipment and furniture	453,921	3,541	-	(92)	17,663	(70,343)	404,690
Floating craft	597,083	-	-	-	393	(32,156)	565,320
Assets under construction	3,966,772	775,370	-	-	(16,450)	-	4,725,692
	6,396,977	778,918	48,789	(94)	3,597	(173,138)	7,055,050

Reconciliation of property, plant and equipment - 2018

	Opening balance N$'000	Additions N$'000	Revaluation N$'000	Assets scrapped N$'000	Transfers N$'000	Depreciation N$'000	Total N$'000
Land structures & buildings	1,318,935	(956)	-	(2)	63,128	(66,218)	1,314,887
Leased assets	68,253	102	-	(1,309)		(2,732)	64,314
Vehicles, machinery, equipment and furniture	502,937	4,849	-	(6,088)	23,875	(71,652)	453,921
Floating craft	459,769	5,001	-	-	155,455	(23,142)	597,083
Assets under construction	2,983,898	1,229,451	-	-	(246,577)	-	3,966,772
	5,333,792	1,238,447	-	(7,399)	(4,119)	(163,744)	6,396,977

	Group 2019 N$ '000	Group 2018 N$ '000
Carrying value of property, plant and equipment as security:		
Vehicles, machinery, equipment and furniture - instalments sales	62,773	73,449
Marine bonds over the floating docks	177,000	177,000
	239,773	250,449

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
2. Property, plant and equipment (continued)						
Authority						
Land structures & buildings	2,171,408	(895,763)	1,275,645	2,120,617	(827,849)	1,292,768
Leased assets	74	(74)	-	74	(74)	-
Vehicles, machinery, equipment and furniture	1,008,212	(597,722)	410,490	990,400	(534,595)	455,805
Floating craft	442,426	(187,614)	254,812	442,059	(163,429)	278,629
Assets under construction	4,717,064	-	4,717,064	3,957,838	-	3,957,838
Total	8,339,184	(1,681,173)	6,658,011	7,510,988	(1,525,947)	5,985,040

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Revaluation	Assets scrapped	Transfers	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land structures & buildings	1,292,768	9	48,789	-	1,991	(67,914)	1,275,643
Vehicles, machinery, equipment and furniture	455,805	3,541	-	(92)	15,153	(63,917)	410,490
Floating craft	278,629	-	-	-	367	(24,184)	254,812
Assets under construction	3,957,838	773,142	-	-	(13,915)	-	4,717,065
	5,985,040	776,692	48,789	(92)	3,596	(156,015)	6,658,011

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Revaluation	Assets scrapped	Transfers	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Land structures & buildings	1,296,851	(954)	-	-	63,089	(66,218)	1,292,768
Vehicles, machinery, equipment and furniture	492,939	2,758	-	(13)	23,875	(63,754)	455,805
Floating craft	138,307	60	-	-	155,447	(15,186)	278,628
Assets under construction	2,977,620	1,226,795	-	-	(246,576)	-	3,957,839
	4,905,717	1,228,659	-	(13)	(4,165)	(145,158)	5,985,040

	Group 2019	Group 2018
	N$ '000	N$ '000
Assets under construction is made up as follows:		
New container terminal - Walvis Bay	4,531,632	3,810,029
Other	199,645	147,809
	4,731,277	3,957,838

Land, structures and buildings, floating crafts, port machinery and equipment were revalued in May/ June 2019 by Atrium 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:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Group 2019 N$ '000	Group 2018 N$ '000
2. Property, plant and equipment (continued)		
Land structures and buildings	560,790	605,705
Floating craft	209,720	231,652
Port machinery and equipment	212,880	245,022

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Carrying value of assets pledged as security - instalment sales agreements:				
Vehicles, machinery, equipment and furniture	54,994	53,469	54,994	53,469
Borrowing cost capitalised for the new container terminal project	176,851	150,183	176,851	150,183
3 Intangible assets				
Computer software				
Cost	48,087	47,987	48,087	47,987
Accumulated depreciation	(39,667)	(34,779)	(39,667)	(34,779)
	8,420	13,208	8,420	13,208
Opening carrying value	13,208	16,801	13,208	16,801
Additions	206	291	206	291
Transfers	-	1,324	-	1,324
Amortisation	(4,994)	(5,208)	(4,994)	(5,208)
Closing carrying value	8,420	13,208	8,420	13,208
4 Investments				
At fair value through profit and loss designated:				
Endowment assurance policies	172,776	215,694	172,712	215,633
Non-current assets				
Designated as at FV through profit / (loss)	172,776	215,694	172,712	215,633
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.

5 Investments in subsidiaries

	2019 % Holding	2018 % Holding	Authority 2019 Carrying amount N$ '000	Authority 2018 Carrying amount N$ '000
Elgin Brown & Hamer Namibia (Pty) Ltd.	52.5%	52.5%	3,150	3,150
Namport Property Holdings (Pty) Ltd.	100%	100%	1	1
Lüderitz Boatyard (Pty) Ltd.	100%	100%	1	1
Namibia E-Trade Services (Pty) Ltd.	100%	-		
			3,152	3,152

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

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
6	Loans to subsidiaries				
	Elgin Brown & Hamer Namibia (Pty) Ltd.	281	281	921	921
	Namport Property Holdings (Pty) Ltd.	12	12	12	12
	Lüderitz Boatyard (Pty) Ltd.	17	0	3,345	3,001
	Namibia E-Trade Services (Pty) Ltd.	42	0	42	-
		352	293	4,320	3,934
	These loans are interest free and have no fixed terms of repayment.				
7	Prepayments				
	Prepayments disclosed as:				
	Non-current assets	25,000	25,000	25,000	25,000
	Current assets	15,843	75,050	15,843	75,050
		40,843	100,050	40,843	100,050
8	Operating lease asset				
	Non-current assets	315,442	283,012	315,442	283,012
	Non-current liability	-	-	-	-
		315,442	283,012	315,442	283,012
	Operating lease asset /(liability) resulted from the straight-lining of lease receivables /payables and is not discounted.				
9	Deferred tax				
	Deferred tax asset	(44,536)	(108,729)	(87,789)	(43,254)
	Deferred tax liability	1,015,885	1,054,888	1,003,979	929,720
	Total net deferred tax	971,349	946,159	916,190	886,466
	Reconciliatory of deferred tax asset / (liability)				
	Balances at beginning of the year	946,159	944,705	886,466	871,036
	Decrease/(increase) in tax losses available for set off	(10,749)	(11,485)	(44,536)	(11,485)
	Revaluation	(44,536)	(11,221)	(10,749)	(11,221)
	Net taxable temporary differences	80,475	24,160	85,009	38,136
	Balances at the year end	971,349	946,159	916,190	886,466
	Comprising of liabilities / (assets):				
	Consumable stock	-	-	1,319	1,177
	Endowment Investments	214,306	209,896	214,306	209,895
	Operating lease assets	102,848	92,470	102,848	92,470
	Borrowing cost	175,599	116,082	175,599	116,082
	Capital allowances	146,210	151,079	27,111	29,963
	New container terminal	246,993	188,120	246,993	188,120
	Revaluation of PPE	206,969	217,718	206,969	217,718
	Provisions for bad debt	(14,860)	(11,909)	-	-
	Provision for bonus	(4,223)	(1,993)		
	Provision for impairment	-	(3,015)	-	-
	Severance pay	(1,290)	(1,076)	-	-
	Provisions	(4,308)	-	(20,354)	(11,651)
	Prepayments	9,343	11,089	8,963	10,171
	Income received in advance	(1,471)	(662)	(1,471)	(662)
	Insurance assets	48,323	83,062	48,323	83,063
	Foreign exchange gain	(6,446)	(6,375)	(6,627)	(6,627)
	Tax loss	(162,412)	(108,729)	(87,790)	(43,254)
	Lease creditor	(2,282)	(1,775)	-	-
	Work in progress	17,529	10,960	-	-
	Consumables	829	1,153	-	-
	Unrealised profit on foreign exchange revaluation	(308)	64		
		971,349	946,159	916,190	886,466

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
10	Inventories				
	Work in progress	-	30,573	-	-
	Consumable stores, net of impairment provision	5,707	6,275	3,116	2,671
		5,707	36,848	3,116	2,671
11	Trade and other receivables				
	Financial instruments:				
	Trade receivable	281,738	279,031	247,330	239,593
	Allowance for credit losses	(32,361)	(19,901)	(19,910)	(18,578)
	Allowance for expected credit losses	(29,724)		(29,724)	
	Trade receivables at amortised cost	219,653	259,130	197,695	221,015
	Contracts in progress	50,656	-	-	-
	Deposits	760	760	17	17
	Foreign exchange contracts	565	788	-	-
	Staff loans	2,318	1,837	2,318	1,837
	Prepayments	765	747	-	-
	Sundry receivables	7,470	7,312	6,630	4,579
	Non-financial instruments:				
	Value Added Tax	28,471	27,115	16,458	20,849
	Total trade and other receivables	310,658	297,689	223,117	248,297
	Split between non-current and current portions				
	Non-current assets	-	-	-	-
	Current assets	310,658	297,689	223,117	248,297
		310,658	297,689	223,117	248,297
	Categorisation of trade and other receivables				
	Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
	Amortised cost	282,187	270,574	206,660	227,448
	Non-financial instruments	28,471	27,115	16,458	20,849
		310,658	297,689	223,117	248,297
	Exposure to credit risk				
	Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.				
	Trade and other receivables past due but not impaired				
	The ageing of amounts past due but not impaired is as follows:				
	Not more than 30 days	113,449	36,269	112,716	5,117
	Between 30 and 60 days	45,487	79,666	36,930	73,894
	Longer than 60 days	122,035	4,493	97,137	-
		280,972	120,428	246,783	79,011
	Account balances outstanding for more than sixty (60) days are considered to be past due. The counterparties whose account balances are neither past due nor impaired do not have any history of defaults on their accounts.				
	Reconciliation of provision for impairment for trade and other receivables:				
	Opening balance	19,900	12,801	18,579	10,752
	Impairment loss recognised	10,957	7,826	1,333	7,827
	Adjustment from the adoption of IFRS 9			29,724	
	Impairment utilised	-	(727)	-	-
		30,857	19,900	49,636	18,579

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
12	Other financial assets				
	Insurance asset	-	140,444	-	140,444
	Non-current assets	-	-	-	-
	Current assets	-	140,444	-	140,444
	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.				
13	Cash and cash equivalents				
	Cash and cash equivalents consist of:				
	Cash on hand	71	55	44	32
	Bank balances	(30,268)	(43,575)	(5,992)	(5,062)
	Short-term deposits	162,060	225,648	162,060	225,648
		131,863	182,128	156,112	220,618
	Disclosed as:				
	Current assets	162,131	182,128	175,070	220,618
	Current liabilities	(30,268)	-	(18,958)	-
		131,863	182,128	156,112	220,618
14	Capital account				
	Reflects net value at which assets were transferred from the shareholder in 1994 when the Authority was incorporated.	50,344	50,344	50,344	50,344
15	Revaluation reserve				
	Opening balance	445,506	468,288	445,506	468,288
	Revaluation	48,789	-	48,789	-
	Transfer to retained earnings	(21,825)	(22,782)	(21,825)	(22,782)
		472,471	445,506	472,470	445,506
16	Long-term borrowings				
		296,286	300,168	116,486	128,753
	Balance at beginning of the year	415,408	313,033	237,474	125,740
	New loans raised	18,590	326,793	-	148,612
	Repaid	(129,601)	(232,374)	(121,633)	(44,835)
	Interest capitalised	12,825	7,956	12,825	7,956
	Current portion of long term borrowing due within one year transferred to short-term borrowings	(20,936)	(115,240)	(12,180)	(108,720)
	Capitalised finance leases	270	1,718	116,486	128,753
	Other long-term loans	316,952	413,690	12,180	108,720
	Total long-term borrowings	317,222	415,408	128,666	237,473
	Current portion of long-term borrowing due within one year transferred to short-term borrowings	(20,936)	(115,240)	(12,180)	(108,720)
		296,286	300,168	116,486	128,753
	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	-	934
	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	-	4,672

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
	16. Long-term borrowings (continued)				
	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	-	10,575
	Nedbank loan is repayable over 5 years in bi-annual instalments of N$2,220,000 at an interest rate of 7.25% per annum.	20,000	20,155	20,000	20,155
	Veritas Kapital Limited loan bearing interest at 80% of the Namibian prime rate. The loan has no repayment terms and is secured by a contingent policy held by Corporate Guarantee.	-	31,927	-	31,927
	Bank Windhoek loan bears interest at prime less 1.0% per annum and is repayable in monthly instalments of N$ 410,488.29.	17,245	-		
	Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N$ 2,025,190.	171,041	176,216		
	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	-	10,781
	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	-	6,230
	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	-	3,588
	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.	270	1,718	-	-
	Nedbank loan repaybable 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.	108,666	148,612	108,666	148,612
	Total borrowings	317,221	415,407	128,666	237,474
17	African Development Bank				
	Balance at beginning of the year	2,293,645	1,816,274	2,293,645	1,816,274
	New loans raised	345,610	429,078	345,610	429,078
	Interest capitalised	176,851	150,183	176,851	150,183
	Interest repaid	(185,991)	(149,602)	(185,991)	(149,602)
	Capital repayments	(40,949)	-	(40,949)	-
	Current portion of African Development Bank loan	151,931	47,712	151,931	47,712
	Total loan	2,741,099	2,293,645	2,741,099	2,293,645
	Disclosed under:				
	Non-current liabilities	2,741,099	2,293,645	2,741,099	2,293,645
	Current liabilities	(151,931)	(47,712)	(151,931)	(47,712)
		2,589,168	2,245,933	2,589,168	2,245,933

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 1st Instalment started 01 February 2019. The loan bears an interest equivalent to the JIBAR floating base rate less 0.6%. Interest are paid semi-annually from inception of loan. This loan is fully guaranteed by the Government of the Republic of Namibia.

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
18	Special purpose funds				
	Channel levy Fund	133	127	133	127
	Navigational Aids Fund	2,728	2,595	2,728	2,595
	Namport Social Investment Fund	6,827	6,852	6,827	6,852
		9,688	9,574	9,688	9,574
	Disclosed under:				
	Non-current liabilities	2,861	2,722	2,861	2,722
	Current liabilities	6,827	6,852	6,827	6,852
		9,688	9,574	9,688	9,574

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.

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
19	Deferred income				
	Opening balance	337,186	299,186	337,186	299,186
	Movement for the year	-	38,000	-	38,000
		337,186	337,186	337,186	337,186
	Namibian Government	337,186	337,186	337,186	337,186

Capital grant received from the Namibian Government are funds received towards the new container terminal. These funds may only be used for this project.

20 Retirement benefits

Severance pay provision

The Namibian Labour Act provides for severance pay to be paid to all employees who are unfairly dismissed, die while still employed and go on retirement at the age of sixty five (65). These benefits are accounted for as a defined benefit plan.

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Carrying value				
Present value of the defined benefit obligation-wholly unfunded	6,455	6,836	6,455	6,836
Movement for the year:				
Opening balance	6,836	5,605	6,836	6,010
Net amount recognised in the statement of comprehensive income	(381)	405	(381)	826
	6,455	6,010	6,455	6,836
Net amount recognised in the statement of comprehensive income				
Current service cost	664	619	664	619
Interest cost	(510)	607	(510)	607
Benefit payments	(690)	(433)	(690)	(433)
Actuarial (gains) losses	155	33	155	33
	(381)	826	(381)	826
Key assumptions used:				
Discount rates used	9.60%	8.80%	9.60%	8.80%
Expected rate of return on assets	7.60%	7.90%	7.60%	7.90%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
20. Retirement benefits (continued)				
Post retirement medical aid obligation				
It is the policy of the Authority to provide retirement medical benefits to all its employees. The obligation is to pay the employees medical aid contributions for 12 months after retirement.				
Present value of the defined benefit obligation-wholly unfunded	7,476	6,983	7,476	6,983
Movement for the year:				
Opening balance	6,983	5,829	6,983	5,829
Net amount recognised in the statement of comprehensive income	493	1,154	493	1,154
	7,476	6,983	7,476	6,983
Net amount recognised in the statement of comprehensive income				
Current service cost	593	480	593	480
Interest cost	633	563	633	563
Benefit payments	(361)	(294)	(361)	(294)
Actuarial (gains) losses	(372)	405	(372)	405
	493	1,154	493	1,154
Key assumptions used:				
Investment return	8.90%	8.90%	8.90%	8.90%
Medical inflation rate	7.90%	7.90%	7.90%	7.90%
21 Trade and other payables				
Financial instruments:				
Trade payables	189,744	338,731	143,333	297,426
Other payables	41,070	48,107	(2,796)	7,103
	230,814	386,838	140,537	304,529
Other payables are made up of 3rd party clearing accounts and deposits received.				

22 Provisions	Opening balance	Additions	Utilised during the year	Closing balance
Group				
31 March 2019				
Provision for leave pay	43,744	11,699	(6,681)	48,762
Provision for bonuses	28,498	65,923	(67,145)	27,275
Provision for customer rebates	2,304	916	(1,896)	1,324
	74,546	78,538	(75,723)	77,361
31 March 2018				
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
	57,721	90,410	(73,585)	74,546
Authority				
31 March 2019				
Provision for leave pay	43,744	11,699	(6,681)	48,762
Provision for bonuses	28,498	65,923	(67,145)	27,275
Provision for customer rebates	2,304	916	(1,896)	1,324
	74,546	78,538	(75,723)	77,361
31 March 2018				
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
	57,721	90,410	(73,585)	74,546

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
	22. Provisions (continued)				
	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.				
23	**Current tax**				
	Balance at beginning of the year	-	(22,046)	-	(22,046)
	Taxation charge for the year	29,724	15,430	29,724	15,430
	Adjustment to deferred tax	(29,724)	(15,430)	(29,724)	(15,430)
	Net payments made during the year	-	22,046	-	22,046
		-	-	-	-
	Disclosed as:				
	Current assets	-	22,046	-	22,046
	Current liabilities	-	-	-	-
24	**Revenue**				
	Revenue from contracts with customers				
	Rendering of services	1,412,123	1,368,019	1,070,350	1,033,770
	Disaggregation of revenue from contracts with customers				
	The Group disaggregates revenue from customers as follows:				
	Rendering of services				
	Cargo services	340,420	335,162	340,420	335,162
	Marine services	137,440	139,780	137,440	139,780
	Port Authority services	566,585	526,637	566,585	526,637
	Syncrolift services -dry dock	33,501	37,427	33,501	37,427
	Ship repairs - floating dock	341,382	333,876	(7,596)	-
	Rebates and discounts	(7,596)	(5,236)		(5,236)
	Rendering of services	390	373	-	-
	Timing of revenue recognition				
	At a point in time				
	Rendering of services	1,412,123	1,368,019	1,070,350	1,033,769
	Over time				
	Rendering of services	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
25	Other costs by nature				
	Abnormal losses	-	16,534	-	-
	Advertising, promotions and marketing	11,743	10,155	11,063	9,038
	Administration cost	5,649	5,175	-	-
	Audit fees	1,548	2,073	1,275	1,385
	Bad debts	12,306	2,906	1,333	1,804
	Bank Charges	1,417	1,020	954	638
	Claims	653	398	653	398
	Cleaning	-	0	-	-
	Commissions paid	5,095	666	-	-
	Computer expenses	11,477	11,081	9,779	9,467
	Consulting fees	6,715	3,933	4,333	1,704
	Consumables and materials	1,402	999	1,402	999
	Cost of sales	237,058	236,884	-	-
	Diesel, petrol, lubricants and tyres	28,523	26,289	28,523	26,289
	Directors emoluments	2,256	1,414	2,256	1,414
	Discount allowed	1,641	1,670	-	-
	Donations	699	1,059	694	988
	Entertainment and refreshments	4,240	4,397	4,161	4,122
	Foreign exchange losses	-	-	-	-
	General expenses	-	-	-	-
	Insurance	16,005	13,580	11,803	8,939
	Legal fees	4,140	880	3,718	417
	Licenses	326	245	326	245
	Loss on disposal of fixed assets	-	(66)	-	(66)
	Memberships and subscriptions	629	325	629	325
	Municipal charges	7,184	6,173	7,184	6,173
	Process improvements	70	-	-	-
	Rental	19,832	25,840	1,747	1,953
	Retrenchment and general office expenses	4,406	6,053		
	Safety, health and environmental	5,109	6,171	5,109	6,171
	Secretarial fees	15	1	-	0
	Security	9,667	8,842	7,110	5,913
	Staff welfare	557	786	-	-
	Stationery and photocopying	1,122	1,299	1,122	1,299
	Subscription	1,856	1,768	-	-
	Sundry	4,189	12,240	3,490	11,479
	Training	447	1,011	-	-
	Telephone, postage and courier	3,730	3,660	3,536	3,369
	Traveling and accommodation	5,744	5,824	5,034	4,939
	Water and electricity	64,252	53,399	64,252	53,399
		481,701	474,684	181,486	162,801

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
26	Operating profit				
	Operating profit for the year is stated after charging (crediting) the following, amongst others:				
	Auditors' remuneration - external				
	Auditors' remuneration	1,548	2,073	1,275	1,385
	Other				
	Operating lease charges	19,832	25,840	1,747	1,953
	Consulting fees	6,715	3,933	4,333	1,704
	(Profit) / Loss on sale of property, plant and equipment	629	325	(5,936)	(66,414)
	Depreciation of property, plant and equipment	173,138	163,744	156,016	145,158
	Realised foreign exchange loss	4,994	4,994	-	22
	Unrealised foreign exchange loss	-	-	-	-
	Amortisation on intangible assets	4,994	5,208	4,994	5,208
27	Finance income				
	Interest income				
	Loans to:				
	Bank balances and short-term deposits	-	-	-	-
	Investments in financial assets:				
	Bank balances and short-term deposits	20,550	35,363	16,527	32,941
	Trade debtors	-	-	3,999	2,262
	Total interest income	20,550	35,363	20,526	35,203
28	Finance costs				
	Long-term borrowings	41,612	36,518	18,795	14,133
29	Fair value adjustments				
	Endowment investments	13,789	20,161	4,910	11,527
	Insurance assets	-	-	8,879	8,634
		13,789	20,161	13,789	20,161
30	Taxation				
	Major components of the tax expenses				
	Deferred				
	Originating and reversing temporary differences	25,194	1,455	29,724	15,430
	Reconciliation of the tax expenses				
	Reconciliation between accounting profit and tax expense				
	Accounting profit	173,766	132,356	172,433	181,572
	Tax at the applicable tax rate of 32% (2018 : 32%)	55,605	42,354	55,178	58,103
	Tax effect of adjustments on taxable income				
	Tax effects revaluation	10,749	11,221	10,749	11,221
	Income not subject to tax	-	-	-	-
	Expenses not deductible for tax	(36,203)	(62,645)	(36,204)	(64,419)
	Utilised assessed loss	(4,530)	10,525	-	10,525
		25,621	1,455	29,724	15,430

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
31	Cash generated by operations				
	Profit before taxation	159,185	132,356	172,433	181,572
	Adjustments for:				
	Depreciation	173,138	163,747	156,015	145,158
	Impairment-intercompany loans	324	350	-	-
	Amortisation of intangible assets	4,994	5,208	4,994	5,208
	Severance pay provision	(381)	826	(381)	826
	Operating lease rentals straight lining	(30,847)	(28,626)	(32,431)	(33,230)
	Loss on sale of property, plant and equipment	(5,940)	(66,438)	(5,936)	(66,414)
	Investment revenue	(13,793)	(20,165)	(13,788)	(20,161)
	Fair value adjustments on financial assets	(20,526)	(35,203)	(20,526)	(35,203)
	Interest received	(25)	(155)	-	-
	Finance costs	41,612	36,518	18,795	14,133
	Finance costs capitalised to long term borrowings	941	50,560	941	50,560
	Post retirement medical aid provision	-	-	493	1,154
	Unrealised loss on exchange difference	270	(605)	-	-
	Impairment of Property, Plant and Equipment	-	7,111	-	-
	Bad debts	-	1333	-	-
		308,952	245,484	281,941	243,603
	Changes in working capital:				
	Trade and other receivables	(13,248)	(47,339)	(5,877)	(79,789)
	Inventories	568	(22,974)	(445)	584
	Payables and provisions	(138,971)	128,111	(146,968)	114,369
		157,301	303,282	128,651	278,767
32	Commitments				
	Authorised capital expenditure:				
	Authorised and contracted for	4,620,183	4,192,153	4,620,183	4,192,153
	Authorised, but not yet contracted for	165,859	1,127,491	165,859	1,127,491
		4,786,042	5,319,644	4,786,042	5,319,644

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

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
33	Contingent liabilities				
	Provision of suretyship on financing facilities to EBH Namibia (Pty) Ltd.	151,150	151,150	151,150	151,150

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

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
34	**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 except for Government Grant received as stated below.				
	A capital grant of N$ 0.00 (2018: N$ 38 000 000.00) was received from the Namibian Government. The grant was received for use towards the new container terminal. These funds may only be used for this project.				
	Remuneration to key management personnel	22,670	26,528	13,079	10,884
35	**Directors' emoluments**				
	Non-executive Directors' fees	2,158	1,322	1,837	1,002
	A Kanime	-	60	-	60
	J Comalie	373	196	373	196
	M Jankie-Shakwa	-	51	-	51
	O Shikongo	-	50	-	50
	Adv. G.S Hinda	374	281	374	281
	EN Hamunyela	415	127	415	127
	J Kangandjera	312	110	312	110
	M Hindjou	363	127	363	127
	Subsidary directors	320	320	-	-
		2,158	1,322	1,837	1,002

		Amortised cost N$ '000	Fair value through profit & loss N$ '000	Total N$ '000
36	**Financial instruments and risk management**			
	Categories of financial instruments			
	Categories of financial assets			
	Group			
	Financial assets			
	31 March 2019			
	Investments	-	172,776	172,776
	Loans to subsidiaries	352		
	Other financial assets	-	-	-
	Channel levy fund investment	-	133	133
	Trade and other receivables	310,658	-	310,658
	Cash and cash equivalents	131,863	-	131,863
		442,874	172,909	615,431
	31 March 2018			
	Investments	-	215,694	215,694
	Loans to subsidiaries	-		
	Other financial assets	-	140,444	140,444
	Channel levy fund investment	-	127	127
	Trade and other receivables	297,689	-	297,689
	Cash and cash equivalents	182,128	-	182,128
		479,817	356,265	836,082

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Amortised cost N$ '000	Finance lease obligations N$ '000	Special purpose funds N$ '000	Total N$ '000
36. Financial instruments and risk management (continued)				
Group				
Financial liabilities				
31 March 2019				
Long-term borrowings	317,222	270	-	317,492
African Development Bank	2,741,099	-	-	2,741,099
Special purpose funds	-	-	9,555	9,555
Trade and other payables	230,814	-	-	230,814
	3,289,135	270	9,555	3,298,960
31 March 2018				
Long-term borrowings	115,240	300,168	-	415,408
African Development Bank	2,293,645	-	-	2,293,645
Other financial assets	-			-
Special purpose funds	-	-	9,447	9,447
Operating lease liability	-			-
Trade and other payables	386,838	-	-	386,838
	2,795,723	300,168	9,447	3,105,338

	Fair value N$ '000	Amortised cost N$ '000	Fair value through profit & loss N$ '000	Total N$ '000
Authority				
Financial assets				
31 March 2019				
Investments	-	-	172,712	172,712
Loans to subsidiaries	-	-	-	-
Other financial assets	-	-	-	-
Channel Levy Fund investment	-	-	133	133
Trade and other receivables	254,175	254,175	-	254,175
Cash and cash equivalents	156,112	156,112	-	156,112
	410,287	410,287	172,845	583,132
31 March 2018				
Investments	-	-	215,633	215,633
Loans to subsidiaries	3933	3,933	-	3,933
Other financial assets	-	-	140,444	140,444
Channel Levy Fund investment	-	-	127	127
Trade and other receivables	348,405	348,405	-	348,405
Cash and cash equivalents	220559	220,559	-	220,559
	572,897	572,897	356,204	929,101

	Leases	Amortised cost	Total	Fair value Total
	N$ '000	N$ '000	N$ '000	N$ '000
36. Financial instruments and risk management (continued)				
Categories of financial liabilities				
31 March 2019				
Long-term borrowings	-	128,666	128,666	-
African Development Bank	-	2,741,106	2,741,106	-
Special purpose funds	-	9,555	9,555	-
Trade and other payables	-	154,737	154,737	-
	-	3,034,064	3,034,064	-
31 March 2018				
Long-term borrowings	128,753	108,720	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	-
	128,753	2,713,464	2,842,217	-

37. Financial risk management

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

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

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	N$ '000	N$ '000	N$ '000	N$ '000
Group				
31 March 2019				
Long-term borrowings	172,867	296,286	2,589,168	3,058,321
Special purpose funds	6,827	2,728	-	9,555
Trade and other payables	230,814	-	-	230,814
Other financial liabilities	-	-	3,229	3,229
Operating lease liability	-	-	7,130	7,130
	410,508	299,014	2,599,527	3,309,049

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Less than 1 year N$ '000	Between 1 and 5 years N$ '000	More than 5 years N$ '000	Total N$ '000
37. Financial risk management (continued)				
31 March 2018				
Long-term borrowings	162,952	300,168	2,245,933	2,709,053
Special purpose funds	6,852	2,595	-	9,447
Trade and other payables	386,838	-	-	386,838
Other financial liabilities	-	-	3,236	3,236
Operating lease liability	-	-	1,994	1,994
	556,642	302,763	2,251,163	3,110,568
Authority				
31 March 2019				
Long-term borrowings	12,180	116,486	-	128,666
African Development Bank	151,931		2,589,168	2,741,099
Special purpose funds	6,827	2,728	-	9,555
Trade and other payables	154,749	-	-	154,749
	325,687	119,214	2,589,168	3,034,069
31 March 2018				
Long-term borrowings	61,594	251,439	-	313,033
African Development Bank	7,738	2,591	1,816,274	1,826,603
Special purpose funds	275,707	-	3,276	278,983
Trade and other payables	-	-	941	941
	345,039	254,030	1,820,491	2,419,560

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

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Overdraft facilities:				
Total facilities	63,114	63,114	79,000	20,114
Utilised	(58,714)	(58,714)	(38,958)	(20,114)
	4,400	4,400	40,042	-

Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Investments	172,776	215,694	172,712	215,633
Loans to subsidiaries	352	293	4,320	3,934
Other financial assets	-	140,444	-	140,444
Channel Levy Fund investment	133	127	133	127
Trade and other receivables	219,653	259,130	197,695	221,015
Cash and cash equivalents	131,863	182,128	156,112	220,618
	524,777	797,816	530,972	801,771

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

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
37. Financial risk management (continued)				
Total value of bank guarantees and cash deposits held by the group at the reporting date	76,987	96,940	76,987	96,940

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

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

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

Market risk

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

Interest rate risk

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

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

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

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Financial assets:				
Floating interest bearing	304,639	565,701	328,824	587,571
Fixed and non-interest bearing	319,731	646,220	268,414	494,588
	624,369	1,211,921	597,238	1,082,159
Financial liabilities:				
Floating interest bearing	2,906,388	2,129,308	2,727,834	1,942,014
Fixed and non-interest bearing	250,728	290,253	161,426	217,313
	3,157,117	2,419,561	2,889,260	2,159,327

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Group's profits and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2018.

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Financial assets	8,020	8,020	1,727	2,156
Financial liabilities	(29,064)	(21,293)	(27,178)	(25,311)
Net effect on equity	(21,044)	(13,273)	(25,451)	(23,155)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

37. Financial risk management (continued)

Currency risk

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

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

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

Price risk

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

A change of 10% in equity prices at the reporting date would have increased or decreased the Group's profits and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2018.

	Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Net effect on equity	31,154	31,154	31,154	31,154

38 Capital risk management

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

39 Fair value information

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

Financial assets at fair value through profit (loss)

Financial assets

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Investments	Fair value through profit or (loss)	172,776	215,694	172,712	215,633
Other financial assets	Fair value through profit or (loss)	-	140,444	-	140,444
Channel levy fund investment	Fair value through profit or (loss)	133	127	133	127
Trade and other receivables	Amortised cost	319,598	514,288	295,017	348,406
Cash and cash equivalents	Amortised cost	131,863	182,128	175,070	220,618
		624,370	1,052,681	642,932	925,228

Financial liabilities

		Group 2019 N$ '000	Group 2018 N$ '000	Authority 2019 N$ '000	Authority 2018 N$ '000
Long-term borrowings	Amortised cost	317,222	313,033	128,666	237,473
African Development Bank	Amortised cost	2,589,166	1,816,274	2,589,166	2,293,645
Special purpose funds	Amortised cost	9,555	10,329	9,688	6,574
Other financial liabilities	Amortised cost	3,229	3,276	-	-
Operating lease liability	Amortised cost	7,130	941	-	-
Trade and other payables	Amortised cost	230,814	275,707	154,737	304,525
Bank overdraft		-	-	-	-
		3,157,116	2,419,561	2,882,257	2,842,217

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 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 its operations:

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets, IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for recognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

The effective date of the standard is for the years beginning on or after 01 January 2018.

The Group has adopted the standard for the first time in the 2019 annual financial statements.

Key requirements of IFRS 9:

All recognised financial assets that are within the scope of IFRS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets , and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal , are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an " economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The impact of the standard is set out in note 1.19 Changes in Accounting Policies and disclosures

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The effective date of the standard is for the years beginning on or after 01 January 2018.

The Group has adopted the standard for the first time in the 2019 annual financial statements.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements, as set out in note 24.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

40 *New Standards and Interpretations (continued)*

40.2 New Standards and Interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2019 or later periods:

The effective date of the standard is for the years beginning on or after 01 January 2019.
The Group expects to adopt the standard for the first time in the 2020 annual financial statements for the financial period beginning 01 April 2019.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Group are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options;and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16.
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale of proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

It is unlikely that the standard will have a material impact on the Group's annual financial statements.

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