

Business overview

TransNamib Holdings Limited experienced one of its most difficult trading years, with business performing below standard, mainly due to the ageing rail infrastructure and unfavourable economic environment. Despite these challenges, given an improved infrastructure, the company has a great potential to recover and turn around into a profitable and sustainable railway business that can contribute to the overall economy of the country.

Capacity constraints on the rail side experienced over the past years were significantly improved during the period under review. However, although the capacity situation improved, it was far from ideal and TransNamib still found it difficult to respond effectively to increased demands, especially on the bulk liquid side. The transportation of livestock continued to fade away in comparison with past trends due to sensitivity of the commodity. A total of 11,352 less Starline passengers were transported during the overview period than the previous one, representing a decline of 12.27 %, which could be ascribed to the unreliability of the service.

Unemployment in Namibia is currently being estimated to be between 20-35% - a most visible economic problem. Nepru estimated the skills shortage with a shortfall of about 15 – 20% in the skilled level workforce, which is not unique to Namibia, but a global phenomenon. Within TransNamib Holdings Limited, we have an ageing workforce, which poses a challenge in terms of physical capacity and related problems. The company is nurturing young talent to fill crucial positions on an ongoing basis. We therefore commit to a balanced workforce through recruitment and manpower planning in conjunction with the Company strategic plan.



Economic Outlook

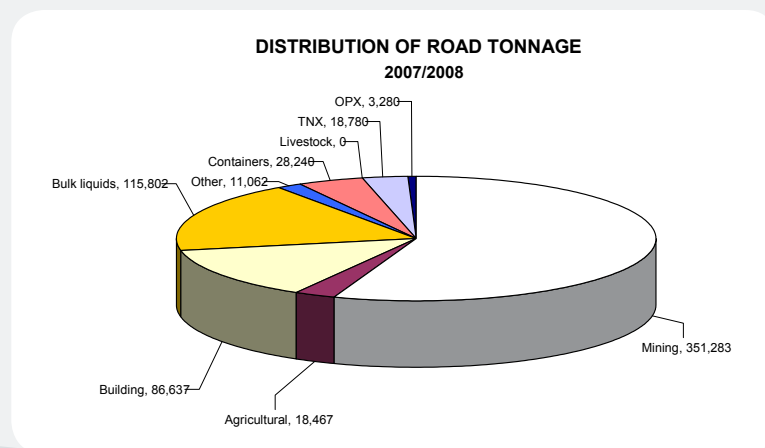
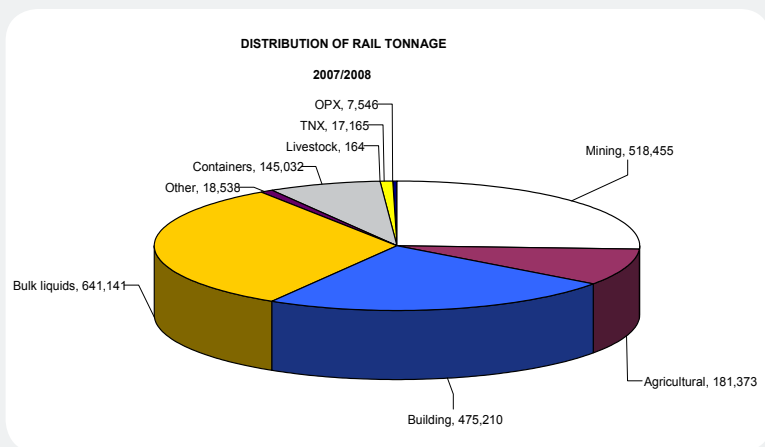
The economic climate during the past year has not been particularly favourable, owing to constantly high inflation, interest rates and volatile oil prices. Nonetheless, the Northern Railway Extension which was commissioned up to Ondangwa (Nehale Lya Mpingana station) during July 2006, opened opportunities for TransNamib to serve the Angolan market along the Trans Cunene Corridor.

A total of 131,290 nett ton freight were transported on that line during the reporting period. With the prospects of complete rehabilitation of the rail section between Kranzberg and Tsumeb, the Northern Railway Extension is expected to live up to its potential over the next few years.



TransNamib as an active partner in the Walvis Bay Corridor Group continued to support the Group's initiatives along the Trans Kalahari, Trans Caprivi and Trans Cunene Corridors. There are equally good indications of future growth with probable intensifying mining sector continuing to produce volumes, which will maintain our activity at an acceptable level of operations. Namibia Customs Smelters (NCS) went through a difficult period and the mining volumes dropped significantly between Walvis Bay and Tsumeb. Transnet Freight Rail (TFR) also failed to meet the wagon demand at Ulco which is the origin point of cement destined for Namibia.

The transport mix of all freight commodities transported during the period under review is illustrated below.



TransNamib will continue striving to review all areas of core business as well as new business opportunities.

Financial Performance

Amidst all the economic turmoil, we are pursuing discussions with our financiers to procure the necessary funds to refurbish our aging locomotives, rolling stock and other equipment.

While negotiations have at times been difficult, we are confident of satisfactory resolutions, because of our good reputation and excellent relationship we enjoy with the financial institutions.

The year under review was another year of fine tuning the financial reporting capabilities of the company, the implementation of SAP and TRACC system was completed, and the full utilization of these systems ensures complete revenue capture and management of cost via real time reporting on the main business of the company.

In light of the above, the company has continued the process of improving its operating asset base to enhance future operation capabilities. During the year N\$166 million was added to the asset base of the company, being N\$158 million in rolling stock procured from Chinese Manufacturers, N\$4 million in vehicles, N\$2 million in equipment and N\$178 thousand in works permanent way. The completion of the agreement and delivery of the rolling stock assets (17 new locomotives, 152 open top wagons, 30 fuel tankers and 25 barrels for sulphuric acid transport) by Republic of China industries was completed in this financial period.

Revenue increased by N\$51 million (12%) while operating expenses increased in unison with N\$51 million (15%). The main contributors to the increase in expenses are fuel, oil and other direct expenses incurred in the production of income.

The combination of the above transactions resulted in a net loss of N\$254 million an increase of N\$40 million over last year.

Business Outlook

Having achieved what we have, we have turned our focus to the future. The situation we face is not business as usual, but at the same time we also recognise that the long-term growth strategy we have been carrying out is still the right one given the environment in which we operate. In light of the challenges we face, we are continuing to look for additional ways to implement new strategies to further enhance the company's growth.

We are confident of achieving further growth during 2009 due to the commissioning of the second phase and completion of the Northern Rail Extension up to Oshikango as well as the



final rail leg from Aus to Luderitz. The anticipated Railage of bulk fuel to the new BP rail siding at Ondangwa will also contribute positively to our bottom-line. Further growth is being expected with the transportation of much needed building materials for the rehabilitation of the Angolan infrastructure as well as for consumer goods. With the anticipated regional power shortages and the resulting increase in output for the NamPower, Van Eck Power Station in Windhoek more coal imports is being foreseen.

With the anticipated increase in production output at Purity Manganese we expect to transport in excess of 50 000 tons per month of manganese from Okahandja to Walvis Bay for export purposes. The same tonnages of coal are also being expected to be transported from Walvis Bay to NamPower Van Eck Power Station in Windhoek.

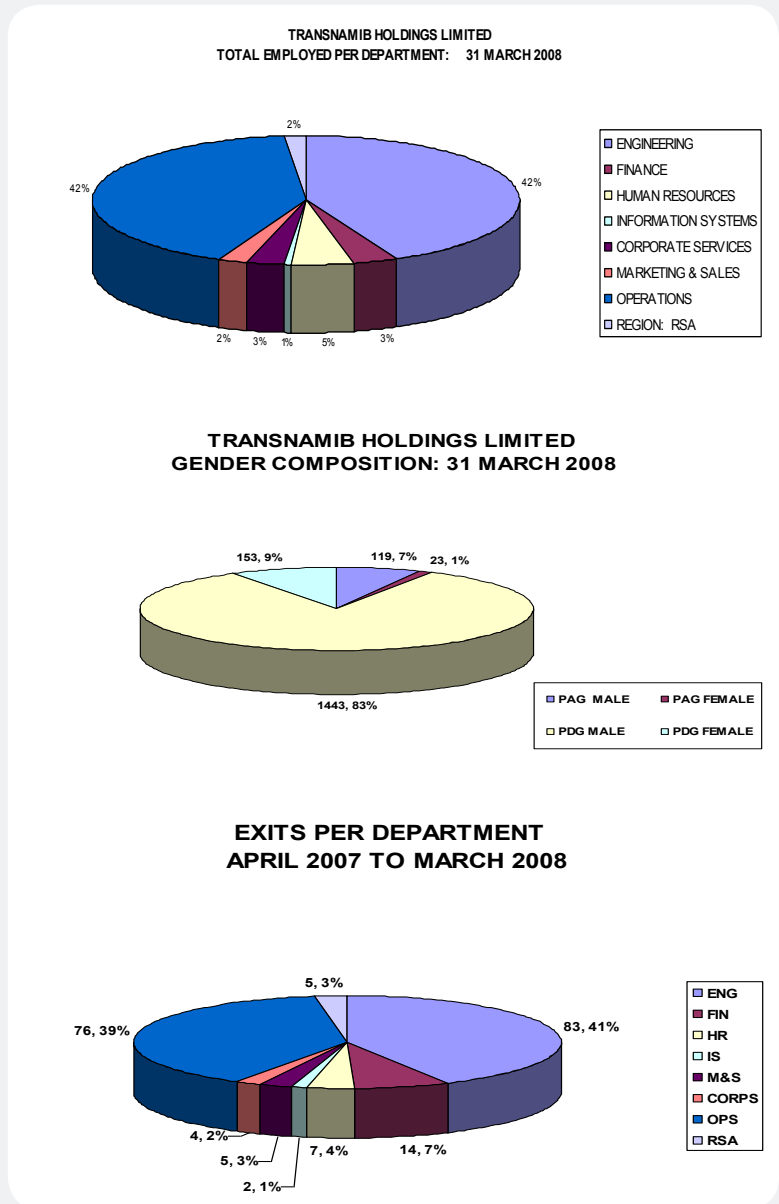
Our current spare capacity on our Road Transport present an opportunity to be utilized for the local transport as well as for cross border operations into Angola, Botswana, Zambia and to Democratic Republic of Congo (DRC).

The ever increasing private seagoing container business, between Walvis Bay, Windhoek and Oshikango, is an ideal market for TransNamib. However, this will require a more dedicated service delivery approach and improved turn-around times for these containers. Due to current unfavourable global business climate no significant tonnage increase from the existing mines is being expected / forecasted.

Added to our operating environment and industry are the opportunities and challenges offered by the revolution of technology that is transforming all aspects of business. Taken together, all of these factors are prompting us to change the way we approach every aspect of our business across the entire company without compromising the core values that have long distinguished TransNamib Holdings Limited.

Human Capital

The company's total staff complement remained on 2304 with a strength of 1738 during the year employed as per graphs below in terms of:



The company experienced increased labour turnover during the year as illustrated above. Skills shortage especially in the Engineering field contributed to significant low productivity, worsened by competition for scarce resources in this particular field as employees leave the company for greener pastures. Providing a healthy and safe working environment is one of management's major focus, hence a decrease in lost time injuries of 10%. During this year emphasis was on creating a learning culture within the company. We strive to move towards a learning culture that is



continually able to sense, interpret and adapt to changes in our industry and the environment we operate in.

Governance

The work of the Board of Directors is focused on strategic issues, business orientation, financing and reporting thereof. The Board continually reviewed the financial position of the company and progress on the company operations. Work to strengthen the company market position was intensified and prioritised during the year. Our competitive position with existing though aged locomotives and other rolling stock is that we have the fleet capacity which makes us the biggest player in this market sector. We are recognised as an established brand name with clients wanting to do business with us first before other smaller players within the sector. Refurbishment of our existing fleet of locomotives would enhance our competitive position.

The past year presented TransNamib Holdings Limited with an extraordinary challenge. But we have met this challenge in a manner consistent with our commitment to our valued customer and with the required standards of ethics with excellence.

We have moved quickly to respond to the effect of the aged rolling stock and other equipment and we have accelerated changes already under way to meet the opportunities and challenges we face given the demands of the market and of the environment in which we operate. As a result, the company is moving forward 2009 well positioned to achieve the future long-term growth to which we are committed and which you, our shareholders and all stakeholders expect.

Appreciation

On behalf of my colleagues on the Board representing various board sub-committees, I urge you to continue providing excellent guidance and direction towards prudent management of the company in order to deliver efficient service effectively.

To our shareholder, the government of the Republic of Namibia and in particular our line ministry, the Ministry of Works, Transport and Communication and all our

stakeholders being our customers, creditors, auditors, legal practitioners and lenders, we hope to deliver the promise of our potential. This will in no small measure happen if not due to the very dedicated and hardworking professionals that make up TransNamib Holdings Ltd as a company. We are indeed indebted to our tireless management and staff who devote their time and energy to ensure the smooth running of our business.



Festus Lameck
Chairman: TNHL Board



TRANSNAMIB HOLDINGS LIMITED
(Registration number 99/114)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Managing, controlling, maintaining, exploiting and promoting transport and related services in the national interest of the Republic of Namibia.
Registered office	Corner of Bahnhof and Independence Avenue Windhoek Namibia
Business address	Corner of Bahnhof and Independence Avenue Windhoek Namibia
Postal address	Private Bag 13204 Windhoek Namibia
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia) Windhoek
Company registration number	99/114



Index

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

	Page
Directors' Responsibilities and Approval	4
Independent Auditor's Report	5 - 6
Directors' Report	7
Balance Sheet	8
Income Statement	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Accounting Policies	12 - 25
Notes to the Annual Financial Statements	26 - 44

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income statement	45 - 46
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Directors' Responsibilities and Approval

The directors are required by the Companies Act of Namibia, 1973, 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 Namibian statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with Namibian statements of Generally Accepted Accounting Practice 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 of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast to 31 May 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

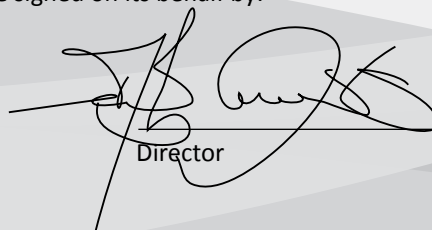
The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 7-44.

The annual financial statements set out on pages 7 to 44, which have been prepared on the going concern basis, were approved by the board of directors on 26/10/2010 and were signed on its behalf by:



Director

Windhoek



Director



Independent auditor's report

To the Shareholders of Transnamib Holdings Ltd

Report on the Financial Statements

We have audited the annual financial statements of Transnamib Holdings Ltd, which comprise the balance sheet as at 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 44.

Directors' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Practice (GAAP) and in a manner required by the Companies Act of Namibia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Basis for qualified opinion

Long term loan: Included in the balance sheet, is a liability relating to the Chinese loan of N\$ 244 million, with related interest expense charge of N\$ 3,4 million and the foreign currency exchange charge of N\$ 3,2 million, reflected in the income statement. There is a further balance of N\$ 5.9 million liability to the government relating to this loan. The loan has an embedded derivative due to the foreign interest element and the cross currency exposure. No valuation was performed on this derivative, thus the accounting treatment of the loan was not appropriately considered. As we were unable to satisfy ourselves as to the valuation of the closing balance as well as the accuracy of the interest charge and the foreign exchange translations charge.

Property, plant and equipment: The company's accounting policy on property, plant and equipment does not include the separate recognition of different components and the reassessing of the residual values and useful lives of their assets. The accounting treatment of property, plant and equipment consequently does not comply with IFRS, IAS 16 Property, Plant and Equipment. We have been unable to determine the extent of the financial impact of this non compliance on the value of the property, plant and equipment and the depreciation thereof.



Further, the Company does not have a complete fixed asset register. Thus we were not able to satisfy ourselves by alternative means as to the completeness and existence of the fixed assets with the carrying value of N\$ 492 million. We were also not able to obtain sufficient audit evidence on the accuracy and completeness of the depreciation charge of N\$ 42 million as well as accumulated depreciation balance of N\$ 346 million.

Details of the assets held for collateral was not available for audit and as a result we could not conclude on the adequacy and accuracy of disclosures relating to such assets and the corresponding liabilities.

Title deed investigation revealed that some properties on the fixed asset register were not registered in the name of the company. Thus we were unable to satisfy ourselves as to the existence of those properties.

Investment in joint ventures: We were unable to obtain sufficient appropriate audit evidence relating to the completeness and accuracy of any distribution due to Transnamib Holdings (Pty) Ltd under the Joint Venture agreement.

Trade Payables: Relating to the GR/IR Account, acc: 150999, we have not been able to obtain sufficient appropriate audit evidence to support the transactions and adjustments, made in the GR/IR account (credit balance of N\$ 1,5 million). No comfort has been obtained on the Valuation, existence/occurrence of the GR/IR account at year end.

Profit/Loss account: Under account 340161, no detailed analysis was available for the journal of N\$ 1, 9 million that was posted to this profit and loss account. Thus we were unable to satisfy ourselves as to the completeness and accuracy of this account.

Inventory: Inventory items are not all valued at the lower of cost and net realisable value in accordance with IAS 2. Therefore insufficient evidence is available to satisfy ourselves with the valuation of the stock. Further, as no procedures have been applied relating to stock in transit or inventory received before and after year-end, we were not able to obtain sufficient appropriate audit evidence relating to the cut-off of Inventory.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of Transnamib Holdings Ltd as at 31 March 2008, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Practice and with the requirements of the Companies Act of Namibia.

Other matter

The supplementary information set out on pages 45 to 46 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Windhoek
8 November 2010



Directors' Report

The directors submit their report for the year ended 31 March 2008.

1. Review of activities

Main business and operations

The company is engaged in managing, controlling, maintaining, exploiting and promoting transport and related services in the national interest of the Republic of Namibia and operates principally in Namibia.

The operating results and 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.

2. Going concern

We draw attention to the fact that at 31 March 2008, the company had accumulated losses of N\$ (352,204)k (2007: N\$ (98,430)k) and loss for the year of N\$ (253,774)k (2007: N\$ (46,691)k) and as of that date the company's total liabilities exceed its assets by N\$ (34,938)k.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have no reason to believe that the company will not be going concerns in the year ahead, based on forecasts and available cash resources. These financial statements have been prepared accordingly on that basis.

3. Post balance sheet events

The directors are not aware of any matter or circumstance, material to the financial affairs of the company, arising since the the end of the financial year.

4. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

5. Dividends

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

6. Directors

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

Name	Nationality	Changes
MR Mbetjiha	Namibian	Resigned 30 June 2008
FG Martin	Namibian	Resigned 30 June 2008
FL Namene (Chairperson of the board)	Namibian	Resigned 30 June 2008
R Potgieter	Namibian	Resigned 30 June 2008
TN Shaanika	Namibian	Resigned 30 June 2008
F Lameck (Chairperson of the board)	Namibian	Appointed 15 July 2008
JA Cilliers	Namibian	Appointed 15 July 2008
L Narib	Namibian	Appointed 15 July 2008
SN Naanda (Deputy Chairperson of the board)	Namibian	Appointed 15 July 2008
C Nghaamwa	Namibian	Appointed 15 July 2008



Directors' Report

7. Auditors

PricewaterhouseCoopers will continue in office in accordance with section 270(2) of the Companies Act.

8. Disclosure of fair values of investment properties

IAS 40 require the disclosure of the fair value of all properties held as investment properties at year end. After an exercise to determine these values it has been decided to only disclose the fair values of the Windhoek properties. The lack of an active market and cost benefit of obtaining the fair values for properties outside Windhoek was the primary basis for the decision.



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Balance Sheet

	Note(s)	2008 N\$ '000	2007 N\$ '000
Assets			
Non-Current Assets			
Investment properties	3	4,330	4,540
Property, plant and equipment	4	449,968	338,854
Intangible assets	5	15,579	23,136
Investment in joint ventures	6	1,455	601
Financial assets at fair value through profit or loss	7	66,102	52,647
Deferred tax	9	11,216	-
		548,650	419,778
Current Assets			
Trade and other receivables	12	104,244	87,480
Prepayments		-	36,020
Inventory	11	55,089	44,850
Cash and cash equivalents	13	28,368	33,698
		187,701	202,048
Total Assets		736,351	621,826
Equity and Liabilities			
Equity			
Share capital	14	277,266	277,266
Reserves	15	40,000	40,000
Accumulated loss		(352,204)	(98,430)
		(34,938)	218,836
Liabilities			
Non-Current Liabilities			
Finance lease obligation	16	24,929	33,634
Retirement benefit obligation	10	78,816	64,904
Deferred tax	9	21,322	-
Borrowings	18	3,663	4,967
Loan from the Government of Namibia	19	243,720	121,039
		372,450	224,544
Current Liabilities			
Finance lease obligation	16	21,548	20,533
Trade and other payables	20	152,872	132,633
Provisions	17	221,548	19,642
Short term portion of borrowings	18	1,288	1,155
Bank overdraft	13	1,583	4,483
		398,839	178,446
Total Liabilities		771,289	402,990
Total Equity and Liabilities		736,351	621,826



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Income Statement

	Note(s)	2008 N\$ '000	2007 N\$ '000
Revenue	21	491,493	440,184
Cost of sales	22	(162,379)	(136,246)
Gross profit		329,114	303,938
Other income	26	22,310	4,415
Operating expenses	23	(588,108)	(365,350)
Operating loss	23	(236,684)	(56,997)
Investment revenue	24	5,531	13,417
Fair value adjustments	25	13,455	6,003
Income from equity accounted investments		854	1,735
Finance costs	27	(26,824)	(10,849)
Loss before taxation		(243,668)	(46,691)
Taxation	28	(10,106)	-
Loss for the year		(253,774)	(46,691)



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Statement of Changes in Equity

	Share capital	Capital Redemption Reserve Fund	Accumulated loss	Total equity
	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Balance at 01 April 2006	277,266	40,000	(51,739)	265,527
Changes in equity				
Loss for the year	-	-	(46,691)	(46,691)
Total changes	-	-	(46,691)	(46,691)
Balance at 01 April 2007	277,266	40,000	(98,430)	218,836
Changes in equity				
Loss for the year	-	-	(253,774)	(253,774)
Total changes	-	-	(253,774)	(253,774)
Balance at 31 March 2008	277,266	40,000	(352,204)	(34,938)
Note(s)	14	15		



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Cash Flow Statement

	Note(s)	2008 N\$ '000	2007 N\$ '000
Cash flows from operating activities			
Cash receipts from customers		474,729	432,231
Cash paid to suppliers and employees		(376,688)	(453,563)
Cash generated from/(used in) operations	31	98,041	(21,332)
Interest income		2,012	2,585
Dividends received		3,519	10,832
Finance costs		(26,824)	(5,230)
Net cash from/(used in) operating activities		76,748	(13,145)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(166,069)	(95,315)
Sale of property, plant and equipment	4	2,598	130
Sale of investment properties	3	8	-
Purchase of other intangible assets	5	(155)	(2,333)
Sale of financial assets		(29,380)	(368)
Net cash from investing activities		(192,998)	(97,886)
Cash flows from financing activities			
Loan obtained		122,681	114,405
Movement in borrowings		(1,171)	(767)
Finance lease payments		(7,690)	(16,209)
Net cash from financing activities		113,820	97,429
Total cash movement for the year		(2,430)	(13,602)
Cash at the beginning of the year		29,215	42,817
Total cash at end of the year	13	26,785	29,215



Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with Generally Accepted Accounting Practice, and the Companies Act of Namibia, 1973. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

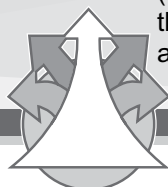
1.1 Statements and Interpretations

Interpretations of International Financial Reporting Standards effective for the first time for your March 2008 year end:

- IFRIC 11, 'IFRS 2 - Group and treasury share transactions', was early adopted in 2007. IFRIC 11 addresses how to apply IFRS 2 to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group (e.g. equity instruments of its parent).
- IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements.
- IFRIC 14, 'IAS 19 (effective from 1 January 2008) - The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

International Financial Reporting Standards, amendments and interpretations issued but not yet effective for your March 2008 year end:

- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
- IAS 23, 'Borrowing costs' (effective from 1 January 2009). The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.
- IAS 1, 'Presentation of Financial Statements – Revised' (effective from 1 January 2009). The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.
- IAS 27, 'Consolidated and Separate Financial Statements – Revised' (effective 1 July 2009). IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

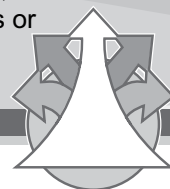
1. Presentation of Annual Financial Statements (continued)

fair value and a gain or loss is recognised in profit or loss.

- IFRS 3, 'Business Combinations – Revised (effective 1 July 2009). The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.
- Amendment to IFRS 2, 'Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations' (effective 1 Jan 2009). The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
- Amendment to IAS 32 and IAS 1, 'Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements - Puttable Financial Instruments and Obligations Arising on Liquidation' (effective 1 January 2009). The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions:
 - a) puttable financial instruments (for example, some shares issued by co-operative entities);
 - b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments.
- Improvement to IFRS (unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2009). This is a collection of amendments to IFRS's. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRS's. Some amendments involve consequential amendments to other IFRS's.
- Amendments to IFRS 1 and IAS 27, 'Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' (effective 1 January 2009). The amendment allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.
- Amendments to IAS 39, 'Amendments to IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting' (effective 1 July 2009). The IASB has therefore focused on developing application guidance to illustrate how the principles underlying hedge accounting in the following situations:
 - (a) a one-sided risk in a hedged item, and
 - (b) inflation in a financial hedged item."

Interpretations of International Financial Reporting Standards issued but not effective for your March 2008 year-end:

- IFRIC 13, 'Customer loyalty programs' (effective from 1 July 2008). IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

- IFRIC 15 'Agreements for the Construction of Real Estate' (effective from 1 January 2009). IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 – Construction contracts or IAS 18 - Revenue and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18.
- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation' (effective 1 October 2008). IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

1.2 Significant judgements

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price.

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 company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

Allowance for doubtful debts

Management provides bad debts on all accounts at year end that remained outstanding 3 months after year end. This is based on past experience of little prospect of collecting debtors over the age of 3 months. Accounts are written off when they are delinquent.

Post retirement medical aid assumptions

Refer to note 10.

1.3 Investment properties

Investment properties are recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment properties will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment properties are initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment properties are carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	40 years

1.4 Property, plant and equipment

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

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
Land	indefinite
Buildings	40 years



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Furniture and fixtures	5-10 years
Motor vehicles	4-10 years
Equipment	7-25 years
IT equipment	3-5 years
Rolling stock	40 years
Works perway	20-30 years
Capital under construction	not depreciated

The residual value and the useful life of each asset is reviewed at each financial period-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 depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred. However, major leasehold improvements are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major leasehold improvements are depreciated over the remaining useful life of the related asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.6 Investment in joint ventures

An investment in a joint venture is carried at cost less any accumulated impairment.

An investment in a joint venture is accounted for using the equity method, except when the asset is classified as held-for-sale. Under the equity method, the investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the company's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date on which the company ceases to have joint control over, or have significant influence in, a jointly controlled entity.

1.7 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Fair value determination

In assessing the fair value of financial instruments, the company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices of dealer quotes for the specific or similar instruments are used for long-term debt.

The face value, less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, are assumed to approximate fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates available to the group for similar financial instruments.

Loans to/(from) group companies

These include loans to/(from) subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities at amortised cost.

Loans to/(from) shareholders, directors, managers and employees

These financial assets are initially recognised at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to shareholders, directors, managers and employees are classified as loans and receivables.

Loans from shareholders, directors, managers and employees are classified as financial liabilities at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Cash and cash equivalents are classified as loans and receivables.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Bank overdraft and borrowings are classified as financial liabilities at amortised cost.



Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Loans and receivables

Other financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost less any accumulated impairment.

These financial assets are not quoted in an active market and have fixed or determinable payments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets at fair value through profit or loss are measured initially and subsequently at fair value, and transaction costs are expenses in the income statement. Gains and losses arising from changes in fair value are presented in the income statement within 'net gains or losses on financial assets at fair value through profit or loss' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the company's right to receive payment is established.

Transaction costs are recognised in profit or loss. Dividend income is recognised in the income statement as part of investment revenue when the company's right to receive payment is established.

The fair value of quoted investments are based on current bid prices.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent 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 balance sheet date.

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).

A deferred tax asset is recognised for the carry forward of unused tax losses and 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 balance sheet date.



Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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, directly in equity, or
- a business combination.

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 to equity.

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 balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of 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 the income statement.

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 measured at the lower of cost and net realisable value on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company 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 impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any 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.

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.



Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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.

Defined benefit plans

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

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to balance sheet date 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 period, 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 the income statement over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

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 of 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 the income statement, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

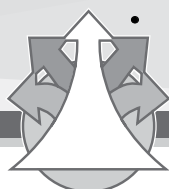
The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses, 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 company 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.



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

1.15 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the income statement (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.



Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.16 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Revenue comprises of income received from bulk, freight, TNX courier services, OPX courier services, passenger services, Desert Express, container rental and private tourist rental of trains.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.18 Borrowing costs

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

1.19 Translation of foreign currencies

Foreign currency transactions

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

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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 annual



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibian Dollars by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.20 Reserves

In terms of policies laid down by the Board of Directors, the following reserves were created:

Capital redemption reserve fund

This reserve was created for the redemption of redeemable preference shares.

Reserve for insurance of assets

The company followed a policy of progressive self insurance. In terms of this policy, the company, in conjunction with consultants, makes an evaluation of the risks involved and determines the amount to be allocated to a reserve to be kept for this purpose. This reserving was however discontinued in the prior year. Management indicated that investments are maintained in order to cover insurance risks below N\$ 10,000,000, although these investments are not specifically allocated for this purpose. Catastrophic losses and legal liabilities are insured with external insurers with due regard to replacement values.



Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
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2. Risk management

2.1 Market Risk

Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

The company reviews its foreign currency exposure, including commitments on an ongoing basis.

Price risk

The company is exposed to equity securities price risk because of investments held by the company and classified on the balance sheet as at fair value through profit or loss. The company is not exposed to commodity price risk.

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

Interest rate risk

Deposits and all non-current liabilities attract interest at rates that vary with prime. The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit/(loss).

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk. During 2008 and 2007, the company's borrowings at variable rate were denominated in the Namibian Dollar.

At 31 March 2008, if interest rates on Namibian Dollar borrowings had been 0.1% higher/lower with all other variables held constant, post-tax profit for the year would have been N\$ - (2007: N\$ -) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been N\$ - (2007: N\$ -) lower/higher mainly as a result of a decrease/increase in the fair value of fixed rate financial assets classified as available for sale.

Cash flow interest rate risk

	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
First National Bank of Namibia - Luderitz Loan	12.75 %	1,288	3,663	-	-	-

Fair value interest rate risk

	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Import Export bank of China	3.00 %	-	-	-	-	264,977

2.2 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The company's principal financial assets are cash and cash equivalents, trade and other receivables and cash



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

2008	2007
N\$ '000	N\$ '000

2. Risk management (continued)

deposits. The company's credit risk is primarily attributable to its trade and other receivables.

Trade and other receivables

Trade and other receivables comprises amounts receivable in respect of deposits and other receivables.

The company manages credit risk by:

- Ageing and pursuing unpaid accounts on a monthly basis.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2008	2007
Cash and cash equivalents	28,368	33,698
Trade and other receivables	104,244	87,480

2.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company manages liquidity risk through an ongoing review of future commitments and credit facilities and manages liquidity risk at group level through intercompany loans.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At 31 March 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	1,288	3,663	-	-
Loan from the Government of Namibia	-	-	-	264,977
Trade and other payables	153,798	-	-	-
Finance lease obligation	18,641	27,836	-	-
Provisions	14,546	-	-	-
 At 31 March 2007	 Less than 1 year	 Between 1 and 2 years	 Between 2 and 5 years	 Over 5 years
Long term loans	1,155	4,967	-	-
Loan from the Government of Namibia	-	-	-	114,405
Trade and other payables	132,632	-	-	-
Finance lease obligation	20,533	33,634	-	-
Provisions	19,642	-	-	-

2.2 Capital risk management

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the company for similar financial instruments.

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



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000			2007 N\$ '000		
3. Investment properties						
	2008			2007		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	25,612	(21,282)	4,330	25,620	(21,080)	4,540

Reconciliation of investment properties - 2008

	Opening Balance	Disposals	Depreciation	Total
Investment property	4,540	(8)	(202)	4,330

Reconciliation of investment properties - 2007

	Opening Balance	Depreciation	Total
Investment property	4,747	(207)	4,540

Fair value of investment properties - Windhoek 139,358 139,318

It was impractical to determine the fair value of all properties held as investment properties. Only the fair value of Windhoek properties have been disclosed. The Windhoek properties comprise the major part of the portfolio. Refer to directors report for a further explanation.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

Total rental income earned from investment properties for the year amounted to N\$ 10,857,501 (2007: N\$ 10,896,690).

Repairs and maintenance incurred on investment properties are included in the repairs and maintenance expenses for the year and could not be split to obtain the specific expense relating to investment properties.

4. Property, plant and equipment

	2008			2007		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,359	-	5,359	5,359	-	5,359
Buildings	30,689	(11,256)	19,433	30,583	(10,549)	20,034
Plant and machinery	209	(193)	16	79	(70)	9
Furniture and fixtures	9,072	(7,820)	1,252	8,962	(7,583)	1,379
Motor vehicles	166,351	(150,329)	16,022	170,031	(125,854)	44,177
Office equipment	61,462	(43,397)	18,065	60,269	(40,093)	20,176
IT equipment	45,413	(40,354)	5,059	45,069	(38,426)	6,643
Rolling stock	364,345	(56,122)	308,223	207,809	(43,213)	164,596
Works perway	79,490	(4,666)	74,824	79,312	(4,546)	74,766
Capital under construction	1,715	-	1,715	1,715	-	1,715
Total	764,105	(314,137)	449,968	609,188	(270,334)	338,854



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

		2008 N\$ '000		2007 N\$ '000			
4. Property, plant and equipment (continued)							
Reconciliation of property, plant and equipment - 2008							
	Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	5,359	-	-	-	-	-	5,359
Buildings	20,034	106	-	-	(707)	-	19,433
Plant and machinery	9	130	-	-	(123)	-	16
Furniture and fixtures	1,379	110	-	-	(237)	-	1,252
Motor vehicles	44,177	4,715	(1,200)	-	(9,747)	(21,923)	16,022
Office equipment	20,176	2,058	-	(865)	(3,304)	-	18,065
IT equipment	6,643	344	-	-	(1,928)	-	5,059
Rolling stock	164,596	158,428	(1,892)	-	(12,909)	-	308,223
Works perway	74,766	178	-	-	(120)	-	74,824
Capital under construction	1,715	-	-	-	-	-	1,715
	338,854	166,069	(3,092)	(865)	(29,075)	(21,923)	449,968

Reconciliation of property, plant and equipment - 2007

	Opening Balance	Additions	Disposals	Depreciation	Total
Land	5,489	-	(130)	-	5,359
Buildings	20,675	67	-	(708)	20,034
Plant and machinery	-	79	-	(70)	9
Furniture and fixtures	1,507	25	-	(153)	1,379
Motor vehicles	50,563	3,605	-	(9,991)	44,177
Office equipment	20,649	3,182	-	(3,655)	20,176
IT equipment	7,703	765	-	(1,825)	6,643
Rolling stock	82,007	86,568	-	(3,979)	164,596
Works perway	73,849	1,024	-	(107)	74,766
Capital under construction	1,715	-	-	-	1,715
	264,157	95,315	(130)	(20,488)	338,854

Pledged as security

Assets subject to finance leases have been pledged as security. Refer below for carrying amounts

Assets subject to finance lease (Net carrying amount)

Motor vehicles	16,022	44,177
Office equipment	18,065	20,176
IT equipment	5,059	6,643
	39,146	70,996

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
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5. Intangible assets

	2008			2007		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	46,504	(30,925)	15,579	46,349	(23,213)	23,136

Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Computer software	23,136	155	(7,712)	15,579

Reconciliation of intangible assets - 2007

	Opening Balance	Additions	Amortisation	Total
Computer software	29,344	2,333	(8,541)	23,136

The computer software with a book value of N\$ 14,021,009 comprises of the SAP system and has a remaining useful life of 2 years.



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

			2008 N\$ '000	2007 N\$ '000		
6. Investment in joint ventures						
	%	%	Carrying	Carrying	Fair value	Fair value
	holding	holding	amount 2008	amount 2007	2008	2007
	2008	2007				
Namibia Northern Railway Project	25.00 %	25.00 %	1,455	601	1,455	601
Swakopmund Station Hotel	50.00 %	50.00 %	-	-	-	-
			1,455	601	1,455	601

The carrying amounts of Joint ventures are shown net of impairment losses.

Swakopmund Station Hotel

Transnamib Holdings Limited has a 50% equity shareholding with equivalent voting power in Swakopmund Station Hotel (Pty) Ltd. The company has discontinued recognising its share of the losses of Swakopmund Station Hotel (Pty) Ltd, as it has no obligation for the losses of the joint venture beyond its initial investment and an extension thereof by means of a loan.

The liabilities of Swakopmund Station (Pty) Ltd exceeds its assets by N\$ 44,977,605 at 31 March 2008 (2007:N\$ 46,211,161). Consequently the investment was fully impaired in prior years.

The total unrecognised profit for the current period amounts to N\$ 1,233,556 (2007:N\$ 143,015). The share of accumulated unrecognised losses since acquisition amounts to N\$ 19,852,874 (2007:N\$ 21,086,430).

Namibia Northern Railway Project

Transnamib Holdings Limited has a 25% share in the Namibia Northern Railway Project. The company is entitled to a proportionate share of the revenue received and bears a proportionate share of the outgoings. The investment in the joint project represents cumulative profits to date.

Summary of financial statements of joint venture entities

Namibian Northern Railway Project	-	-
Total assets	6,147	11,549
Total liabilities	329	12,028
Total revenue	852	22,563
Total expenses	32	21,934
Swakopmund Station Hotel (Pty) Ltd	-	-
Total assets	56,560	52,025
Total liabilities	102,228	98,236
Total revenue	49,470	45,892
Total expenses	48,928	45,606
No contingencies or commitments relating to the joint ventures were identified.	-	-



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
7. Financial assets at fair value through profit or loss		
Listed securities - held-for-trading		
	66,102	52,647
First National Bank Namibia Holdings Limited - Listed shares 6 900 009 ordinary shares representing a 2,58% shareholding. (2007: 6 900 009 ordinary shares)		
Non-current assets		
At fair value through profit or loss	66,102	52,647

The fair values of the financial assets were determined by reference to the market value of the shares held in First National Bank Holdings.

Fair values are determined annually at balance sheet date.

8. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2008

	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Available for sale	Total
Financial assets at fair value through profit or loss	-	66,102	-	-	66,102
Trade and other receivables	104,244	-	-	-	104,244
Cash and cash equivalents	28,368	-	-	-	28,368
	132,612	66,102	-	-	198,714

2007

	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Held to maturity	Available for sale
Financial assets at fair value through profit or loss	-	52,647	-	-	-
Trade and other receivables	87,480	-	-	-	-
Cash and cash equivalents	33,698	-	-	-	-
	121,178	52,647	-	-	-



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
9. Deferred tax		
Reconciliation of deferred tax asset/(liability)		
Increase/(decrease) in tax losses available for set off against future taxable income	-	47,379
Prior period adjustment	4,117	-
Timing differences	7,479	(959)
Tax losses utilised in the current period	(21,702)	9,927
Deferred tax asset not recognised	-	(56,347)
	(10,106)	-

Recognition of deferred tax asset

No deferred tax asset relating to tax losses has been recognised due to the unpredictability of future taxable profits.

10. Retirement benefits

Defined benefit plan

The defined benefit plan, to which 70% of the employees belong, consists of a Post-Retirement Medical Assistance program.

Movements for the year

Opening balance	64,904	60,938
Actuarial gains/losses	9,696	-
Net expense recognised in the income statement	4,216	3,966
	78,816	64,904

Net expense recognised in the income statement

Current service cost	1,291	1,207
Interest cost	5,827	5,471
Payments made	(2,902)	(2,712)
	4,216	3,966

Key assumptions used

Assumptions used on last valuation on 31 March 2008.

Discount rates used	9.40 %	9.00 %
Medical inflation	7.44 %	7.00 %

11. Inventory

Consumable stores	55,089	44,850
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TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
12. Trade and other receivables		
Trade receivables	84,997	80,842
Prepayments	2,304	3,528
VAT	7,597	2,929
Provision for bad debt	(10,743)	(16,588)
Other receivables	499	263
Input (import) VAT asset	19,590	16,506
	104,244	87,480

Trade and other receivables impaired

As of 31 March 2008, trade receivables of N\$ 10,743,128 (2007: N\$ 16,588,239) were impaired and provided for.

The amount of the provision was N\$ 10,743,128 as of 31 March 2008 (2007: N\$ 16,588,239).

The other classes within trade and other receivables do not contain impaired assets.

Reconciliation of provision for bad debt

Opening balance	(16,588)	(16,588)
Amounts written off as uncollectible	937	-
Unused amounts reversed	4,908	-
	(10,743)	(16,588)

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	434	278
Bank balances	27,934	33,420
Bank overdraft	(1,583)	(4,483)
	26,785	29,215
Current assets	28,368	33,698
Current liabilities	(1,583)	(4,483)
	26,785	29,215



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
13. Cash and cash equivalents (continued)		
Credit quality of cash at bank and short term deposits, excluding cash on hand		
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings:		
Credit rating		
Nedbank Limited (F1+)	10,131	2,683
First National Bank (F1+)	12,929	25,603
Bank Windhoek Limited (F1+)	84	78
Standard Bank Group Limited (F1+)	3,207	573
	26,351	28,937
14. Share capital		
Authorised		
1 000 000 000 Ordinary shares of N\$ 1 each	1,000,000	1,000,000
Reconciliation of number of shares issued:		
Reported as at 01 April 2007	277,266	277,266
722,733,970 unissued ordinary shares may only be issued to the sole shareholder, the Government of the Republic of Namibia.		
Issued		
Ordinary shares of N\$ 1 each	277,266	277,266
15. Capital redemption reserve fund		
Balance at the beginning and end of the year	40,000	40,000



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
16. Finance lease obligation		
Present value of minimum lease payments due		
- within one year	21,548	20,533
- in second to fifth year inclusive	24,929	33,634
	46,477	54,167
Non-current liabilities	24,929	33,634
Current liabilities	21,548	20,533
	46,477	54,167

It is company policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 12% (2007: 11%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4.

17. Provisions

Reconciliation of provisions - 2008

	Opening Balance	Additions	Reversed during the year	Total
Legal proceedings - Settlement provision	3,603	3,824	-	7,427
Penalties and interest	-	207,002	-	207,002
Provisional assessment - ECA	16,039	1,913	(10,833)	7,119
	19,642	212,739	(10,833)	221,548

Reconciliation of provisions - 2007

	Opening Balance	Additions	Utilised during the year	Total
Legal proceedings - Settlement provision	500	3,603	(500)	3,603
Audit fees	580	-	(580)	-
Provisional assessment - ECA	13,472	2,567	-	16,039
	14,552	6,170	(1,080)	19,642

Provisional assessment - ECA

This represents management's estimate regarding a social security obligation payable to the social security commission.



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
18. Borrowings		
Non-current		
First National Bank of Namibia Limited - WCT Project	3,663	4,797
	<u>3,663</u>	<u>4,967</u>
Current		
First National Bank of Namibia Limited - WCT Project	1,288	1,325
	<u>1,288</u>	<u>1,155</u>
Total borrowings	<u>4,951</u>	<u>6,122</u>

WCT Project loan

The loan bears interest at a fixed rate of 12.5% per annum. The loan is repayable in ten equal bi-annual installments of N\$ 400,000 plus interest.

19. Loan from the Government of Namibia

Opening balance	114,405	-
Movement for year	129,315	121,039
	<u>243,720</u>	<u>121,039</u>

In November 2005 the Government of the Republic of Namibia entered into a Concessional loan agreement with the Peoples Republic of China whereby a loan to the amount of 250 000 000 Chinese Yuan was made available by the Import Export Bank of China to the Government of Namibia to purchase railway equipment. This loan has been onlended to Transnamib by the Government for purchase of railway equipment

Terms and conditions:

For the first 5 years after effective date only interest at 3% is payable on the amount drawn. From year 6 to 15 the capital is to be repaid in equal monthly installments made semi annually on 21 March and 21 September each year until maturity. The effective date of the agreement was 18 July 2006.

The carrying value of the chinese loan in the books of Transnamib Holdings Limited differs by the the carrying value of the loan as indicated by the government by 28,165k due to IFRS adjustments.

20. Trade and other payables

Trade payables	52,812	40,788
Amounts received in advance	17	8
Other payables	-	(2)
Employee related payables	47	51
Accrued leave pay	17,368	16,469
Accrued bonus	2,326	2,674
Accrued expenses	-	2,469
Municipality accrual	1,014	1,190
Outstanding cheques	31,494	28,904
Import VAT liability	30,196	22,007
Receiver of Revenue liability - Interest	17,037	16,021
Other payables	561	2,054
	<u>152,872</u>	<u>132,633</u>



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
21. Revenue		
Rendering of services	476,823	425,860
Rental Income	14,670	14,324
	491,493	440,184
22. Cost of sales		
Rendering of services		
Fuel, oil and other direct locomotive and vehicle expenses	143,255	117,469
Other expenses directly incurred in the production of income	19,124	18,777
	162,379	136,246
23. Operating loss		
Operating loss for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	335	510
Motor vehicles		
• Contractual amounts	19,703	24,465
Equipment		
• Contractual amounts	1,655	1,757
Telephone line		
• Contractual amounts	1,102	928
Other equipment		
• Contractual amounts	579	519
	23,374	28,179
Loss on sale of property, plant and equipment	494	-
Profit on sale of other financial assets	(1,949)	(20)
Impairment on property, plant and equipment	21,923	-
Impairment on trade and other receivables	-	1,920
Profit on exchange differences	290	142
Amortisation on intangible assets	7,712	8,541
Depreciation on property, plant and equipment	29,966	20,487
Depreciation on investment property	206	207
Employee costs	193,115	187,109
Auditors' remuneration	1,143	361
Inventory written off	325	395
	588,108	365,350
Expenses by nature		
Employee benefit expense	193,115	187,109
Depreciation, amortisation and impairment charges	61,365	31,550
Advertising costs	907	1,149
Operating lease payments	23,374	28,179
Other expenses	260,299	79,341
Repairs and maintenance	49,048	38,022
Total operating expenses	588,108	365,350



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
24. Investment revenue		
Dividend revenue		
Listed financial assets - Local	3,519	10,832
Interest revenue		
Subsidiaries	-	27
Bank	592	343
Investments	948	1,610
Accounts receivable	472	605
	2,012	2,585
	5,531	13,417
25. Fair value adjustments		
Other financial assets		
• Fair value through profit or loss	13,455	6,003
26. Other income		
Other income	942	3,100
Commission received	291	286
Gain on sale of shares	-	20
Foreign exchange on chinese loan	9,404	-
Discount received	19	16
Bad debts recovered	97	31
Sundry revenue	8,623	254
Excess depot sales	782	433
External sales	-	17
Sales - Perishable	203	258
Profit disposal of assets	1,949	-
	22,310	4,415
27. Finance costs		
Finance leases	-	5,619
Other	14,062	2,436
Long term loans	6,740	1,809
Interest paid: Chinese loan	6,022	985
	26,824	10,849



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
28. Taxation		
Major components of the tax expense		
Deferred		
Deferred tax	10,106	-
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(243,668)	(46,691)
Tax at the applicable tax rate of 35% (2007: 35%)	(85,284)	(12,042)
Tax effect of adjustments on taxable income		
Permanent differences	(6,958)	(4,244)
Tax losses carried forward	21,322	16,286
Unrecognised deferred tax	81,026	-
	10,106	-

The income tax rate of 35% in 2007 remained unchanged at 35% in 2008.

No provision has been made for 2008 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is N\$ - (2007: N\$ 378,418,405).

29. Auditors' remuneration

Fees	1,143	-
Adjustment for previous year	-	361
Tax and secretarial services	50	-
	1,193	361



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
30. Operating lease		
Lease payments due:		
Within one year	1,267	787
Between two and five years	2,733	1,673
	4,000	2,460

31. Cash generated from/(used in) operations

Loss before taxation	(243,668)	(46,691)
Adjustments for:		
Depreciation and amortisation	37,884	29,235
Profit on sale of assets	(1,455)	(20)
Loss on foreign exchange	31,299	3,577
Income from equity accounted investments	(854)	(1,735)
Interest received	(2,012)	(2,585)
Finance costs	26,824	10,849
Fair value adjustments	(13,455)	(6,003)
Impairment loss	21,923	2,315
Movements in retirement benefit assets and liabilities	13,912	3,966
Movements in provisions	201,906	5,090
Distribution from Namibian Northern Railway Project	-	7,694
Dividends received	(3,519)	(10,832)
Foreign exchange on chinese loan	-	3,446
Changes in working capital:		
Inventories	(10,239)	(2,726)
Trade and other receivables	(16,764)	(9,873)
Prepayments	36,020	(36,020)
Trade and other payables	20,239	29,376
Inventories	-	(395)
	98,041	(21,332)

32. Commitments

IT Support

The company has entered into a service provision agreement with Siemens. Commitments regarding IT support are as follows.

Minimum payments due

- within one year	6,117	-
- in second to fifth year inclusive	30,886	-
	37,003	-



TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
33. Related parties		
Relationships		
Shareholder		The Government of the Republic of Namibia
Joint ventures		Refer to note 6
		Swakopmund Station Hotel (Pty) Ltd
		Namibia Northern Railway Project
Members of key management		JA Cilliers (Director)
		○ Namaandwa (Director)
		○ Namibia (Director)
		F Lameck (Chairperson of the Board)
		SN Naanda (Deputy Chairperson of the Board)
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Air Namibia (Pty) Ltd	(4)	175
Meat Corporation of Namibia	-	7
Namibia Airports Company	-	1
Namibia Post and Telecom Limited	383	28
Namibia Water Corporation (Pty) Ltd	12	11
Namibia Wildlife Resorts Company	5	4
Namibian Ports Authority	(192)	7
Roads Authority	(1,553)	4
Roads Contractor Company	19	2,536
New Era	(9)	(32)
Namibian Ports Authority	-	(72)
Related party transactions		
Electricity expenses paid to related parties		
Namibia Power Corporation	567	452
Transport sales to related parties		
Agricultural Bank of Namibia	-	(2)
Meat Corporation of Namibia	-	(37)
Namibia Airports Company	-	(1)
Namibia Post and Telecom Limited	(694)	(187)
Namibia Power Corporation (Pty) Ltd	(210)	(29)
Namibia Water Corporation Limited	(27)	(21)
Namibia Wildlife Resorts Company	(1)	(6)
Namibian Ports Authority	-	(42)
Roads Authority	-	(42)
Roads Contractor Company	(5,154)	(4,826)
Rent paid to (received from) related parties		
Air Namibia (Pty) Ltd	-	(1,339)
Meat Corporation of Namibia	-	(34)
Namibia Post and Telecom Limited	-	(468)
Namibia Water Corporation Limited	-	(7)
Advertising fees paid to related parties		
Namibian Broadcasting Corporation	42	45



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Notes to the Annual Financial Statements

	2008 N\$ '000	2007 N\$ '000
33. Related parties (continued)		
New Era	131	43
Accommodation income received from related parties		
Air Namibia (Pty) Ltd	-	(16)
Roads Authority	-	(4)
Roads Contractor Company	-	(8)
Cargo handling expenses paid to related parties		
Namibia Ports Authority	2,886	9,111
Licence and registration fees paid to related parties		
Road Fund Administration	6,698	8,239
Telephone expenses paid to related parties		
Telecom Namibia Limited	3,507	4,341
Postage fees paid to related parties		
Namibia Post Limited	-	90
Travelling and accommodation expenses paid to related parties		
Air Namibia (Pty) Ltd	-	11
Namibia Wildlife Resorts	44	30
Repairs and maintenance expenses paid to related parties		
Windhoek Maschinen Fabrik	-	10
Tourism levies paid to related parties		
Namibia Tourism Board	-	2
Compensation to directors and other key management		
Short-term employee benefits	-	204

Related party transactions were carried out on commercial terms and conditions at market prices.

34. Prior period restatement

Following the confirmation of certain terms and conditions of the loan from the Government of Namibia, adjustment to the interest and foreign exchange gains or losses relating to 2007 were processed. No adjustment to 2007 opening retained earnings were required.

Executive

	Net loss	Non current liabilities	Interest in joint venture	Total
2007 as previously reported	34,406	114,405	(5,049)	-
Correction of JV profit	5,650	-	5,650	-
Interest and foreign exchange translation	6,635	6,634	-	-
2007 as restated	46,691	121,039	601	-



TRANSNAMIB HOLDINGS LIMITED
Annual Financial Statements for the year ended 31 March 2008

Detailed Income statement

	Note(s)	2008 N\$ '000	2007 N\$ '000
Revenue			
Rendering of services		476,823	425,860
Rental Income		14,670	14,324
	21	491,493	440,184
Cost of sales			
Purchases		(162,379)	(136,246)
Gross profit		329,114	303,938
Other income			
Commissions received		291	286
Recoveries		97	31
Sundry revenue		8,641	2,937
Other income		1,928	1,141
Dividend revenue	24	3,519	10,832
Interest received	24	2,012	2,585
Gains on disposal of assets		1,949	20
Profit on exchange differences		9,404	-
Fair value adjustments	25	13,455	6,003
Income from equity accounted investments		854	1,735
		42,150	25,570
Expenses (Refer to page 45)			
		(588,108)	(365,350)
Operating loss	23	(216,844)	(35,842)
Finance costs	27	(26,824)	(10,849)
Loss before taxation		(243,668)	(46,691)
Taxation	28	10,106	-
Loss for the year		(253,774)	(46,691)



The supplementary information presented does not form part of the annual financial statements and is unaudited

TRANSNAMIB HOLDINGS LIMITED

Annual Financial Statements for the year ended 31 March 2008

Detailed Income statement

	Note(s)	2008 N\$ '000	2007 N\$ '000
Operating expenses			
Advertising		(907)	(1,149)
Auditors remuneration	29	64	(361)
Bad debts		5,845	(3,403)
Bank charges		(454)	(481)
Commission paid		(279)	(228)
Computer expenses		(743)	(2,628)
Consulting and professional fees		(3,307)	(3,438)
Consumables		(3,813)	(3,189)
Depreciation, amortisation and impairments		(59,807)	(31,550)
Discount allowed		(307)	(290)
Donations		-	(14)
Employee costs		(193,115)	(187,109)
Entertainment		(81)	(191)
Advertising		(39)	-
Barloworld profit share		(3,585)	(5,718)
Import VAT		-	(1,202)
Road and air freight		(58)	(11)
Licence fees		(7,105)	(5,018)
Demolition costs		(46)	-
Bursary payments		1	(11)
General		(1,861)	(1,441)
Interest on taxes		-	(9,355)
Tourism levy		(2)	(1,032)
Fines and penalties		(207,995)	(8)
Insurance		(3,296)	(5,096)
Lease rentals on operating lease		(23,374)	(28,179)
Legal expenses		(6,516)	(6,096)
Loss on disposal of assets		(494)	-
Loss on exchange differences		(290)	(3,719)
Postage		(103)	(220)
Printing and stationery		(1,601)	(1,452)
Protective clothing		(1,670)	(1,515)
Repairs and maintenance		(49,048)	(38,022)
Security		(3,083)	(2,341)
Subscriptions		(441)	(159)
Telephone and fax		(3,112)	(3,541)
Training		(869)	(1,604)
Travel - local		(3,224)	(2,817)
Utilities		(13,393)	(12,762)
		(588,108)	(365,350)

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