INTEGRATED ANNUAL REPORT

2019 - 20

transnamib

Introduction

Our Reporting Approach and Framework

The Integrated Report is the primary report to our shareholders, stakeholders and investors. Therefore, this report represents our best efforts to align with the requirements of the International Integrated Reporting (IR) Framework and principles of the NamCode, International Financial Reporting Standards (IFRS) and the Companies Act of Namibia.

Successful and comprehensive integrated reporting is a learning process, therefore TransNamib remains committed to this journey towards best-practice reporting methodology.

TransNamib, as a state-owned enterprise has an obligation to prepare an integrated report every year that conveys a balanced and transparent account on how it creates value through utilisation and impact on various capitals which are; Financial, Intellectual, Human, Manufactured, Social/Relationship and Natural/Environment.

Reporting Approach and Framework

The report covers activities of TransNamib for the period 01 April 2019 to 31 March 2020.

Theme

Theme: Rail It! Growing our core business

Our theme - "Rail It! Growing our core business" compliments our tagline "Rail It!" and further highlights the focus on growth of our main activities. In line with our Integrated Business Plan (ISBP), our strategy must influence the movement of commodities from road to rail to increase the market share for rail transportation in Namibia.

The FY2020 presents our perspectives on why TransNamib is a good corporate citizen with the ability to generate value. Recognising that our ability to deliver value depends on our relationships, and on the health of the societies and economies in which we operate, it is vital to understand how we are doing to deliver societal value.

TransNamib mainly reflects its future business context, and to assess positioning of the company to ensure success in a challenging business environment through the implementation of strategic objectives, by focusing on its core service which is rail.

It is envisioned that by 2023 TransNamib would have a portfolio of Rail Transport Agreements amounting to 3 million metric tonnes per annum. This is why it place significant focus on our core business to reach that growth. Rail transportation is a more environmentally friendly mode of transport and by growing core business and getting a bigger share of the market, the impact on the environment is less.

The theme supports values of integrity, transparency, innovation, teamwork, discipline and accountability of the company. As it operates in an environment with modern technology, TransNamib must aggressively promote the idea of being innovative to better serve our customers and create value. TransNamib's philosophy of going "back to basics" is people-centred and customer focused to deliver the required innovation.

Board responsibility and approval

Materiality

The Board considers a matter to be material if it has, or may have, a material impact on the company's ability to create value in the short, medium and long term for its shareholders and stakeholders, and is specific to TransNamib's operations.

The material matters are linked to the company strategic value drivers which are; the focus of Integrated Strategic Business Plan and planning processes.

Forward-looking statements

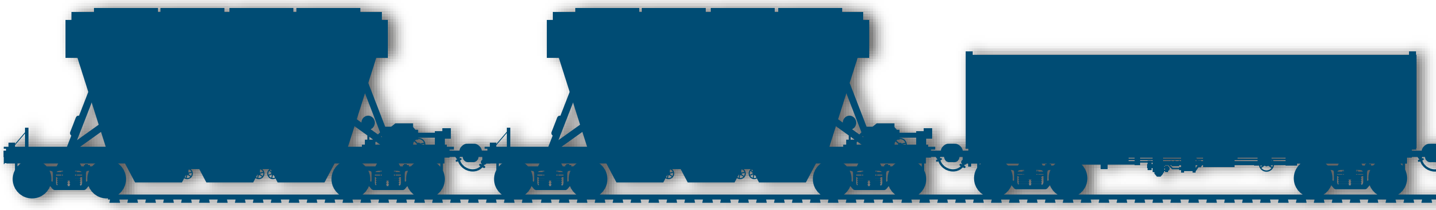
This report contains certain forward-looking statements with respect to TransNamib's financial position, results, operations and businesses. These statements and forecasts may involve risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements.

Statement of Responsibility and Approval

As a Board of TransNamib, we have applied our collective mind to the preparation and presentation of the information in this report. We acknowledge our responsibility to ensure the integrity of this Integrated Report. In preparing and approving the content, we have aligned with the <IR> Framework, Public Enterprises Act 2019 and the principles of NamCode.

The Board approved the integrated report annual financial statements on 02 December 2020.

Contents

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About TransNamib

Who we are

Company Mandate and Role

TransNamib's mandate links in with it's national objectives outlined in Vision 2030, NDP 5 and the Harambee Prosperity Plan. In terms of TransNamib’s Memorandum and Articles of Association, the main business which the company is to carry on (i.e. its purpose and its main object) are as follows:

- To provide and promote, either, by itself or through any subsidiary company, transport services in Namibia or elsewhere by managing, developing and utilising the resources and assets at its disposal;
- To manage and develop, either by itself or through any subsidiary company, immovable property, including such property as may be transferred to it by virtue of section 14(1)(a) of the National Transport Services Holding Company Act, 1998 (Act No. 28 of 1998); and
- To conduct, either by itself or through any subsidiary company, and with the consent of the Shareholder Minister, any other business, on a commercial basis.

Our Vision & Mission

VISION

Our Vision

The preferred bulk transporter of Namibia

MISSION

Mission

To ensure world class railway services and generate return on investment for our shareholder.

Core Values

Integrity - We approach each other with respect and develop mutual trust by doing our work based on principles of honesty and fairness.

Teamwork - We see and value each other in all our amazing diversity and uniqueness, helping each other and using our different qualities to everyone's advantage, as we are working together towards achieving our goals in line with our vision.

Transparency - We believe that being clear, just and open is essential for building genuine trusted relationships, and it is the foundation for an ethical and successful business.

Discipline - We are committed and seek intrinsic motivation for focusing our energy on our work and on serving the greater purpose and strategic intentions of our organisation.

Innovation - We are flexible and open-minded, allowing our innate creative potential to unfold, and we support each other in the process of making new ideas become reality.

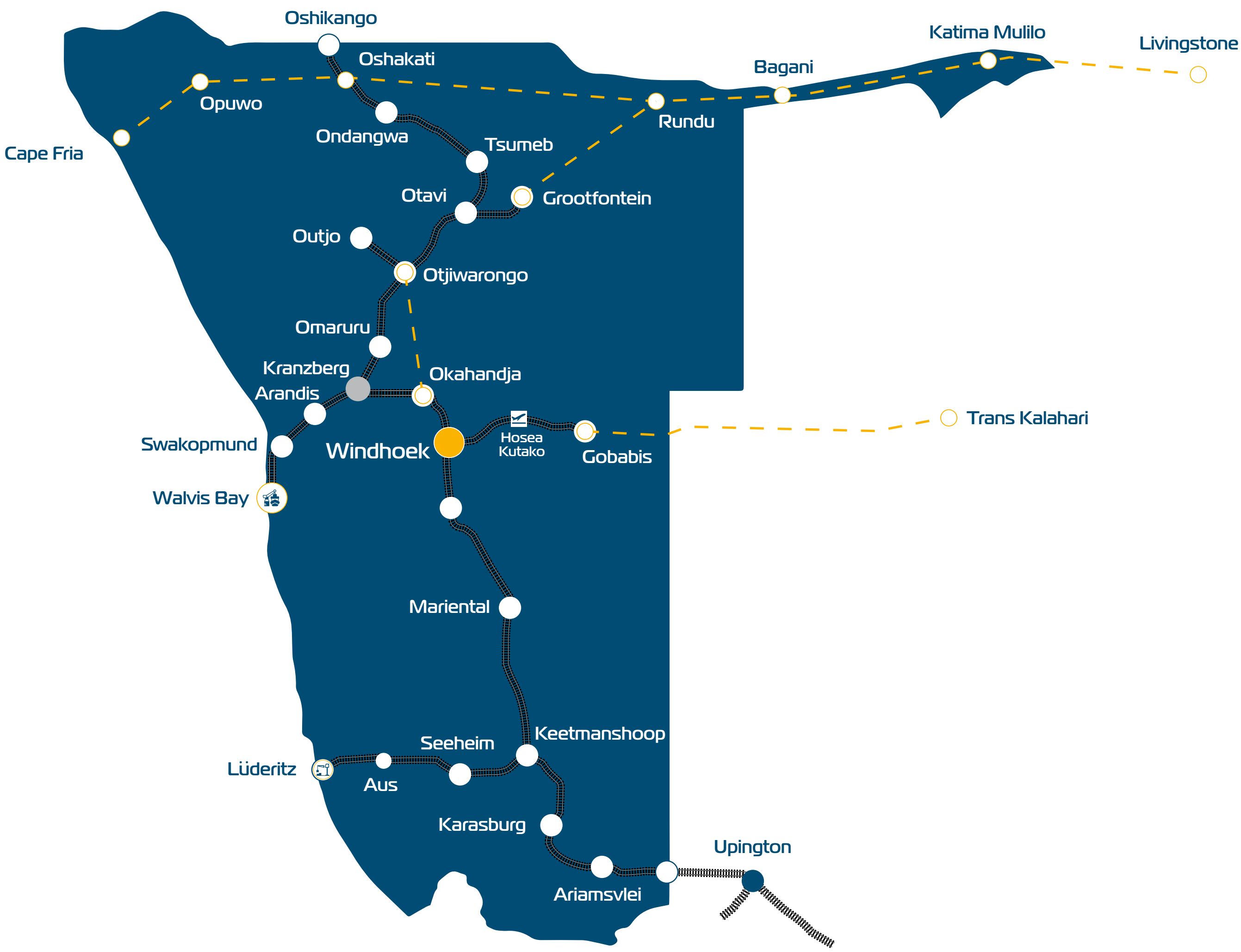
Accountability - We hold ourselves and each other accountable for what we say and do, and will take full responsibility for consequences of our actions, as we strive to 'walk the talk' on a daily basis.

Our Business

Where we operate

TransNamib's headquarters is located in the capital, Windhoek and serves both Namibian and regional markets. It has a vast range of commercial deposits in all key towns in Namibia.

With railway lines that cover 2,682 kilometres countrywide, TransNamib is well positioned to serve all the major trade routes. Our network stretches from Nakop in the South, to Oshikango, in the Northern part of our country and from the central parts of the country to the coastal towns of Swakopmund, Walvis Bay and Lüderitz. On the eastern and north-eastern side, the railway line stretches up to Gobabis and Grootfontein respectively, providing interconnection to neighbouring countries via the Trans-Zambezi and Trans-Kalahari highways.



01

What we offer

TransNamib offers the following services which provide our revenue streams

- BULK FREIGHT
- WAREHOUSING
- BREAKBULK FREIGHT SERVICES
- TEMPORARY STORAGE FACILITIES
- PASSENGER SERVICES
- PROPERTIES

Timeline of key events/Highlights

JULY 2019

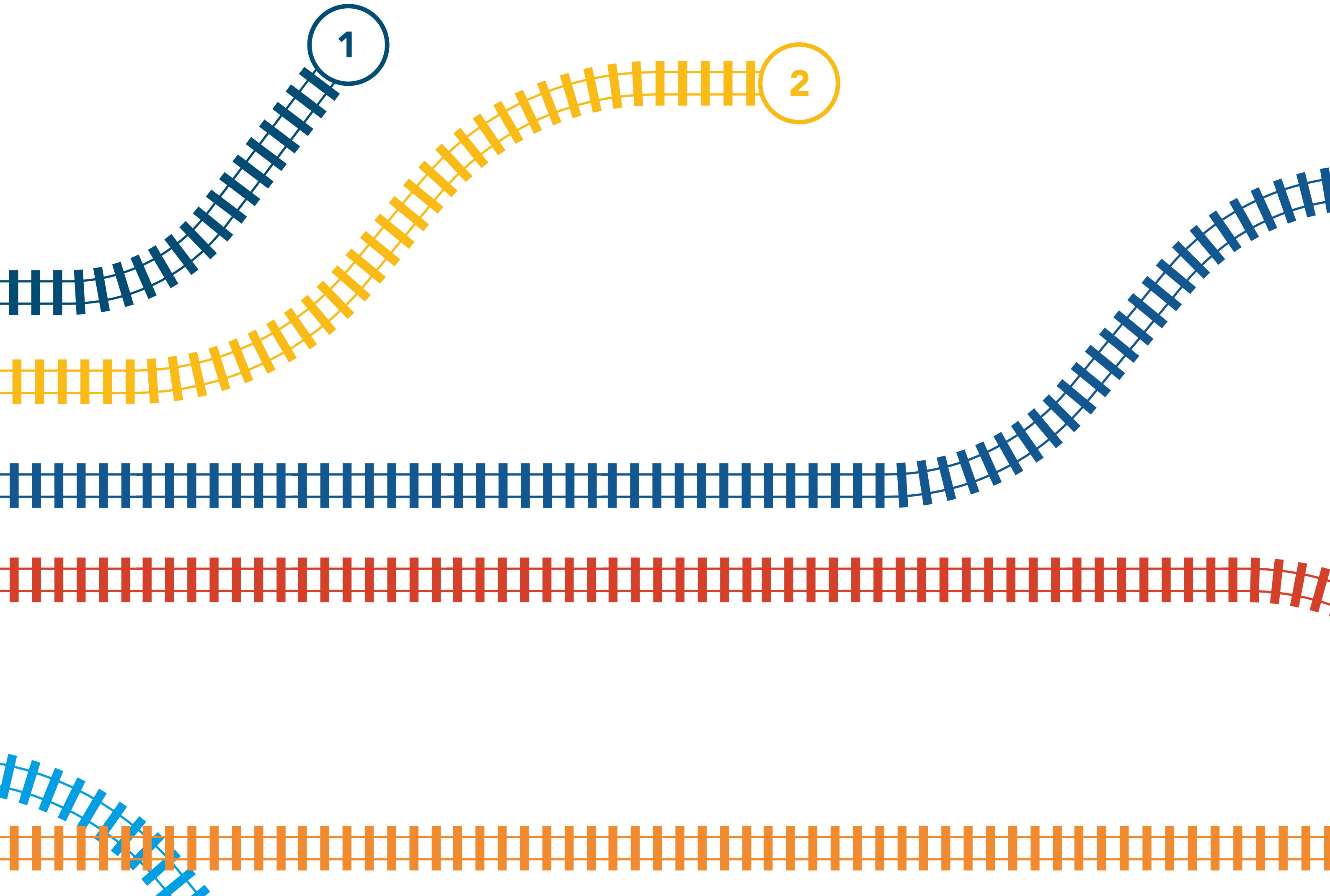
Launch of Tamping Machine

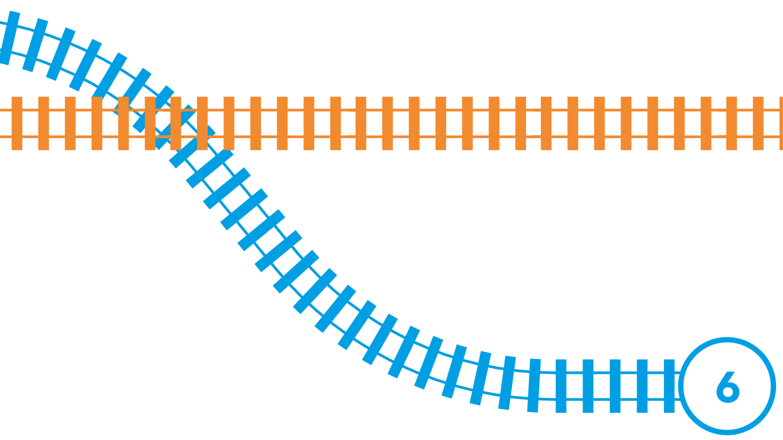
Tamping Machine - model 08-16 Split Head was launched at Omuthiya in July, it is powered by DEUTZ diesel engine and can travel across the country at speeds of up to 60mph (100km/h). This modern high-performance tamping machine has a measurement system enabling it to understand where faults exist on the track. It is estimated that the asset life of a tamper machine is 15-20 years.

AUGUST 2019

TransNamib reopens route between Keetmanshoop and Lüderitz

The route between Keetmanshoop and Lüderitz which was closed for 18 years has been reopened. The route has become a major revenue source for TransNamib in terms of moving manganese, with the company moving more than 15,000 tons per month. TransNamib also employed about 150 people in the South in 2019 to support the growth the company experienced in moving the manganese from Ariamsvlei up to Lüderitz.





FEBRUARY 2020

Desert Express excites the local market

TransNamib re-introduced its luxury passenger train, the Desert Express; which was locally manufactured and targets tourist and higher LSM markets. The Desert Express not only caters for individuals who want to experience an unforgettable weekend away, but also hosts specialty events such as the Valentine's aboard the Desert Express event which was held on 14 February 2020.

SEPTEMBER 2019

Lifetime Achiever's Award

TransNamib CEO, Johny Smith scooped the overall Lifetime Achiever's Award at the prestigious Titan CEO Global Awards in Johannesburg, South Africa. The award is amongst the highest of its kind and placed Namibia on the map for organisational excellence in leadership.

3

NOVEMBER 2019

Southern Africa Railway Association (SARA) Board

TransNamib hosted the SARA Board meeting in Windhoek on 28 November 2019 at the Windhoek Country Club. The exclusive event brought together 30 representatives including the Minister of Works & Transport, Hon. John Mutorwa, Minister of Public of Enterprises Hon. Leon Jooste, Chief Executives Officers, SARA Exco, Railway key players, TransNamib staff and media representatives from SADC.

This flagship initiative was launched in 1996 to promote the business interest of regional railways in terms of infrastructure, technology, regulatory, supply and business-to-business connectivity.

4

5

FEBRUARY 2020

TransNamib successfully hosts first AGM in seven years

TransNamib hosted its first Annual General Meeting (AGM) in six years where it presented its shareholder with an unqualified audit for the 2018/19 financial year on the 28th February 2020.

During the AGM, TransNamib announced that during the 2018/19 financial year revenue of N$517 million was generated which equates to a 10.5% increase in revenue year on year. Despite the challenge of rolling stock, the company managed to attain its highest percentage increase in revenue in over a decade.

Our Leadership reports

Chairperson’s statement

This year has been a busy and eventful year for the Board of Directors and the company, marking our first full financial year as a Board.

Inheriting a number of corporate governance challenges and a company in financial distress from our predecessors, it was important for the board to immediately commence and focus on what we can change to enhance the strategy of the company. From the board's perspective, we then immediately zoom into specific topics and engage management on providing an in-depth look into certain strategic matters. Some of these matters included rolling stock reliability, customer services, overtime, historical litigation matters, organisational redesign and cost optimisation.

One of our key noticeably improvements this year has been a stronger property portfolio with a 29% increase in revenue from the previous year; the first AGM held in 6 years; the first unqualified audit report in more than a decade and resolving 40% of the historical litigation matters.The 2019/20 financial year was a pivotal year for TransNamib as we launched a new company brand, and repositioned the company for the future.

While we remained challenged in various areas and capacities, we delivered on our priorities as per the Integrated Strategic Business Plan. Throughout the year, the focus on improving the business continued with tangible results in efficiency improvements. It is however clear that a lot still needs to be done at the company before railway sets itself up to become a major player in the transport industry.

At TransNamib, we are committed to playing a leading role in the transportation of bulk freight into, within and out of the country and creating linkages between out coastal ports and neighbouring countries. We believe that a strong railway network, moving more freight by rail is better for the road infrastructure and road users in general. In this financial year, we made efficiency improvement a core component of who we are, how we work, and how we approach the future.

Transnamib is a rail operations company, and our purpose is to take rail transportation forward, making it profitable, safer, more efficient and more cost effective for the country and our customers at large. Our mandate aligns to our core strategy and values, and it underpins our financial objectives.

We have laid the foundation to deliver higher-productivity from our integrated portfolio of rail operations and property, to develop rewarding products and service for our customers and to achieve industry-leading returns for our shareholder in the long term.

Looking forward, it is not just the transport industry that is changing. The convergence of technology and data analytics is transforming the way the world works from how we communicate and interact, to how we move our commodities and develop systems for products and services. These changes are happening faster than ever.

02

Corporate Governance and Leadership

It was commendable that most of the Directors formed part of the Board Leadership & Corporate Governance Masterclass training coordinated by the Ministry of Public Enterprises as well as the additional induction training coordinated by TransNamib. I was privileged to form part of the Corporate Governance session which was organised by the Ministry of Public Enterprises which covered matters of performance of SOE's.

Through our efforts as a Board to improve corporate governance and compliance at TransNamib, we approved a number of policies during this reporting period. Among these, was the Performance Management Policy which will serve as the vehicle to transform the culture of the company.

I would also like to welcome a seventh board member, Engineer Erastus Ikela who joined us this year and believe that his skills will complement the rest of the team in our endeavour to lead this company to greater heights. In addition, an Internal Auditor was appointed after a vacancy in the position for more than six years at the company. The board has already been presented through its Risk and Audit committee, with a Corrective Action Tracking system for identified control weaknesses, which implementation will enable the board to assess the implementation of control improvements on identified weaknesses.

Positioning our rail business

Building our rolling stock and infrastructure capacity remains critical to the success of our future. A project to remanufacture about 33 locomotives has been submitted to the Central Procurement Board for approval. Once the fund-raising currently underway is resolved, this important project to improve our freight capacity will commence. Our strategic plan hinges on this important project, as a key enabler for our company to be able to compete with road users for bulk freight.

Capacity building for our human resources and remapping of keysystems and processes to advance our business model has been some of the projects that the company has been focusing on during this reporting period.

The implementation of the strategic plan has been negatively impacted by unavailability. However, within the first two years of our business plan, we have made progress including creation of a new identity, building capacity at all levels of the company, and delivering on some of our financial objectives, while continuing to improve our operations and execution of services.

Our approach is focused on growing the freight business, which is a critical enabler in generating higher returns and strong free cash flows for the company in the medium to long term. We have put in place plans to excel in this, and deliver better efficiencies and improved service delivery to our customers.

During the year, we continued to work with our customers and partners to build capacity in current and new markets which will create larger volumes of freight in the long term. We do not just see opportunities for growth in the domestic market, but a lot of growth from neighbouring countries' freight, which has the ability to assist us in achieving our strategic initiatives organically.

At TransNamib, we are uniquely positioned to compete and win in this environment. We have a unique portfolio, building an unmatched technical capability, and a leading low-carbon offering. We also have a solid strategy to guide us, focusing on becoming more competitive today, while positioning ourselves for the future.

The rate of change at TransNamib and the rail business in general requires a fundamentally new approach to the industry. The demand for our services is there, but we need to explore how we can improve our capacity and reliability to ensure higher customer uptake in the medium to long term. However, the onus is on us as TransNamib to make it more efficient. We believe those who can adapt and use change to their advantage will increasingly separate themselves from those who will be left behind.

Strategy & Plan

The financial year marks the second year of the implementation of the company's Integrated Strategic Business Plan (ISBP). It has been an active year for the board since we had to define and adjust improvements on the structure for corporate governance, but at the same time ensure that we lay a foundation for growth and development within the company.

This financial year represented improvement and an exciting new beginning for TransNamib. We made progress toward our strategic and financial goals, delivering on the framework as outlined in our business plan. We achieved a major milestone in closing the road business, and launching of a new corporate brand that will position us for the future. We are a transport and logistics company, supported by a massive property portfolio and we know what we need to do to perform in the years ahead.

Financial Performance

Freight revenue in 2019/20 is a 1% higher than the previous year, whilst Property revenue increased by 29%.

TransNamib continues to experience significant cash flow challenges impeding operational growth in the short term. The Government has reduced its grant funding to the company by more than N$150 million, exacerbating the financial situation of the company.

The state of the locomotive fleet does not provide enough capacity to the company to improve its revenue and the remanufacturing project for the old locomotives remains a critical project for the sustainability of the company.

The Integrated Strategic Business Plan requires funding of N$ 2.5 billion over a period of 5 years. In our quest to secure this funding, we had several discussions with various funding entities to source funding for the business plan.

Critical to our business growth

Whilst the company is still in a critical financial position, we remain focused on putting structures in place and building capacity at all levels of the organisation to ensure that the train reaches its destination at the end of the five-year business plan. Critical to our success is the procurement of remanufactured locomotives to add to the medium to long term operational capacity of the company and the sourcing of funding for the business plan.

The board is proud that the full Executive team complement was appointed during the financial year to support the CEO in implementing the ISBP. A lot is expected from this experienced team, who bring with them, several years of diverse experience.

Our view on the future

As we execute our operational, financial, and strategic goals, we are also mindful of the ever-changing macro backdrop across the transport and logistics markets. Additionally, digital transformation remains a key imperative for the industry as our customers continue to look to technology and innovation to improve productivity, efficiency, and safety.

I want to thank our partners and suppliers for a reasonably successful year, albeit under very difficult economic conditions. I also want to express my deep gratitude to our shareholders, who has invested in our company and indeed in the future of the logistics industry in Namibia and the SADC region. I would fail in my duty if I do not thank them for the investments in the Port of Walvis Bay, whose full potential will steer Namibian growth for the near future.

Lets "Rail IT! forward – together

I want to thank all our dedicated employees, for the progress we achieved in the company thus far. I salute you, our clients, for the commitment and preference for the railway and for your continued support for TransNamib.

A special thank you to the Management who, despite operating in a difficult environment, still achieved progress on matters of increased sustainability for the company in the long term. I wish to applaud the rest of my colleagues on the board for their availability and valuable input during the course of the year to progress on strategic matters of the company.

Lastly, on behalf of the Board, our appreciation goes to the Government's continued commitment and support for TransNamib, specifically the Minister of Public Enterprises and the Minister of Works of Transport. The railway line belongs to the government, and your continued investment in the railway line refurbishment, makes our work easier as the only rail operator in the country.

CEO's report

TransNamib Holdings Limited (TNHL) remains in a challenging financial position, despite an improvement in its business operations. The two main challenges of the company remains its short-term cash flow position as well as limited capacity with respect to the number of locomotives serving its operations.

The procurement process for the remanufacturing of 33 locomotives has commenced and after the internal process the document was forwarded to the Central Procurement Board who will handle the procurement through an open bidding process.

The Executive team is in full swing with the implementation of the ISBP. Sourcing for short term funding continued during the period with various discussions with commercial banks.

The fatigue of the railway network continued to put pressure on our train operations as more speed restrictions are put in place each and every year and having a negative impact on train movements. It is however positive to note that the Ministry of Works & Transport has managed to confirm the commencement of the rehabilitation programme of the railway line between Walvis Bay-Kranzberg which will start in the new financial year.

Various efforts are being put in place to constantly grow the freight volumes by rail through customer engagements, project development, sales and general marketing at various platforms in and outside the country. Focus is maximised on the rail routes where we have limited freight volumes. The limited number of locomotives available to operations is a continuous challenge to enhance our marketing campaign.

A new brand for TNHL was developed and the new identity created a lot of positive feedback amongst our customers and other stakeholders. We have started to implement the new Corporate Brand which was launched on 24 April 2019 through our new vehicle fleet as well as other material and equipment that is undergoing maintenance and replacement from time to time. The continuous efforts of the Property department, to improve its administration of contracts as well as increasing the collection rate has paid off with a year-on-year increase in property revenue with 29% at the end of the financial year. This helped to increase revenue for the company to 4.5% compared to the previous financial year.

The appointment of the four remaining EXCO members for Corporate Services, Operations, Commercial & Marketing and Finance at the beginning of February, 2020 was much needed to fill the long-standing gap created through Acting Executives and the accompanying lack of capacity to fulfil the mandate of driving the company's agenda and fast tracking the implementation of the ISBP. The negative impact of the COVID-19 pandemic was already felt in January 2020 as volumes slowly started to drop due to reduction in international trade.

Corporate Governance and compliance

The first Annual General Meeting for TransNamib in six years was held on the Desert Express on 28 February 2020 with the Ministry of Public Enterprises, Board of Directors and the Executive team. The critical position of Manager Internal Audit was not filled since 2013 and this had seen this function not being carried out in the organisation for almost 7 years. The filling of this vacancy will go a long way to put up the necessary controls in the organisation that are currently lacking.

The Internal Audit Manager has been appointed as part of the new Corporate Services department where the other services such as rail safety, security services and environmental services are hosted.

Implementing our Business plan

The implementation of the ISBP continued during the year. The strategic pillar of the plan: the remanufacturing of 33 Locomotives, has taken very long to be approved by the Central Procurement Board. This has a significant impact on the non-delivery of the company's growth in freight volumes and meeting of revenue targets.

The sourcing of short-term and long-term funding to create more capacity for the company in line with its ISBP has been the main area of focus during the past quarter for the CEO's office as well as the Finance department.

Engaging our stakeholders

Continuous engagement at all levels with shareholders, employees and other stakeholders is ongoing and more positive feedback is being received from our shareholder, customers and suppliers as well as the public at large. The change in the company's perception is improving, but various efforts still need to be put in place to ensure continuous improvement of the company. Specific internal and external campaigns were introduced through the dissemination of information and services of TransNamib.

From an internal perspective the focus has been to update staff on company progress, staff profiles, freight movement and policies through the weekly and monthly newsletters of the company. From an external perspective various social media information provided an update on TransNamib's progress as well as interviews with radio, television and print media. During the month of October 2019, the CEO hosted media representatives from print, radio, television and social media on the Desert Express in order to share new developments within the organisation.

The CEO continued to engage on various regional and international platforms such as the Ports Evolution, Southern African Railway Association (SARA), and Africa Rail to improve the brand recognition and company achievements as transformation of the sole railway operator in Namibia continued. The aim of these engagements is to change the perception about TransNamib and promote the transformation of the company. TransNamib also hosted the SARA Board meeting in Windhoek during November 2019 where all the railway authorities from the SADC region participated. I am also honoured to have been appointed as the Vice-President of SARA in June 2019 and have since been part of the effort to develop railways further in the region and continent.

As we are focusing on improving our service delivery and creating more reliability with our ageing rolling stock, we are surely improving our setting with our customers and increasing stakeholder confidence in the company.

Culture change & people development

Continuous engagement with the staff took place throughout the year with it being anchored on the CEO briefing various departments and stations throughout the country focussing on the company goals as envisaged in the ISBP. This communication has been supported by our internal communication strategy. The strategic partnerships with various training institutions such as NUST, NTA, NIMT and WVTC remain critical in the company's quest to have adequate technical expertise by 2023, with more than 86 TNHL apprentices and trainees in various learnership programmes. Additionally, the company also trained 47 members of the Train Crew team on mandatory training such as the transportation of hazardous products. The recruitment of Zimbabwean Trainers and 2 DE Fitters during this financial year served as a major milestone in invigorating the DE Fitter training which has been seriously lagging behind the actual needs of the organisation. The DE Fitters will boost the much-needed manpower in the workshops.

As part of our initiative to build more capacity for staff members at supervisory and management level we enrolled 10 employees on a Management Development Programme (MDP) and 15 employees on the Supervisory Development Programme with NUST during this reporting period. This represents a major leap forward by the company, bearing in mind that training and development has not been available in the company, perhaps for two decades. The major objective is to enhance management skills within the company.

Furthermore, the company has been busy with consultations with staff members across the country during this quarter, to discuss the review of the business processes as well as the implementation of the performance management system, through a balanced scorecard platform. The company has taken a major leap in deciding to gradually own manage the Gammams Training Centre that had previously been completely outsourced. It will be a gradual process because the company is not in a position to afford the renovations and fittings that would need to be in place in order to fully take over the facility.

Through a continuous communication programme and workshops with staff, including education and dissemination of the Industrial Relations policy there is significant progress that can be observed through the continued lowering of a number of labour cases in the company.

The staff redeployment process continued in earnest in this reporting period. Most of the employees have now been redeployed throughout the company. During this financial year we have also commenced with the Process Mapping and Performance Management initiatives in earnest. These two projects will run in parallel and support the best ways of doing business. With technology and innovation TransNamib, will speed up service delivery and enhance customer experience. The company has also been selected to form part of the performance agreement – project which is managed by the Ministry of Public Enterprises and supported by GIZ. TransNamib therefore formed part of the benchmarking study trip to Rwanda in November 2019 to learn about the implementation of PMS within the Government and SOE's of Rwanda.

In this reporting period, management established a Management Committee (MANCO). Management had identified the lack of MANCO meetings as one of the major missing links in the successful implementation of organisational plans and goals.

Financial Perspective

The company is still challenged with financial limitations in the short term which restricts basic maintenance for rolling stock and other critical equipment. It is therefore important that we find ways as to how to provide short medium term cash injections into the company to ensure regular maintenance and thereby provide capacity to grow our business and our revenue base as a company.

Planning and discussions are being followed up with financial institutions to prepare for short term and medium-term funding for the company which is in line with the ISBP. Discussions took place with various financial institutions on the short and long-term funding options. During this period of review, it has been difficult with the absence of a substantive Executive: Finance for the larger part of the reporting period which had an impact on the financial administration of the company as well as the prudent management of the finance department.

Although we did not achieve our budget this financial year, we are pleased to announce an overall increase of 4% in the company's revenue. We however had a significant increase in the revenue from our property portfolio which increased by 29 % against the previous financial year. This is mainly due to the improved administration of the property portfolio, catching up with the backlog, attaining more reliable customers and focusing on new business opportunities which also allowed for the increase in the ROA.

Property portfolio re-alignment

In the 2019/20 financial year, the focus was on improving operational efficiency, increasing the revenue earnings, increasing utilities recoveries, improving the value of investment properties through both maintenance and development as well as finalising and implementing the Properties Strategic Plan.

During the period under review, the department continued to work on its processes improving efficiencies, whilst at the same time updating the outdated documents and contracts. To this end, most of the focus was on administrative processes and finding solutions relating to administrative matters.

During the year, the Board of Directors decided to terminate all Joint Venture Agreements and long-term Leases, which were not yet cancelled as per the Cabinet and the Minister of Works and Transport directive of 2014. The directive on 4 March 2013 informed TransNamib to terminate all the lease agreements with immediate effect and to develop its properties on its own or through its wholly owned subsidiary, as per the National Transport Services Holding Company Act 28 of 1998 (the Act). The Minister further elaborated that the agreements are not in the public's interest given its biased and unreasonable terms against TransNamib and that the agreements are unlawful and therefore should be set aside.

TransNamib entered into a Service Level Agreement with the National Youth Service (NYS) for a period of one (1) year from 01 May 2019. The scope of this agreement was for NYS to render security services on a 24-hour schedule to safeguard premises, buildings and equipment of TransNamib in the Central, Western, Northern and Southern regions.

Although currently the security function has been outsourced, the overall responsibility remains with the corporate service department.

Engineering Perspective

Despite the reduction in the average failure rate for locomotives for the period, from 10.8 to an average of 10.0 which is still much higher than the industry average of 4 locos per 100,000 km. This is a direct result of the ageing locomotives of TransNamib, 85% of its current fleet being more than 50 years in service.

During the past financial year, the heavy maintenance work continued between Kranzberg and Tsumeb performed by external contractors and sections of the line handed over to TransNamib when completed. The poor quality of the railway network for some of the sections of that line continue to provide a hinderance to locomotive speed and service delivery for TransNamib's trains as well as derailments that occur from time to time. TransNamib continued to focus on minor maintenance of the railway network to ensure the efficient movement of trains.

A concerted effort was put in place during this period to get the rail line between Aus and Lüderitz open to start moving manganese as from August 2019. A total of 150 staff members were appointed during this period in the South, the majority of whom were permanent way staff doing maintenance on the railway line between Ariamsvlei and Lüderitz. 85% of our rolling stock is more than 50 years old and is unreliable presenting TransNamib with a very difficult rail operating regime.

The availability for locomotives to operations has declined during the year from 75% in the first quarter to 63% the last quarter of the year. This contributes to a reduction of freight volumes handled during the last quarter of the year. The slower delivery of parts due to cash flow challenges together with deferred maintenance of locomotives led to a high locomotive failure rate

The Supply, Delivery & Commissioning of Support Vehicles for TransNamib was also before the end of this financial year and provided the much needed support to the maintenance and operations of the company.

Operational Performance

There is a continuous need for overall improvement on freight ton kilometres and train hours by moving more freight volumes using fewer wagons and locomotives within shorter delivery times. Operationally, TransNamib however continues to be challenged due to aging and unreliable locomotives. Unreliable locomotives disrupt the planning of the trains, the departure and arrival times, and delivery of ordered consignments to clients. This in itself has a ripple effect on the client's businesses and on our bottom line.

A new schedule for the train service to the north has been introduced to assist customers with off-loading more efficiently and the first night train from Tsumeb to Ondangwa introduced. Locomotives' availability fluctuated on average between 35 and 37 for the period under review, but the availability of these locomotives remains limited since at least 10 of these locomotives break down enroute. The average utilisation of the locomotives was only 55% during the year under review, mainly due to the breakdown and unreliability of the locomotives.

During this financial year we started moving more than 10,000 tons of manganese on the train service between Ariamsvlei and Lüderitz, . This brought a lot of excitement in the Southern part of the country where train sightings had become rare and the route between Aus and Lüderitz had been closed for nearly 18 years.

Despite our locomotive challenges, there is still great interest in train commuting by passengers, especially between Windhoek and the South as well as Windhoek to Swakopmund/Walvis Bay. TransNamib has also run four test trains for passengers during the December holidays between Windhoek and the Northern towns of Ondangwa and Oshikango which was received very well by the public.

Technology & Innovation

The Technology and Innovation department was established tvvo enable the organisation to advance its business strategy through innovative products and services, technologies and digital platforms. The department aims to assist with the optimisation of processes, create customer value and grow the market share.

The development of a Transport Management System to support the SAP billing solution is progressing well, and is part of the company's strategic plan to replace the legacy system TRACCS.

Further to this, we have also introduced an inhouse train ticketing system for passenger services which was rolled out to all stations during the financial year. The Local Area Network (LAN) and Wide Area Network (WAN) services upgrade was completed during this financial year and resulted in an improved network infrastructure. This led to improved internet service and document capturing with a reduction in downtimes. This service allowed us to implement learning stations at the various Stations to provide access to all staff to computer facilities such as email, internet, etc.

A project tracking system for executives was implemented. It is a cloud based centralised system that is scalable and can be shared with departmental managers. This improved the transparency among the different departments, and promotes collaboration whilst avoiding duplication of activities.

The implementation of a board portal system during late 2019 as well as an online meeting communication platform allowed us to manage our communications better for all board and executive meetings as well as other levels of the organisation across the country.

Strategic business partnerships/opportunities

TransNamib and the Walvis Bay Corridor Group co-hosted an event in Grootfontein to start with the promotion of Grootfontein as a Logistics Hub facility for transit traffic between DRC/Zambia to the Port of Walvis Bay. TransNamib also engaged with Zambia Railways on the possibility of providing an intermodal link at Grootfontein for transit traffic between Namibia and Zambia up to Livingstone station.

TransNamib joined the Ministry of Works & Transport to Gaborone, Botswana to have follow up discussions through the Joint Commission between Botswana and Namibia to promote the development of the Trans Kalahari railway project. This project follows the partnership between TransNamib and Botswana Rail to engage on the development of a dry port at Gobabis station.

TransNamib and Transnet Freight Rail met at the Upington station to strengthen their partnership and to see how to grow the trade corridor for manganese and other commodities between the Northern Cape and the Port of Lüderitz.

Outlook for the Company

The future of TransNamib still offers a significant opportunity of growing the rail transportation in Namibia and pushing more freight from road to rail. The transformation process remains excruciating, but as an EXCO team we remain focused on the ultimate goal of developing the company into a profitable and sustainable business in the medium to long term.

With the implementation of the business plan of the company, we remain focused on growing the freight volumes across the country and various sections of the railway line, also looking at cross border opportunities to increase our volumes through strategic partnerships. At TransNamib we remain committed to working alongside stakeholders and playing our part in delivering the necessary reforms to ensure that our ISBP is being implemented to transform the company and the railways in general in Namibia.

I am also honoured to have been recognised as a lifetime achiever in the sector of CEO Global's Titans: Building Nations. The award was obtained after a competitive vetting process, which is the leading Pan African recognition programme honouring excellence in the private and public sector. The programme covers various economic sectors and, has for close to two decades, independently recognised those leaders who are at the pinnacle of their industry.

I would further want to thank the Board of Directors for their support during the past financial year as well as the dedication of the shareholder on their continued commitment to support the transformation agenda of TransNamib.

We still have many kilometres to travel to reach our company's full potential, but my confidence in the company's ability to execute our growth strategy is stronger than ever. It lies not only in the reach of our network and the effectiveness of the operating model, but in the quality of the team we have built.

Corporate Governance

Governance and Leadership Practices

Good corporate governance regulates the relationship between TransNamib's Shareholder, the Board of Directors and the Executive Management. In order to implement our Integrated Strategic Business Plan (ISBP), interaction with our key stakeholders is fundamental.

The value of good corporate governance and transparency in how TransNamib conducts its affairs will assist in growing the value of the TransNamib brand and business.

In accordance with the Public Enterprises Act (2019), the Board is the custodian of TransNamib's corporate governance, established in terms of the Public Enterprises Act to provide strategic direction and control over the affairs of the company. As such the board has established committees and has agreed with the Chief Executive Officer (CEO) on a delegation of authority.

The transformed TransNamib will ensure that:

1. Good governance safeguards are in place
2. Due financial management process is followed
3. Results reporting is timely and transparent
4. Company policies are updated to be easily accessible

03

Board of Directors

The Board of Directors are responsible for the control, supervision and direction of TransNamib. The TransNamib Board of Directors embraces the corporate governance principles as inscribed in the National Transportation Services Act (No. 28 of 1998), the Public Enterprises Act, 2006 and the best practices stipulated in the Corporate Governance Code for Namibia (NamCode). The adoption of these governance principles is underpinned by a sound ethical foundation through effective leadership, oversight and management accountability.

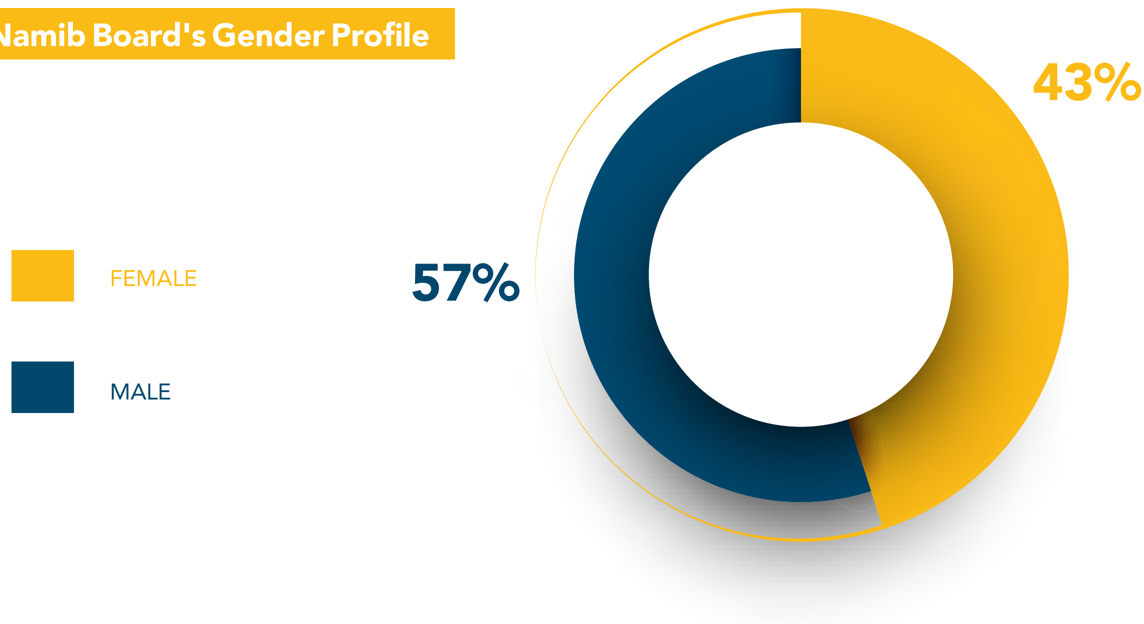
Board Composition

The Minister of Public Enterprises appoints the Board for a three-year term. TransNamib's Memorandum and Articles of Association provides that there shall not be less than three non-executive directors.

All members of the Board of Directors are non-executive directors with diverse skills, experience and backgrounds. They are principally free from any business relationship that could hamper their objectivity or judgement in terms of the business and activities of the company. All directors have unrestricted access to information, documents, records and property of the company in the interest of fulfilling their responsibilities.

The directors contribute a variety of skills, business acumen, independent judgement and experience on various issues, including strategy, corporate governance, performance and general leadership, whilst the executive management provide an operational understanding of the company.

TransNamib Board's Gender Profile



03

Board of Directors

Adv. Sigrid Tjijorokisa

Age: 53
Appointed: Feb 19

Committee(s)
Technology & Innovation

Qualifications and Credentials
LLB
Management DevelopmentProgramme (MDP)
Certificate in Legislative Drafting
Certificate in Corporate Governance
Advance diploma in Banking Law and Practice
Certificate in compliance Management

Gaenor C Michaels

Age: 44
Appointed: Feb 19

Committee(s)
Audit
Properties
Remuneration

Qualifications and Credentials
LLB IV
Certificate obtained from Rhodes Investec Business School
Legal Practitioners Board for Legal Education Certificate

Josephine Shikongo

Age: 36
Appointed: Feb 19

Committee(s)
Audit
Properties

Qualifications and Credentials
MPA: Strategic Public Management
and Leadership
Chartered Institute of Management Accountants (CIMA) (UK)
Chartered Management Accountant (ACMA)
Chartered Global Management Accountant (CGMA)
CIMA Advanced Diploma in Management Accounting
CIMA Diploma in Management Accounting
CIMA Certificate in Business Accounting
National Diploma: Accounting & Finance

Michael Ochurub (PhD)

Age: 58
Appointed: Feb 19

Committee(s)
Technology & Innovation
Remuneration

Qualifications and Credentials
Doctor in Philosophy
Masters of Education
Diploma in Computer Literacy (Dip. Comp Lit)
Bachelor of Education (B ED) Honours
BA Management Sciences
Higher Education Diploma
BA Human Resource Development (Honours)
Master of Philosophy – Human Resource Management

Oscar K Kaveru

Age: 55
Appointed: Feb 19

Committee(s)
Properties
Remuneration

Qualifications and Credentials
BSc Maritime Studies (Honours)
MSc: Maritime Transport
PhD Candidate: Transport & Logistics
(Stellenbosch University)

Vincent K Mberema

Age: 62
Appointed: Feb 19

Committee(s)
Audit
Technology & Innovation

Qualifications and Credentials
B.Com
Senior Management Development Programme
Diploma in Data Processing and System Analysis

Erastus N Ikela (Eng)

Age: 56
Appointed: Jun 2019

Committee(s)
Properties

Qualifications and Credentials
National Diploma (Civil Engineering
Bachelor of Engineering (Honours)
Masters of Business Administration

Board Committees

The Board is supported by five committees, namely audit, human resources, technology and innovation, properties and procurement. The Board's delegation of authority to committees contributes to role clarity and the effective exercise of authority and responsibilities company-wide.

Audit Committee

The Chairperson of the Audit Committee is an independent non-executive director and does not serve as the Chairperson of the Board. External auditors have unrestricted access to the Audit Committee, which ensures that their independence is not impaired.

Human Resources Committee

This Committee is responsible for making recommendations to the Board regarding TransNamib's remuneration strategy and related conditions of service.

Properties Committee

This Committee is responsible for making recommendations to the Board regarding TransNamib's properties.
Procurement (Tender) Committee

Procurement Committee

This Committee is responsible for making recommendations to the Board regarding TransNamib's procurement and tenders.

Technology and Innovation Committee

This Committee is responsible for making recommendations to the Board regarding TransNamib's technology and innovation.

Board Attendance

Membership and attendance of Board Committee Meetings FY2019/20

NAMES	BOARD *3 Meetings*	AUDIT COMMITEE *4 Meetings*	PROPERTIES COMMITTEE *4 Meetings*	HR/REMUNERATION COMMITTEE *4 Meetings*	SPECIAL BOARD MEETINGS *3 Meetings*	TECHNOLOGY & INNOVATION *3 Meetings*
Adv. Sigrid Tjijorokisa	3	1	-	-	3	3
Gaenor C Michaels	3	3	1	4	3	-
Josephine Shikongo	3	-	4	4	3	
Michael Ochurub (PhD)	3	-	-	4	3	3
Oscar K Kaveru	3	4	4	-	3	3
Vincent K Mberema	3	4	3	-	3	
Erastus N Ikela (Eng)	3	-	3	-	2	-

Total Payments for the year 2019/20

NAMES	TOTAL	BOARD RETAINER	SITTING FEES
Adv. Sigrid Tjijorokisa	254,373	136,757	117,615
Gaenor C Michaels	283,622	162,848	120,774
Josephine Shikongo	322,989	195,897	127,092
Michael Ochurub (PhD)	282,893	179,581	103,311
Oscar K Kaveru	314,155	182,301	131,854
Vincent K Mberema	283,092	178,085	105,007
Erastus N Ikela (Eng)	152,970	89,916	63,053
TOTAL FOR THE YEAR	1,894,098	1,125,389	768,708

Company Secretariat Function

The Company Secretary acts as the primary point of contact between the Board of Directors and the company. It provides provides professional advice on corporate governance principles and the requirements of the Companies Act.

Moreover, the Company Secretary is responsible for developing systems and processes to enable the board of directors to discharge its functions efficiently and effectively. The Company Secretary prepares Annual Work Plans for the board of directors and its committees in conjunction with the chairpersons of the respective committees.

These Annual Work Plans are approved by the respective governance structures for implementation. In consultation with the Chairperson, the Company Secretary ensures that the contents of the board agenda are relevant to the Board of Directors' decision-making and that the resolutions are communicated throughout the company in a timely and appropriate manner.

The board is committed to good corporate governance principles as required by the Public Enterprise Act 2019 and best governance practices enshrined in the Corporate Governance Code for Namibia (NamCode).

03

Our Strategy and Outlook

Stakeholders engagement and Material Matters

Our Stakeholder Relationships

TransNamib as a corporate citizen is part of the value chain. Our ability to deliver value depends on a a range of different stakeholders. Below we outlined those stakeholder groups with substantive impact, our means of engaging with them and the stakeholders' key interests.

STAKEHOLDER	CHANNEL OF ENGAGEMENT	KEY INTERESTS
Shareholder	Direct personal engagement Participation in consultations and forums Integrated and other statutory reports Submissions and engagements of TransNamib Website and social media platforms Company site visits	• Regulatory compliance • Responsible corporate citizen • Ethical governance and leadership • Sustainability of the Company
Investors	Business session Integrated and other financial reports submission	• Good corporate citizen • Corporate governance, compliance and risks. • Business strategy and sustainability
Employees and Union	Executive roadshows Management /employee meetings Management/union negotiations Union engagement sessions Policy workshops Company website/newsletters Social events Social media Electronic notices/notice boards	• Secured conditions of employment as per recognition agreement • Job satisfaction and conducive working environment • Employee wellness, health and safety • Culture change • Timely strategic information • Succession planning, personal development and skills training • Clear processes on ISBP implementation

04

STAKEHOLDER	CHANNEL OF ENGAGEMENT	KEY INTERESTS
Customers	Regular meetings Annual reports Website Customers Special Events Industry conferences	• Quality and consistent service • Accurate communication • Competitive contracts and price • Performance reliability • Enhancement of rail service delivery experiences
Media	Media engagements Interview sessions with CEO and Corporate engagements Media releases Annual reports Electronic communication Social media Company website	• Accurate and timely information • TransNamib performance • Good corporate citizenship • Regulatory and Safety issues • Leadership & Strategy • Sustainability of the Company • Labour relations • Transformation • Public health and safety
Business/ SME's	Business and leadership forums Corporate engagements Annual reports and website Trade fairs/exhibitions	• Local preferential procurement • Listings as service providers • Public Safety
Suppliers	Direct supplier engagements through procurement processes Annual reports and website Meetings with local community business forums	• Procurement opportunities and Contract terms • Promoting localised procurement

Risk Management

The board recognises that risk management is an integral part of the ISBP, and delegates to management the responsibility of designing, implementing and monitoring the risk management plan.

TransNamib has identified key risks that could potentially hinder the implementation of its mandate and attainment of its strategic objectives. We have thus considered both internal and external risks and have designed appropriate mitigation strategies.

RISK NAME	MITIGATING ACTION PLANS TO FURTHER ADDRESS THE RESIDUAL RISK EXPOSURE
BUSINESS PERFORMANCE	• Investigate the need for business process re-engineering/redesign to support the strategy. • Prioritisation of budgets and communicate prioritisation efforts/decisions. • Evaluate the current procurement activities to improve efficiency and service delivery. • Finalise the communication protocol policy. • Re-evaluate the current organisational structure to support the strategy. • Develop and implement process KPIs for all key processes in the value chain to improve efficiency and service delivery. • Intensify cost control initiatives and incentives to third-parties to improve cash flow. • Assess and implement drastic measures that supports the strategy.

RISK NAME	MITIGATING ACTION PLANS TO FURTHER ADDRESS THE RESIDUAL RISK EXPOSURE
HUMAN CAPITAL	• Perform and finalise skills audit to identify gaps and to ensure optimal utilisation of the workforce. • Align the manpower plan with the current strategic plan. • Explore industry specific career development programs. • To actively participate in a Railway school proposed by Southern African Railway Association (SARA). • Adapt/ update current employment contracts to align with operational needs. • Improve and enforce induction training for all new appointments.
INVESTMENT RISK	• Quarterly feedback to the shareholders on the conditions of the railway network and infrastructure as well as the required funding to bring the railway network up to prescribed standard. • Revisit the TransNamib establishing Act and analyse the maintenance requirements to address the current concerns around the railway network. • Implement additional preventative controls to reduce future damage/ deterioration of the railway network. • Define, implement and enforce expected return on investment against actual performance.
HEALTH, SAFETY & ENVIRONMENT (HSE) REQUIREMENTS	• Investigate and introduce organisation-wide Health, Safety and Environment awareness training. • Incorporate Health, Safety and Environment factors into investment decisions and procurement. • Review and update the current Health, Safety and Environment policy.
CUSTOMER FOCUS	• Investigate, develop and implement a plan for customer diversification. • Develop and implement a retention strategy for current key customers. • Develop and implement a Customer Service Charter. • Perform customer satisfaction survey and competitive analysis. • Develop and implement incentive-based structure for sales department. • Investigate the possibility to streamline the customer base. • Appoint key account managers for the sales department.
CORPORATE GOVERNANCE	• Re-emphasise the importance of corporate governance principles through training and awareness sessions. • Review and consider all regulations, policies and procedures to seek balance between compliance and operational effectiveness. • Monitor and enforce the updated regulations, policies and procedures. • Seek approval and implement the anonymous whistle blowing/hotline program managed by externally entity. • Seek approval of corporate governance policies and procedures and report back to board on the status.

RISK NAME	MITIGATING ACTION PLANS TO FURTHER ADDRESS THE RESIDUAL RISK EXPOSURE
LACK OF EQUIPMENT, ROLLING STOCK, & INFRASTRUCTURE	• Design standards/codes of practice monitored, updated and understood to recognise the potential effect of ageing equipment, rolling stock and infrastructure. • Review defective reporting system. • Enforce compliance with maintenance management plans to avoid repeat work and subsequent increased stress and reaction of locomotives to downtime.
STAKEHOLDER MANAGEMENT/ PARTNERSHIP	• Implement formal structured interaction with clients. • Enforce the Stakeholder Interaction Plan. • Evaluate and implement current Public Relations initiatives and decisions taken (implement social media platforms) as well as identifying additional platforms to engage the public. • Adapt/align performance to current capabilities
INFORMATION, COMMUNICATION & TECHNOLOGY (ICT) SYSTEMS TO SUPPORT OPERATIONS	• Investigate viability and implementation of signalling systems. • Investigate and implement a file management system. • Develop and implement a 3-5-year ICT strategy/plan.
PROPERTY MANAGEMENT	• Improve tenant installation and management approach (credit assessment, inspections and signed contracts). • Develop a strategy for the property function. • Ensure delivery and compliance with the signed SLA of the outsourced property management services provider. • Quarterly feedback on all property being occupied/ leased.
FINANCIAL MANAGEMENT	• Develop and implement pricing guidelines that are fair, market-related, incentivised, flexible and transparent. • Develop and implement a corporate model supporting the strategy. • Explore regional (SADC) business opportunities to increase revenue. • Engage the Government (shareholder) for potential legislation amendments that incentivise the used of rail transportation. • Investigate and implement rigour cost centre management i.e. monthly variance analysis and consequence management. • Investigate and implement a real-time billing system that is interfaced with the accounting system (SAP). • Improve and enforce turnaround time on the resolving exceptions from the billing system (TRACCS).
PROCUREMENT REQUIREMENTS	• Review, update and implement specific and clear procurement guidelines/ criteria (including realignment of guidelines to the Public Procurement Act). • Seek approval and implement the amended code of conduct and business ethics policy. • Conduct organisational wide procurement awareness sessions and training. • Conduct an assessment to ascertain which of the current customers do not have valid SLA's in place and rectify and implement supplier performance evaluation process. • Conduct an assessment to identify additional suppliers to diversify current supplier mix.

Executive Management Team

TransNamib's Integrated Business Strategic Plan (ISBP) for the period 2018/2019 to 2022/23 was approved by the cabinet in December 2018. The strategic objectives of this plan are to position TransNamib as a profitable and sustainable company. The team tasked to drive this transformation is a seasoned executive team that inspires and energises, using decades of experience to meet TransNamib's strategic objectives.

Ryno Badenhorst

Executive: **Commercial** & **Marketing**
Date appointed - February 2020

Anneline Black

Executive: **Operations**
Date appointed - February 2020

Webster Gonzo

Executive: **Human Capital**
Re-appointed - October 2019

Cornwell Chadya

Executive: **Finance**
Date appointed – February 2020

Johny M. Smith

Chief Executive Officer (CEO)
Date appointed - February 2018

Alynsia Platt

Executive: **Properties**
Date appointed - May 2018

Logan Fransman

Executive: **Technology** & **Innovation**
Date appointed - July 2019

Mberipura Hifitikeko

Executive: **Corporate Services**
Date appointed - February 2020

Ferdinand Ganaseb

Executive: **Engineering** & **Technical Services**
Date appointed - August 2016

05

Business Performance

Our Finances

Managing our Financial Capital

Revenue increased by N$20 million to N$542 million, whilst operating costs increased by N$72 million to N$885 million. Due to this, a loss of N$262 million was incurred during the period. Cash lost from operations was N$74 million. These trading results, resulted in the company being in a worse position, compared to the previous financial period.

The company has relied solely on internal reserves to finance its operations this year. Excessive reliance on suppliers for funding operations has resulted in a number of suppliers withdrawing credit due to late payments. This has put pressure on the company creating in delays in a number of projects. Special effort and attention has been put in place to improve relations with the suppliers to ensure that adequate funding is secured for the purpose of working capital.. Mechanisms to prioritise critical supplies were implemented to enable the company to ensure critical resources like diesel for locomotives is availed. The credit advanced by the banks remained at the same levels as the previous period efforts to try and secure new credit has not yielded positive results.

Aggressive collections from customers was implemented to augment the credit advanced by suppliers enabling the company to pay most of the creditors on time.

Operating Environment

The environment in which the company traded was very difficult for the year under review. The government, which traditionally injected substantial liquidity in the market, continued with its budget consolidation process, resulting in less money put into the economy. This affected TNHL directly in that the funding that had been budgeted for, of N$71 million was not availed. The company was also affected indirectly as the consumer demand decreased in the economy, thus intensifying freight competition. Hence, it was difficult for one to grow the volume moved, in a low growth economic environment.

The company had to factor in the initial price increases in fuel in May & June 2019, which resulted in a combined 50c/l price increase. This remained the same until a 30c/l reduction in March 2020. This price increase resulted in +/- N$6 million increase in the total fuel cost for the financial period which coupled with increasing prices of other comodities like spare parts, electricity & water this made the financial year very difficult.

The impact on the economy also affected customers of TNHL, especially the rental customers. The impact of this is shown in an increase in bad debts, which for the current period increased by N$38 million.

Operating Results

An operating loss of N$262 million (2019: N$66 million) was incurred. This loss, is at the back of a 4% (N$20 million) increase in revenue, a 74% (N$154 million) reduction in government grants, and a 9% (N$72 million) increase in operating costs. Growth in properties of N$10 million, was higher than the N$8 million growth in freight revenue for the year. The large increase in operating costs was mainly due to a N$46 million increase in employee costs (mainly due to revaluation of the Post Retirement Medical Aid liability), and a N$27 million increase in fuel costs. All these changes must be viewed in the context of an inflation average of 3.72% for the 2019 calendar year.

Cash flows were negative during the year. Cash generated from operations reduced by N$110 million, mostly driven by the large loss incurred during the year. Some disposal of assets, and liquidation of investments resulted in a net inflow of N$13 million compared to an outflow of N$19 million in the previous period. No dividends were received from the subsidiaries during the period.

The long term assets in the balance sheet remained almost unchanged, except for the annual reduction due to depreciation. Current assets reduced by N$68 million, at the back of higher provisions for debtors as well as liquidation of cash reserves to fund operations. The company's current liabilities increased by N$67 million mainly due to late payment of suppliers. The decrease of current assets, combined with an increase in current liabilities was mainly to finance the losses incurred during the period.

Funding

The company received N$54 million from government for projects executed in the rail maintenance. Some N$15 million was raised from disposal of redundant equipment, whilst a N$13 million was raised from liquidation of investments. The company's overdraft facilities from the commercial banks remained at the same level as the previous period. Funding was also raised from working capital, by delaying payments to suppliers and vigorously collecting from customers. All these mechanisms allowed the company to be able to trade in 2020, despite incuring a loss of N$262 million.

The Way Forward

The road ahead will be made easier by accessing long term credit for the company. The 5 year strategic plan which started in 2018/19, assumed this long term funding will have been secured in Year 1 of the plan. Due to a number of reasons, this was not realised.

In order to avoid wiping out supplier credit, more attention will be paid towards servicing supplier invoices. This will however have to be funded from current receivables. Receivables are at the moment lower than the payables due to the loss incurred. To address the losses currently being incurred, new marketing initiatives will need to be implemented in order to increase volumes for high margin products. In addition, cost containment has to be implemented in order to reduce the payroll, and increase efficiencies in fuel used by locomotoves (e.g. longer fuel trains, carrying high margin cargo).

Currently, almost all the working capital has been funded from internal reserves. This is safe during loss making situations (to avoid the risk of default), but very limiting when an organisation is making losses. This has resulted in a number of spare parts not ordered on time, or the company paying higher prices to those suppliers who can still supply on credit. We will be required to relook at the current financing model in order for us to take advantage of other forms of credit availed by suppliers through for example the PPP model.

Our Commercial & Marketing Services

The Commercial and Marketing Services is dependent on the quality of relationships with customers who prefer a continued flow of personal service, valuable information for sound decision making and right products within sensible time.

TransNamib's customers' preferences continue to change in line with global and supply chain influence, which specifically forces the organisation to apply agility and innovation if it is to grow and sustain substantial market share in an increasingly competitive SADC and African market. TransNamib strives to make each employee understand their customer in order to serve them correctly, hence impacting the organisation's medium to long-term "trustworthy customer experiences" and "breakthrough financial performances".

In the 2019/2020 financial year, TransNamib experienced a positive year-end despite fallouts as a result of delayed volume deliveries and narrow personal service delivery.

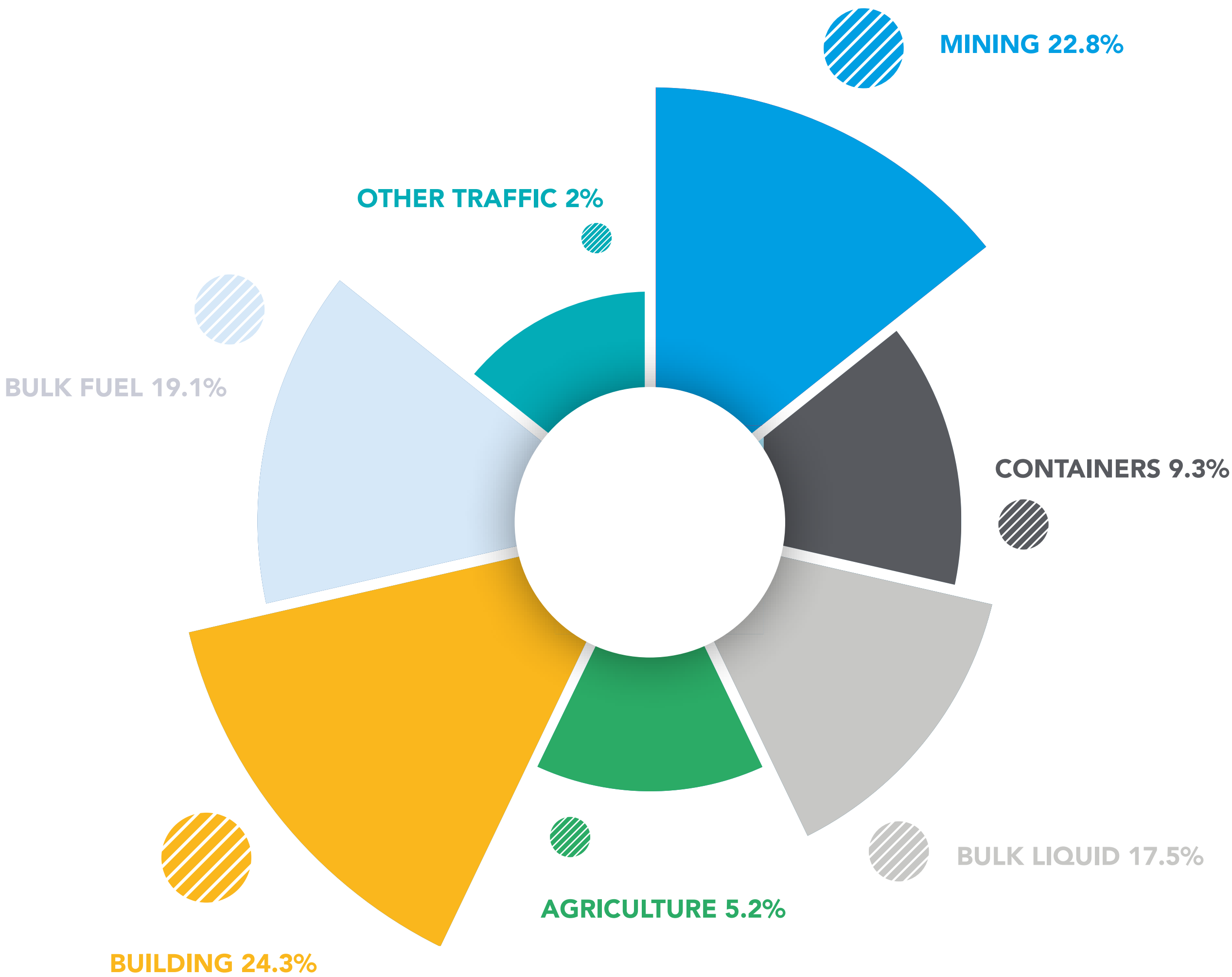
Total rail revenue for F20 vs F19 experienced a growth of 2 percent from 486,707,000 in FY19 to 496,795,000 in FY20.

Tonnage Railed

Financial Year: 2019/20

SECTOR	F20	% CONTRIBUTION
MINING	376,581	22.8%
AGRICULTURE	86,192	5.2%
BUILDING	401,169	24.3%
OTHER TRAFFIC	29,014	1.8%
CONTAINERS	154,121	9.3%
BULK FUEL	315,191	19.1%
BULK LIQUID	289,243	17.5%
TOTAL	**1,651,511**	**100.0%**

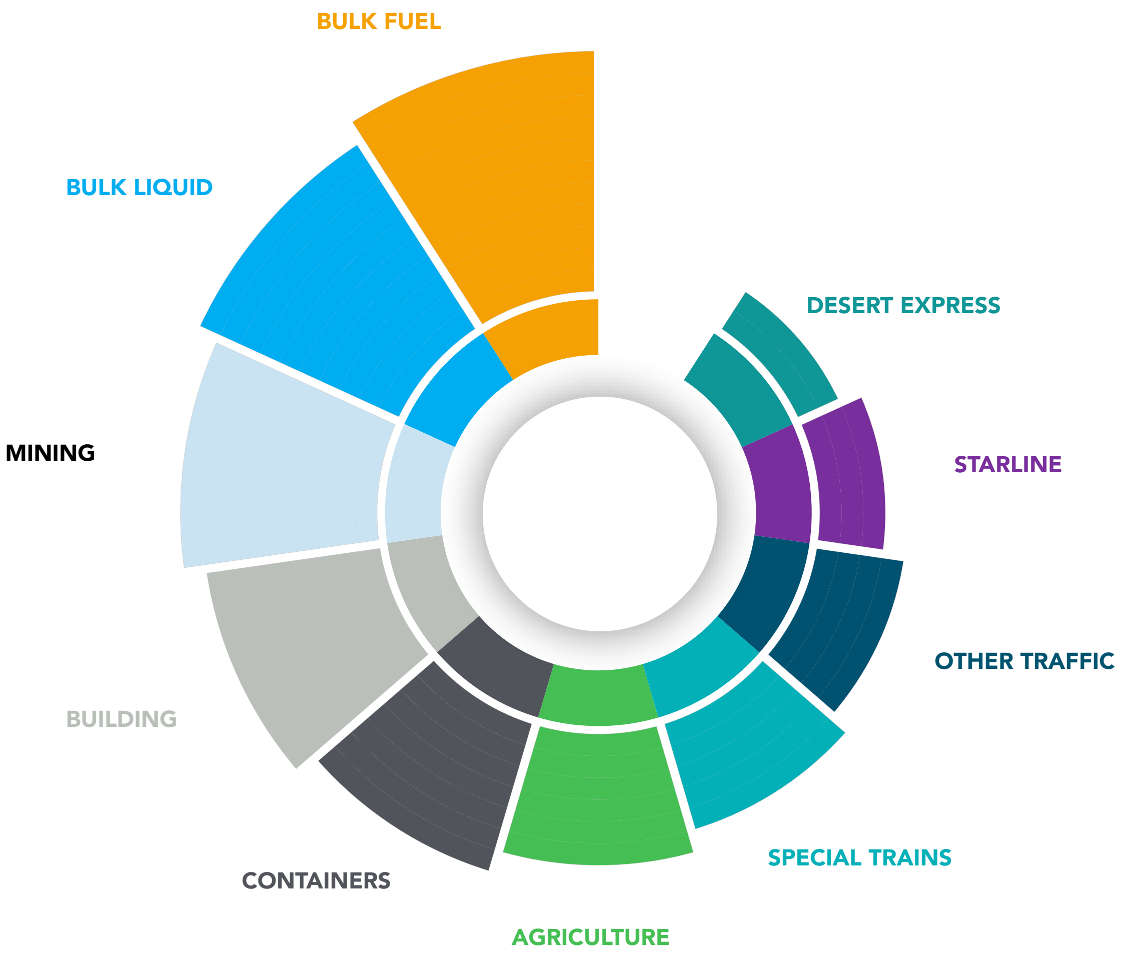
Distribution of Volume Transported



This financial year, TransNamib railed 1,651,511 tonnages out of annual orders, of which 24.3 percent of the volume moved was contributed by the Building Material sector and 22.8 percent was attributed by the Mining sector. Bulk fuel contributed 19.1 percent whilst Bulk Liquid sector contributed 17.5 percent respectively.

The below graph illustrates the contribution of revenue by sector, which clearly shows that the Fuel Sector remains TransNamib's main contributor of income followed by the Mining and Building Sectors, respectively.

Percentage of Different Sources of Revenue Contributions



Rail Transport

Composition of Nett Tonnage Conveyed

	F20	F19	% DEV
IMPORTS	7,677	8,823	-13.01%
EXPORTS	8	10	-20.00%
LOCAL	1,643,826	1,582,103	3.90%
TOTAL	**1,651,511**	**1,590,936**	**3.81%**

In comparison to its competitors, volume movement market share rail verses road, demonstrate that Building materials enjoyed a 24% and Mining sector 23% market share. Bulk Fuel moved 19% of the market's fuel, whilst Bulk Liquid moved 18% of the market share.

Though the company managed to rail more volume by 3.81 percent F20 vs F19, it still did not reach its targeted budget of 1,8million tonnages, hence a shortfall of 10 percent.

TransNamib appreciates the support of all its valuable customers who are responsible for its sustainable existence. This financial year many customers participated in value chain by having their freight or bulk commodities railed by TransNamib.

Opportunities

TransNamib continues to offer enormous opportunity as far as movement of freight/bulk commodities are concerned, especially in terms of extended distances. With the world targeting Africa as the next phase for development, TransNamib's role in value-chain will improve over the years. This is mainly due to the fact that TransNamib is ideally located for global reach. Transport logistics and supply chain continues playing a pivotal role in the development of quality transport infrastructure integrated with SADC and Africa, and Namibia remains politically stable.

With the reintroduction of the Desert Express to the market, TransNamib believes that it has an opportunity to recreate the success of this luxury train as observed during the past years and bring high-end tourists and hospitality experiences that will attract local and foreign travellers.

The company understands the value of building its brand and contributing to the communities it operates in. In line with this, TransNamib conducted a safety awareness campaign during the December festive season of 2019 targeting passenger service customers. The campaign focused on mainly 'below the line' communication with promotional activities at key roadblocks and social media. The sensitisation increased number of ticket sales during the 1st week of December. Awareness was also created for the promotion of Desert Express services.

Our focus remains turning the culture into a more customer-centric rail transport logistics hub through daily, weekly and monthly quality activities guided by an ethical and sustainable business operation. The benefit of using rail to road is incomparable – rail is a more environmentally sustainable form of transport, price competitive, continues to participate in business value chain process and in terms of economies of scale can ultimately make a difference in the bottom line of businesses.

Challenges

The historical challenges faced by Namibia's rail industry continues to play a role in impeding TransNamib from reaching its vision faster. The challenge remains to build capacity and access funding as well as having employees become agile and innovative, thus influencing timely implementation of a service-focused approach. Once these issues have been addressed, TransNamib will be able to fast track its strategy.

The way forward

TransNamib is aiming for better growth and success by delivering constantly improved quality rail service delivery through a clear purpose and strategy. During the past financial year, TransNamib has created a robust customer engagement plan in an effort to move bulk transportation from road to rail. Through this continued strategy TransNamib aims to create long term value through rail and eventually decreasing the cost of doing business in Namibia and SADC.

We have prioritised understanding and grow every one of our customers, by aggregating value down the supply chain through an improved value-chain process.

At TransNamib, we want to create and nurture right sales and business development passion, ethics, responsibility and accountability in line with customer requirements for improved representative availability, reachability and visibility for a continued flow of information, products and income.

05

Our Assets (Plant & Equipment)

Namibia has a rail infrastructure with a total length of 2687 km across the country. The Government of Namibia is the owner of the rail infrastructure whilst TransNamib is the sole operator. About 48% of the rail network meets the minimum SADC stipulated standard of 18.5 tons/axle load. The remaining sections are between 16.5 and 17.5 tons/axle load.

Rail network

The Government of Namibia has awarded contracts to two different contractors for the upgrade of the rail sections between Walvis Bay and Arandis and between Arandis and Kranzberg respectively. These sections will be upgraded to the minimum SADC stipulated standard of 18.5 tons/axle load.

The finalisation of this project of the rehabilitation of the railway line between Walvis Bay and Kranzberg will provide for a reduction in more than 30 % in travel time on this section for the railway line allowing TransNamib to move more freight in a shorter time frame.

Namibia's railway network infrastructure is connected to South Africa in the South. However, the railway line in the North only runs up to the border with Angola. Angola still needs to connect its railway infrastructure towards the Namibian border. In terms of our assets, the company has put in place measures to increase rolling stock capacity to ensure reliability as well as upgrading of the engineering workshops, which will enhance technical skills development.

The re-introduction of the route between Keetmanshoop and Lüderitz which was closed for 18 years has provided employment for about 150 people in the south to assist with the maintenance of the line. TransNamib is currently moving more than 15,000 tons of manganese per month on that route which is currently being upscaled to 30,000 tons per month.

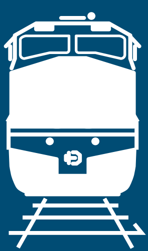
Rolling Stock, Plant and equipment

At 31 March 2020, TransNamib owned 42 operational locomotives. From time to time, the company also short-term leases locomotives based on the needs of the business.

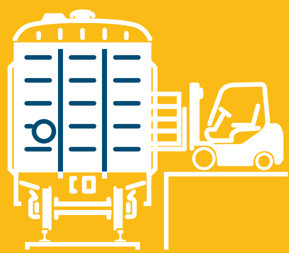
There is a need to increase the assets, in particular, its ongoing investment in new and refurbished locomotives and other maintenance vehicles and equipment. Plans to remanufacture staged locomotives, refurbish staged wagons/tankers and to procure new locomotives are underway.

178 BRIDGES

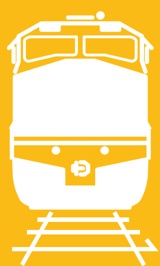
42 LOCOMOTIVES



INDUSTRY AVERAGE LIFESPAN OF A **LOCOMOTIVE 25-30 YEARS**



1827 WAGONS



LOCOMOTIVE AGE
55 YEARS

Civil Section

Permanent Way

Tamping on the following sections was successfully executed.

- between Ondangwa and Oshikango (60 km)
- between Omuthiya and Oshivelo (70 km)
- between Oshivelo and Tsumeb (96 km)

In December 2019, the Tamping machine was relocated to Otjiwarongo to do tamping between Kalfeld and Kranzberg, starting in January 2020.

A total accumulative distance of 483 km of track have been tamped since the tamping machine was deployed in 2018.

Mechanical Section

Locomotives

- The re-engineered Chinese SDD-6 Locomotive by Transnet Engineering needs only minor adjustments by Transnet technicians. Due to travel restrictions caused by the outbreak of COVID-19, these technicians were not able to come to Namibia before the end of the financial year.
- Wagon availability remained at 97% for the most part of the year under review. It, however, took a dip to 96% in the last quarter (Q4) due to challenges faced with spares availability.
- Our target is to achieve a maximum failure rate of four (4) failures per 100 000 km which is one (1) failure for every 25 000 locomotive km run. This we have not achieved due to the aging fleet as well as financial challenges faced by the company.
- An average locomotive availability has gone down to 69% for the period under review.

Locomotives Performance

- Average annual locomotive availability: 71.71%
- Average annual locomotive utilization: 35% - 40%
- Locomotive kilometres travelled annual: 3 249 561 km
- Locomotive on-route failures annual average: 10.3 failures per every 100 000 km

Carriage and Wagons

- A total of 647 unscheduled services were done on wagons whilst 317 scheduled wagons services were performed during the period under review. The aim is to reduce unscheduled maintenance while increasing scheduled maintenance at the same time.

Carriage & Wagons Performance

- Average annual wagons availability: 95%
- Average annual wagons utilization: 92%
- Wagons kilometre travelled annual: 41 196 147 km
- Wagons annual failures recorded: 29 reported incidents
- Wagons on-route failures annual average: failures per every 1 000 000 (1 million) km 0.70.

05

Buildings & Structure Maintenance

- The Building Section performed routine maintenance and repair work on various buildings at different depots throughout the country.
- Painting of head office building is on-going.

Telecom & Electric Section

- The section performed all electrical repairs and scheduled maintenance work on all electrical installations and equipment companywide.

KEY ACTIVITIES	KEY CHALLENGES
Installation and commission the wheel profile machine in the Diesel Depot (Windhoek)	• Ageing rolling stock fleet • Shortage of service vehicles • Inadequate plant machinery & tools
A revival of 10x GE Locomotives	• Budgetary constraints
Remanufacturing of 5x staged GE Locomotives and 3x staged SDD06 Locomotives	• Shortage of technical skills
Cargo handling equipment & sand clearing equipment for Aus - Lüderitz section	• Locomotive availability • Shortage of vehicles
Procurement of shunting locomotives for Walvis Bay & Ondangwa	• Inadequate plant machinery & tools
Replacement and upgrading of overhead cranes in the Locomotive Workshop in Windhoek	• Deferred maintenance

Projects in the pipeline

- To install and commission the wheel profile machine in the Diesel Depot in Windhoek
- A revival of 10x GE Locomotives
- Remanufacturing of 5x staged GE Locomotives and 3x staged SDD06 Locomotives
- Procurement of shunting locomotives for Walvis Bay & Ondangwa
- Replacement and upgrading of overhead cranes in the Locomotive Workshop in Windhoek

The way forward

TransNamib is working with the Ministry of Works and Transport for the upgrading of 42km between Sandverhaar and Buchholzbrunn in the South of the country. The upgrading of the line will decrease speed restrictions on the line, helping TransNamib to move freight faster and ultimately moving more freight.

The company has put in place the following measures to increase rolling stock capacity to ensure reliability as well as upgrading of the engineering workshops, which will enhance technical skills development:

- Revival of 10 locomotives from the staged ones
- Remanufacturing of 33 staged locomotives, of which the procurement process has already started
- Procurement of ten (10) new locomotives, of which the procurement process has already started
- Upgrading of overhead cranes in the Locomotives Depot in Windhoek
- Procurement of four (4) mobile jacks for the Locomotives Depot in Windhoek

05

Tamping Machine

Procuring state of the art tamping machine to support TransNamib's maintenance

One of TransNamib's strategic objectives is to acquire fit for purpose technology, equipment and infrastructure. The acquisition of the tamping machine is an investment in the company's strategic goals. The 08-16 heavy duty split head ballast tamping machine plays a critical role in maintaining the railway infrastructure and is an asset investment for TransNamib.

Launch

OMUTHIYA, Thursday, 11 July 2019. TransNamib launched its state of the art 22 million Namibia Dollars Tamping Machine - model is 08-16 Split Head. It was manufactured by Plasser & Theurer of Austria in 2015 under Machine No. 6113 and delivered to TransNamib in March 2017: It is estimated that the asset life of a tamper machine is 15-20 years.

The on-track machineries play a vital role in the maintenance of railway track. These are complex and expensive railway maintenance machines. There are some track activities which can only be done by mechanised track equipment. A tamping machine is one of such machines. The tamping machine plays a vital role in ensuring that the track is maintained and thus minimising the risk for derailments or even speed restrictions that will hamper TransNamib's operations leading to a decrease in revenue.

Background

TransNamib Holdings Ltd had previously two (2) heavy duty tamping machines, Plasser 07, which came from South African Transport Services in 1986. These machines were manufactured in the late 1950's. Only one of the machines is available and it is currently not operational due to mechanical problems. It is very old and usually unreliable.

The spare parts of this machine are not readily available. One of the machines have been scrapped. has been scrapped. Hence there was an urgent need to acquire a new tamping machine. By procuring the heavy duty ballast tamping machine TransNamib would maintain the railway track more efficiently as there are some track activities which can only be done by mechanised track equipment.

Tamping Machine Specification

The machine was manufactured by Plasser & Theurer of Austria in 2015 under Machine No. 6113 and the model is 08-16 Split Head. The machine is of modern technology and is able to fulfill the below mentioned technical specifications:

i) Maximum tamping rate of 22 sleepers per minute;
ii) Working tamping rate of 19 sleepers per minute;
iii) Maximum lift of 100 mm; and
iv) Maximum slew 50 mm

It is worth noting that Plasser South Africa is well experienced machine owner, providing machines on lease for mechanised rail maintenance, construction projects and other on-track equipment in Southern Africa and beyond.

Due diligence

TransNamib sent a team of engineers to Plasser South Africa facilities to inspect and verify the condition of the machine. During the inspection they found that the machine was still new and suitable for our tamping needs. This machine has also additional features, which are very useful to tamping activities, which are not on the original machine. The additional features are as follows:

- Synchronous third-rail auxiliary lifting device to tamp turnouts
- Sighting units to correct vertical and horizontal track deviations of up to 150 m long, during tamping process
- Front bogie fitted with an additional drive axle to increase tamping speed

Critical Benefits of the Tamping Machine

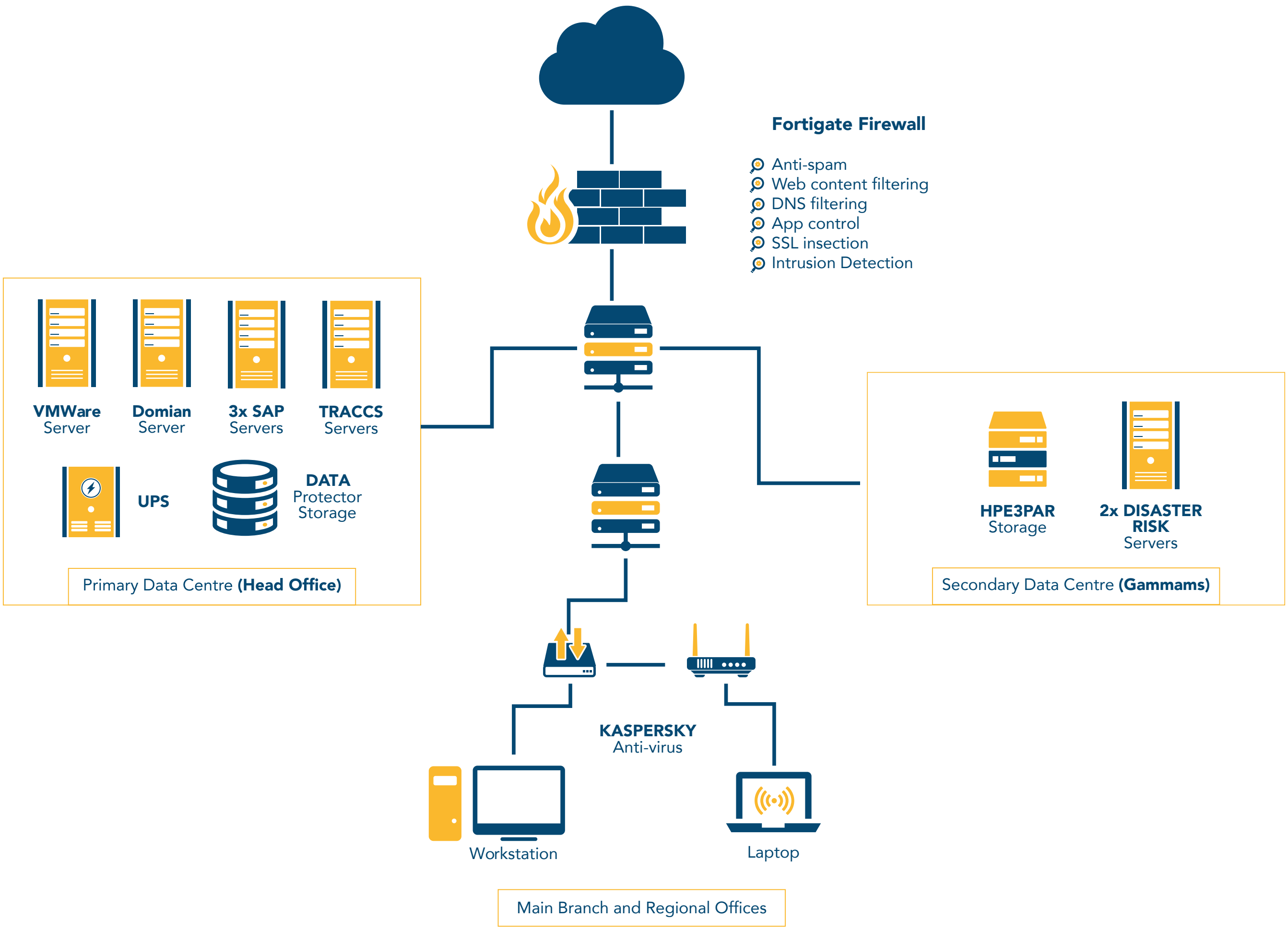
It's worth mentioning that a heavy duty ballast tamping machine is an essential of equipment used for correcting and maintaining the geometry of the railway track, i.e. vertical and horizontal alignments as well as super-elevation on curves. It removes the vertical roughness of the track. The lifting is done proportionally to a reference level producing a uniformly level track which allows the smooth passage of trains. In the absence of tamping, the vertical roughness will deteriorate exponentially. This will lead to unnecessary track speed restriction so that derailments of trains are minimised. There are some track activities which can only be done by mechanised track equipment.

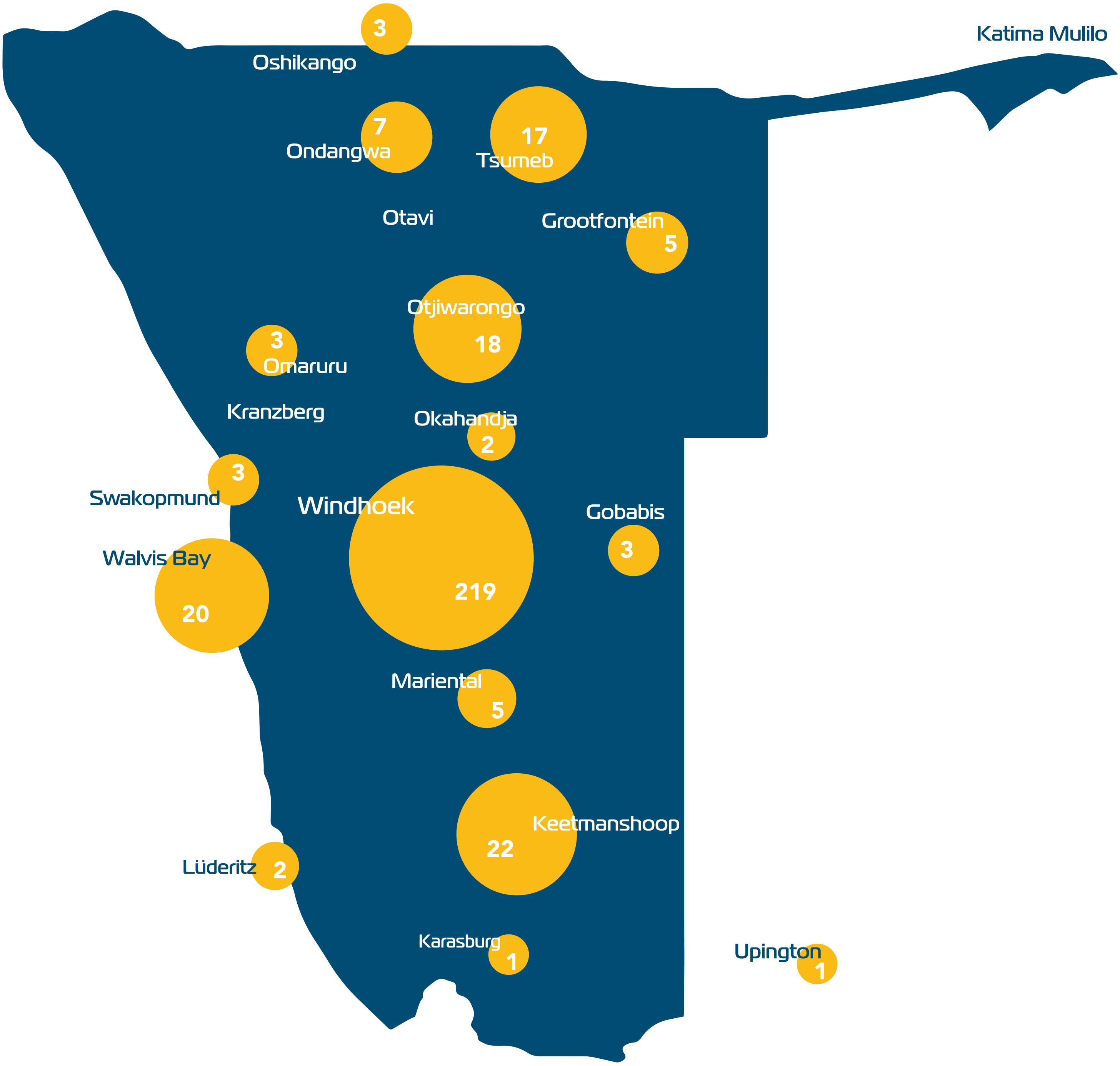
Our Technology and Innovation

The successful exploitation of new ideas is crucial to improve business processes, bring new and improved services to the market, increase TransNamib's efficiency and, most importantly, improve the company's profitability. Thus the establishment of a Technology and Innovation department during this financial year was a crucial step towards realising TransNamib's Integrated Strategic Business Plan.

The Technology and Innovation function was established to enable the organisation to advance its business strategy through innovative products and services, various technologies and digital platforms. The department assists with the optimisation of processes, creates customer value and grows the market share.

The department's first objective was to embark on the upgrading of the company's network infrastructure with the realisation that a dynamic and responsive network infrastructure was needed to implement applications and systems to drive and support business objectives. This upgrade was completed in the later part of 2019 and the diagram below shows a high-level illustration of the current server, network and workstation infrastructure. The total number of IT users are 331 over the 16 offices country wide.





Total Number of TNHL Users

CENTRAL AND EAST	USERS	NORTHERN	USERS	WEST	USERS	SOUTH	USERS
Windhoek	219	Oshikango	3	Walvis-bay	20	Keetmanshoop	22
Gobabis	3	Otjiwarongo	18	Swakopmund	3	Lüderitz	2
		Tsumeb	17	Okahandja	2	Mariental	5
		Grootfontein	5	Omaruru	3	Upington	1
		Ondangwa	7			Karasburg	1

Performance Highlights

TransNamib establishes a roadmap to lead its strategic technology and innovation goals

The department has initiated the core ICT policy and framework evaluation and development based on the company and departmental strategy. The lack of strategy directed ICT policies in previous years, has led to inconsistent ICT services experienced within the organisation. An effective strategy for the Technology and Innovation department is to define a core set of policies by which the technology demands from internal and external stakeholders can be governed. Control and compliance is imperative within the department to ensure requirements, technical issues and business risks are bridged.

New Recruitment Portal

At TransNamib we understand that acquiring good talent requires more than posting on traditional forms of media. Our human capital plays a vital role in our business. In order to meet our business objectives it is essential that we attract the right talent. With human resource being the top business expense, it is essential that we prioritised our recruitment process. We want to attract the right candidates by offering a seamless application process. The Recruitment Portal also offers complete transparency over actions performed on the portal, which aligns with TransNamib's strategic objective in becoming an employer of choice.

The new recruitment portal for the Human Capital Department was evaluated, selected and tested within this period. The system aims to manage the complete recruitment process to ensure efficient, job placement, candidate management and tracking, resume management and reporting. The human capital department has adopted the new system and used it for all recruitment within this period.

Improved internal communications channels

In order to change the culture at TransNamib, it was pertinent to ensure the establishment of channels of communications for employees. Previously the company lacked using technology for communication purposes hence communication did not reach all employees. Thus, the Technology and Innovation department played and continues to play a significant role in ensuring that technology is implemented to advance the internal communication goals of TransNamib.

In order to prioritise internal communication, the department developed and setup a TNHL intranet within this period. The intranet is aimed at improving internal communication and centralising company documentation and access. The intranet offers employees a space to access company news and updates as well as a tool for employees to access important company documentation. This allows for a reduction in email use; quicker responses on small to medium issues; making information easy to find and giving our team access to all the tools and information they need to effectively perform in their role.

TransNamib's Learning Stations Bridge the Gap

In order to promote a workplace learning culture, the department implemented Learning Stations at various railway offices across the country. The idea of the station, with basic computer capabilities for document processing and internet access, is to provide a means for those staff members without a workstation to be able to have access to email and other documents of the organisation. Currently about 400 employees have access to a computer, while the remainder of the 1400 staff, have little or no access to a computer, mostly comprising of Engineering and Operational. The Learning Stations aims to give them direct access to technology.

Previously, our workers in the field had no or little experience with technology. With the company recognising the importance of using technology to drive our strategic objectives, it was important to up-skill our employees in terms of technology.

New website

After many months of hard work and dedication TransNamib launched its updated website. A website is often the first point of call for individuals seeking information about a company. In launching a new website, we want to give people an experience of the new TransNamib brand.

Our primary goal during the redesign process was to create a more valuable, user-centric and responsive resource across all platforms and devices. Our aim was to make it easy for our stakeholders to learn and locate valuable information about the company not only at their desk but on mobile devices.

TransNamib introduces new ticketing system

Technology and Innovation implemented a new system to book and capture passenger tickets during the period under review. The system called the TransNamib Passenger Ticketing System, replaces some of the function on the legacy system TRACCS. TransNamib designed a customised solution for the issuing of tickets. The departure from the old system is aligned with the Integrated Strategic Business Plan (ISBP)'s objective of moving away from legacy systems. The new ticketing system is more user friendly and easier to access. The system was designed internally thus keeping costs of designing a new system at a minimum.

The way forward

TransNamib continues to face a number of challenges including legacy processes and a workforce with a culture entrenched in those processes. As we move away from processes and systems that hinder our operations, it is also important to ensure that our employees are kept in the loop of these changes and that their skills are upgraded accordingly to ensure a seamless and smooth transition to new systems and processes.

As technology and innovation will play a key role in TransNamib achieving the goals set in its ISBP, it is imperative to continuously research, develop and implement supporting systems that will streamline functions and constantly upskilling staff towards digitisation.

The focus on technological activities continues to be on TransNamib's agenda, aimed at improving productivity, visibility and efficiency within the company. The focus for the next financial year, will be on enhancing technologies to add value to the company's operations and ensure efficiency and productivity in TransNamib's operations.

We will look at automating many internal processes such as leave and overtime management to reduce human error and increase efficiency thus leading to a reduction in costs. Going forward the Technology and Innovation department will drive improving operational efficiency.

The department will also play a vital role in re-energising TransNamib's property portfolio. Contract capturing, invoicing and billing is currently being done in SAP, however going forward a specific focus was placed on the accuracy and capturing of all outstanding property contracts. The need for accurate data remains a key priority to ensure correct billing and revenue collection. The evaluation of a stand-alone comprehensive property management system was started within this quarter. Thus, the Technology & Innovation department will be utilised as a key resource in terms of moving the company forward and achieving the Integrated Strategic Business Plan.

Our Operations

TransNamib is in the process of recreating the value-chain platform by refreshing processes and systems, renew a critical stock of equipment, rolling stock and supporting infrastructure (e.g. Workshops) and redesign service execution through the implementation of integrated and centralised planning /execution via the Operation Command Centre.

Our Operations and Technical function form the bedrock of the company's value chain. It is where customer requirements are fulfilled through the resourcing and efficient deployment of rolling stock, supporting systems and human resources to create value for TransNamib, its shareholder and clients.

Key Activities

TransNamib has positioned itself as the ultimately preferred bulk freight transporter of choice in and through Namibia. Freight remains the biggest income earner for TransNamib.

The outbreak of COVID-19 pandemic during the last quarter of the fiscal year impacted the bottom line negatively. Thus, more than ever before, productivity and efficiency have become critical to provide more reliable service for our customers.

We continue to work with partners NamPort and other stakeholders at a strategic level to progress initiatives which will see more customers using rail as an integral part of the supply chains benefitting and not only our key import and export sector partners, but the region as a whole.

The newly implemented service for the Northern Cape manganese is fully operational. This will catapult the company into a new level of services. With the consolidation of different routes and the increase in frequency it will ensure that higher revenue is achieved with constant assets.

During the period under review Operations focused on the following functions namely;

1. Train operations (bulk freight and containers)

2. Service Delivery
In line with the ISBP implementation, the road section ceased its operations. A significant number of staff members continued to be deployed from the Service Delivery section and Road to various sections of Operations as well as other departments. Closing the road section of its operations has allowed TransNamib to restructure and streamline its business to focus on its core operations which is rail. TransNamib is however committed to working with partners to provide it's customers with a customised inter-model solution to transport their goods.

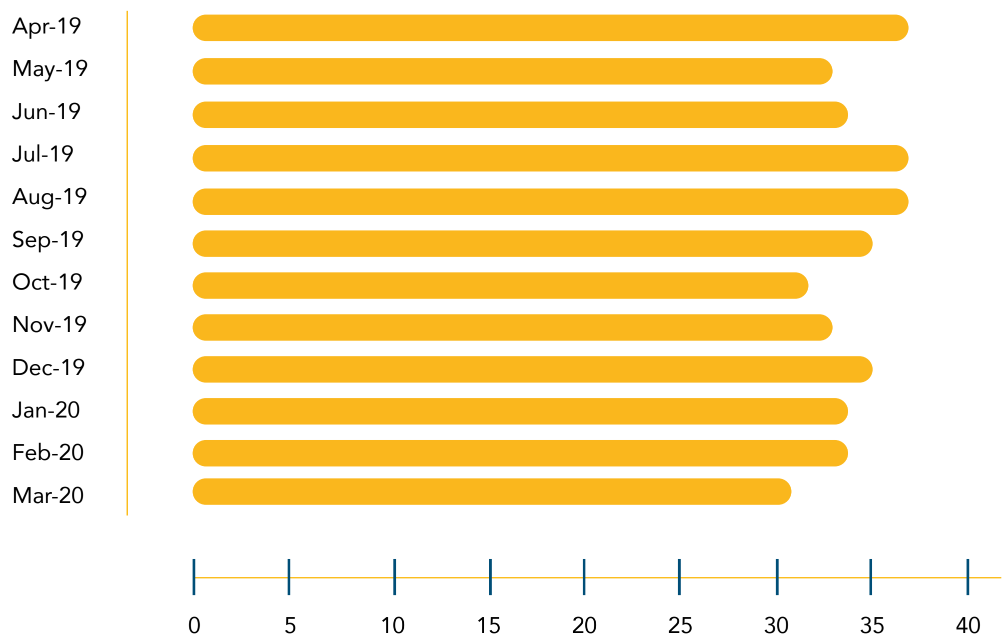
3. Passenger Services
Rail travel provides one of the best and most eco-friendly ways to get around the country. This way we can minimise the accidents on our roads. Passenger services are deployed regularly on selected routes namely, central, west and south.

Passenger services continues to be a corporate social function as the low revenue generated from passenger services makes it uneconomically viable for TransNamib.

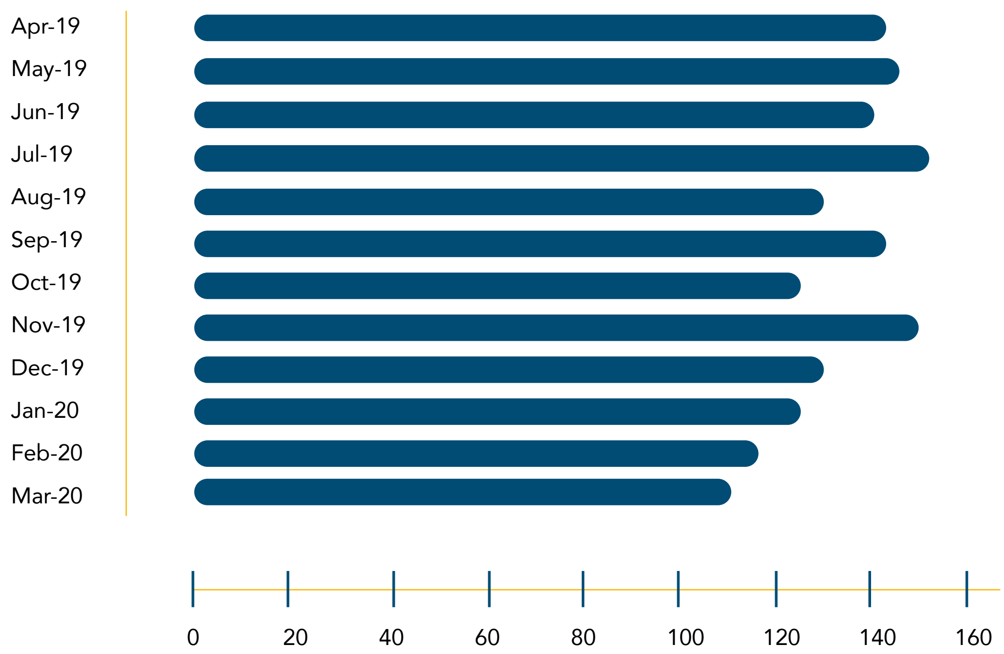
Our Performance

	F20 Total /Average
Number of locos actual available (Average)	31
Number of locos running / active (Average)	42
Tons of goods transported	1,651,511
Nett ton km	718,758,956
Locomotive kilometres	3,249,561
Business Class Passengers	2,733
Economy Class Passengers	28,900
Total	31,633

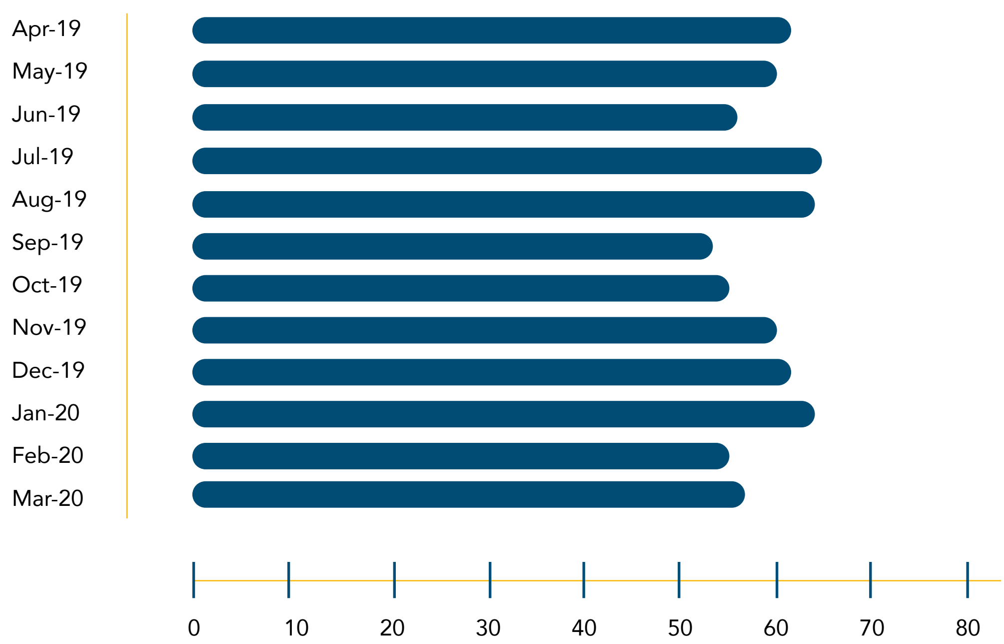
Loco Availability



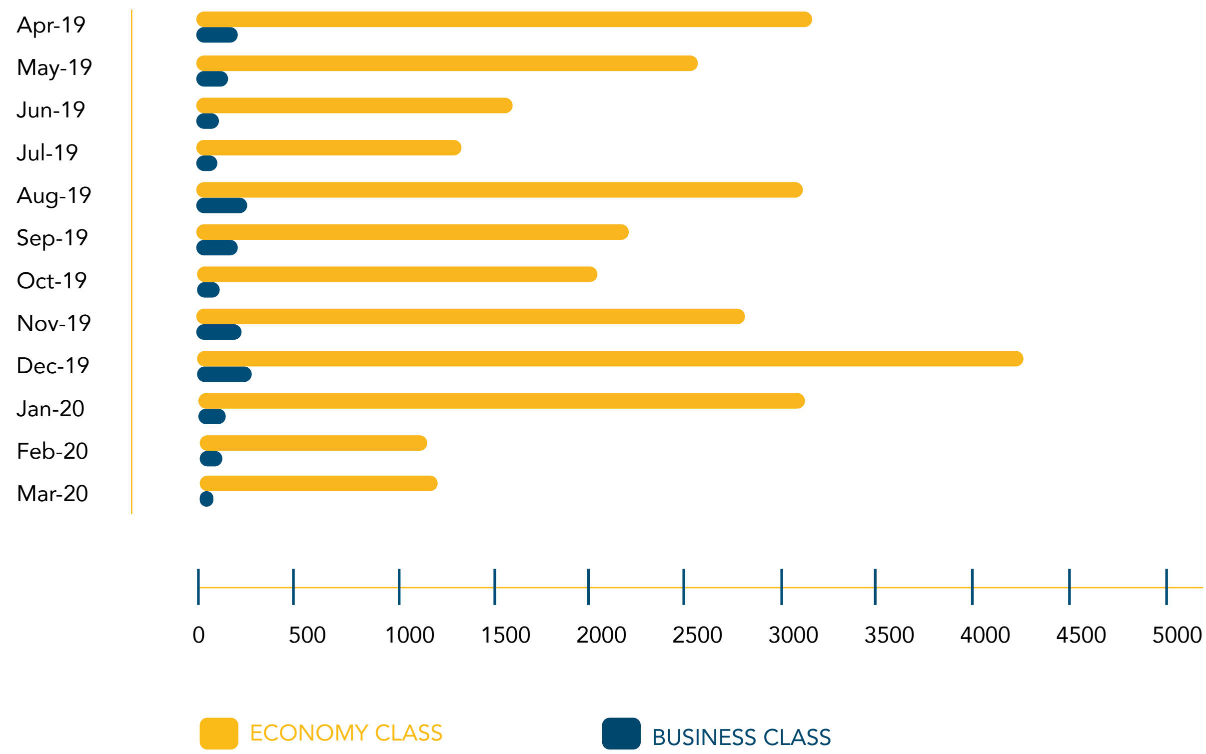
Monthly Tonnage Moved



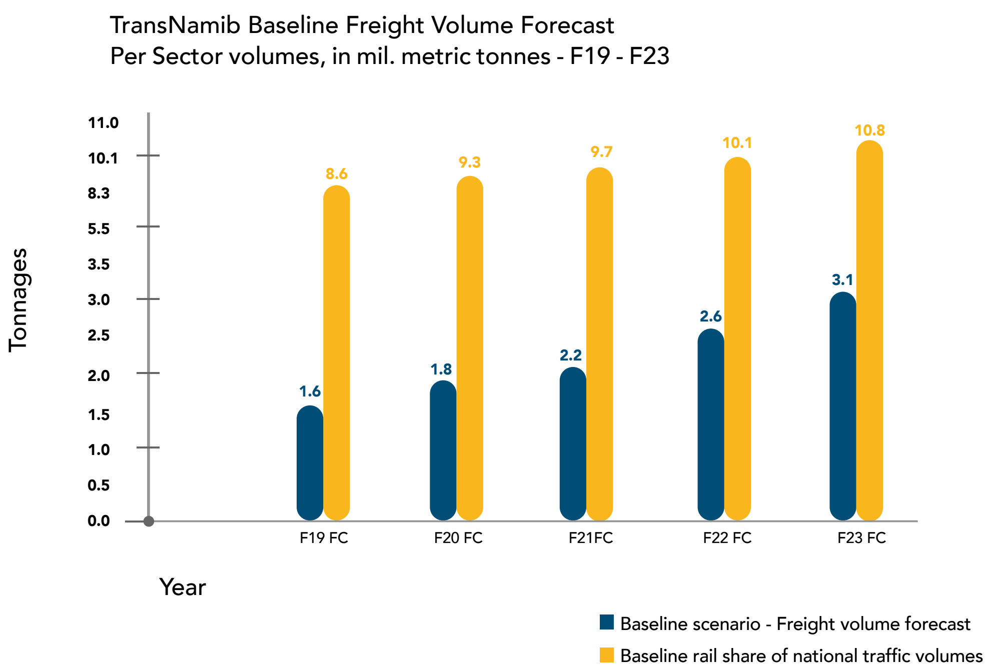
Net Ton Kilometre



StarLine Passengers: No of Passengers



ISPB measurement – Where are we in terms of the ISBP



Key challenges

- **Bottleneck Infrastructure** – The condition of the railways and its respective limited speeds and limited carrying capacity are leading to bottlenecks. It is for this reason that the acquisition of an asset such as the newly acquired Tamping Machine is instrumental in ensuring the maintenance of the rail. It will ensure that the track is maintained and thus minimising the risk for derailments or even speed restrictions that will hamper TransNamib's operations leading to a decrease in revenue. In addition, the Ministry of Works and Transport's projected project to rehabilitate the Walvis Bay – Kranzberg railway line will have a major impact on the transportation of goods in the country. Currently, TransNamib is moving more freight with less capacity. We have managed to improve the efficiency and movement of certain commodities for specific routes and for specific customers. The rehabilitation of the railway line between Walvis Bay and Kranzberg will go a long way in helping TransNamib reach its strategic objectives and impacting the transportation sector by helping rail to the preferred use of bulk transportation in Namibia. With an improved rail line, TransNamib's capacity will increase. The improvements to the line will allow trains to move faster, thus reducing the time in the movement of goods from Walvis Bay to Kranzberg. This increased efficiency will allow TransNamib to move more goods. The Walvis Bay – Kranzberg line is one of the biggest lines for TransNamib since it feeds from the port to the hinterland and the expected rehabilitation will see a decrease of about 30% in traveling time.

- **Inadequate, Unreliable, Aged Rolling Stock** - Rolling stock is beyond its economic and technical lifespan resulting in frequent breakdowns. The wagon and locomotive fleet currently deployed for operations are old and unreliable, with the average locomotive age running over 50 years against a technical design of typically 20-25 years. This leads to numerous locomotive failures which negatively impacts rail operations. Building our rolling stock and infrastructure capacity remains critical to the success of our future and therefore the re-manufacturing project of about 33 locomotives will make a significant difference in the companies operations. Once the process is completed by the Central Procurement Board, it will alleviate some of the pressure on the company in terms of aged rolling stock.

- **Lack of enabling IT/Technology systems** – Outdated IT systems result in delayed responses to incidents, poor performance reporting on rail operations. With the newly established Technology and Innovation Department, many of the key challenges in terms of IT/Technology systems will be addressed to improve processes. The alignment between operations and technology and innovation will play a significant role in realising the strategic goals of the business. By optimising existing processes and implementing new processes and technology operational efficiency will be improved to allow TransNamib to transport more freight thus increasing its market share and revenue.

05

The Way forward

TransNamib is committed to decreasing the cost of doing business while enabling economic growth and providing a reliable bulk freight transportation for Namibia and the SADC region

The economic value of rail freight delivers a range of benefits to Namibia which is not recognised when undertaking traditional "return on investment" analysis of expenditure on the rail network. These benefits include a range of positive outcomes that would not be possible without rail and are considered to be items that would incur costs for other parties in the absence of rail freight.

Our Properties

With the second largest property portfolio in Namibia, after the government, TransNamib's Property Department plays a vital role in achieving the strategic goals of the ISBP. As at 31 March 2020, the value of the properties was N$2.4 billion, compared to a valuation of N$2.5 billion the previous year. The value indicates an appreciation of operational and commercial properties.

During the previous financial year, the company's Properties Department's focus was on the short and medium term. The properties portfolio had previously been outsourced and when the strategic decision was taken to manage the properties in-house, the focus was mainly to improve the revenue earnings from property rentals.

During the F20 financial year, the department's focus was on improving operational efficiency, increasing the revenue earnings, increasing utilities recoveries and improving the property value of investment properties. However, the company's short term cash flow challenges have affected the department's planned maintenance and development. TransNamib's property portfolio is expected to increase in its value once the necessary maintenance has been done, which has been delayed due to the company's cash flow constraints.

The single biggest success for TransNamib's properties portfolio is the increase of revenue year on year with 28.6% at the end of the 2019/20 financial year. Our return on investment increased from 1.4% to 1.8% during the period under review, which represents an increase of 111% during this financial year.

TransNamib utilises properties for its operational purposes such as offices, train stations, workshops and storage facilities. Commercial properties are leased out to businesses and staff members and consists of offices, workshops, garages, houses and vacant land. These properties contributed to about N$46 million in revenue during the reporting period compared to the N$35 million in the previous financial year.

DESCRIPTION	MARKET VALUE IN N$
Core/Operation Properties	N$ 1,210,801,000
Investment Properties	N$ 1,264,773,000
TOTAL	**N$ 2,475,574,000**

05

Strategies:

- **Increased tenancy:**

TransNamib is continuing its efforts to increase its tenancy over the medium to long-term and is engaging companies and businesses to take occupancy at at available rental spaces.

- **Urban Planning and subdivision of Portions 7 and 8 of Farm Ujams**

In order to properly manage Portions 7 and 8 of Farm Ujams, the properties department has undertaken to properly plan and subdivide those areas. The process was started during the period under review.

- **Head Office Security**

During the period under review, a biometric access control system and surveillance system was implemented at the TransNamib Head Office and Diesel Depot which aims to improve the safeguarding of company assets such as equipment and the building.

- **Revenue maximisation and increase occupancy**

The Department strives to unlock potential from all its properties countrywide. This is done through aggressive marketing of our properties to sister state companies as well as private businesses to lease. The greatest potential for our properties is in terms of location and accessibility by the clients. Additionally, most of our land is fully serviced which will allow most business communities to easily establish their business.

We have observed the shortage of land in most Towns in the country, limiting economic activities to progress in terms of business establishment. TransNamib has ample land of all zoning and will capitalise on this opportunity to lease the land to the business, State Owned Enterprises and individual clients. Furthermore, the Department continues to streamline the operational facilities occupation through optimal utilisation of facilities, creating more space for rental to generate revenue. This process has already started with the Head Office Building and will be elevated to all Regional Offices.

- **Value Addition**

One of the challenges we have in the Property Portfolio, is the poor condition of our properties. This has been hampering the Department to charge market related rental when these properties are leased out. The Department is in the process of developing a Maintenance Plan, which once approved, will be used as a guiding tool to renovate and maintain commercial properties to an acceptable standard in the industry. Furthermore, development of prime land and improvement of selected existing facilities in order to increase value for revenue generation are being conceptualised. However, the maintenance plan will only be able to be carried out with the availability of funds and an improvement of the company's cash flow reserves.

Additionally, the transfer of Maintenance Division to properties will ease the execution of maintenance of properties, as the work will be done in-house thus increase efficiency and reducing cost.

• **Cost reduction**
The Department Properties will focus on utility cost control measures by installation of prepaid metres on properties being rented out especially the freestanding facilities.

The Way forward

During the next financial year TransNamib will also focus on starting the process of alienation of some of its core properties. TransNamib's Integrated Strategic Business Plan was approved by Cabinet on 17 October 2018, for a 5-year period running from 2018 to 2023. The purpose of the Business Plan is to set out the strategies and interventions to transform TransNamib from a loss-making entity to a profitable business undertaking.

The Company's real estate which is of mixed industrial, commercial and residential properties has been valued at N$2.4 billion. The company will unlock the potential value of its property portfolio, through leveraging, sales and/or own development. In terms of the ISBP, the unencumbered non-core properties, which includes residential properties, including vacant plots, as well as commercial properties, are set to be alienated in future.

Technology and Innovation will play a critical role in developing the properties portfolio. The Properties department in conjunction with the Technology and Innovation department will embark upon a project to procure a service provider to supply a Property Management System. Currently most functions are operated manually which compromises efficiency, effectiveness and accuracy in facility management in areas such as rental billing, payments recording, and debt management.

In order to align to the strategic objectives of the company and using fit for purpose technology, the department has mapped some of its processes and will continue the implementation thereof during the next financial year. One of the strategies of the properties department is to move the Department from a cost centre to a profit centre. Whilst the Department was previously treated as a cost centre as supposed to a profit centre, all efforts are made to ensure that revenue increase with the intention of ensuring that properties become a self-sustaining.

Our Human Capital

At TransNamib, we recognise that our greatest asset is our people and their skills. During the period under review, one of the key objectives of the department was to continuously upgrade employee's skills in order to improve the organisation and chart the course for the Integrated Strategic Business Plan (ISBP). The Human Capital department has made significant strides towards the key deliverables of the (ISBP) through the following outcomes and initiatives:

Strategic Partnerships:

Ensuring that the company has adequate technical expertise is imperative to move TransNamib into the future. One of the key interventions undertaken by the Human Capital department was to create strategic partnerships with technical institutions such as NUST, NTA, NIMT and WVTC to address the technical needs of TransNamib in order to meet its strategic objectives.

Training and Development Plan:

TransNamib continues to place high value on ongoing development of people's knowledge and skills and have launched an ambitious and multifaceted training and development plan during the period under review which included identifying managers and supervisors to undertake the Management Development Programme as well as the Supervisory Development programme at NUST.

Labour relations:

TransNamib's employee-relations have improved significantly during the reporting year. No general labour unrest occurred under the year in review. The management of the company and the Union have quarterly meetings to ensure that Union expectations are managed and regular communication with staff members have showed a significant improvement in employee relations.

Promoting high performance culture

The Human Capital Department through the implementation of the Balanced Scorecard are driving change management within TransNamib. The implementation of the Balanced Scorecard is well underway and aims to promote a culture of performance within TransNamib.

05

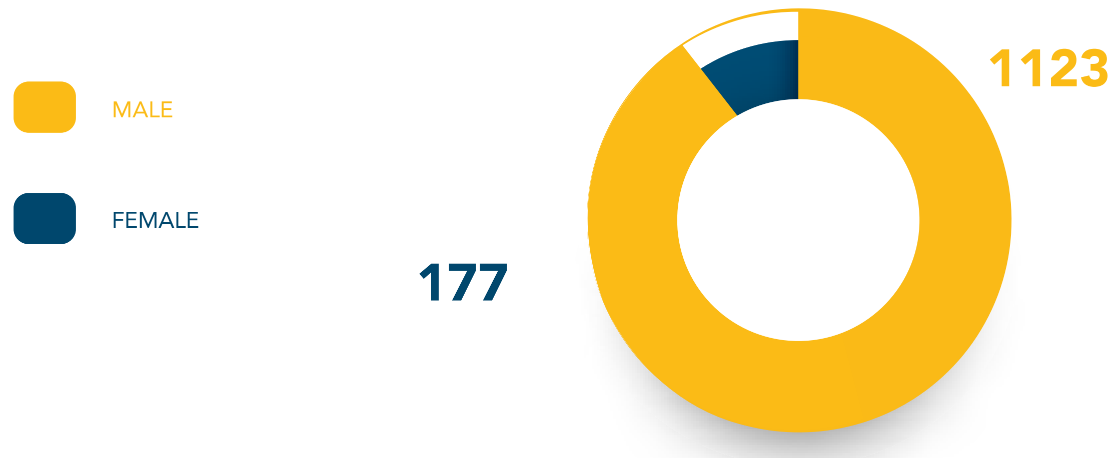
Our Workforce Profile:

At the end of the reporting year, the total head count stood at 1479

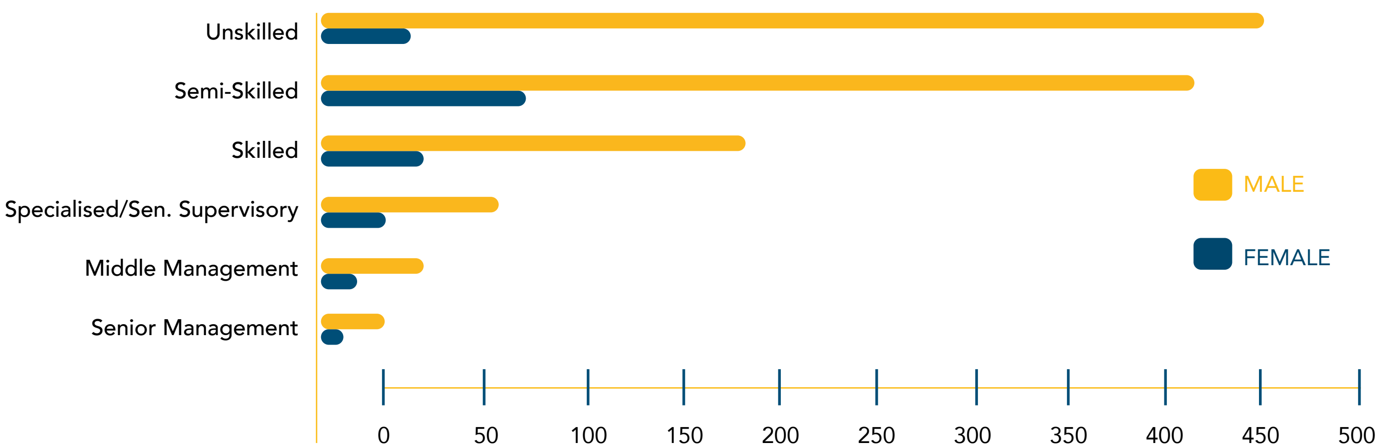
	2019/2020
Number of Permanent Employees	1300
Number of Employees on Contract	179
Total Number of Employees	1479

Gender Profile

A total of 13.6 percent of the permanent employees are male and 86.4 percent are male. This skewed ratio can largely be attributed to the fact that rail is a male dominated industry, as many positions require manual labour and the majority of our operations departments consists of male workers.



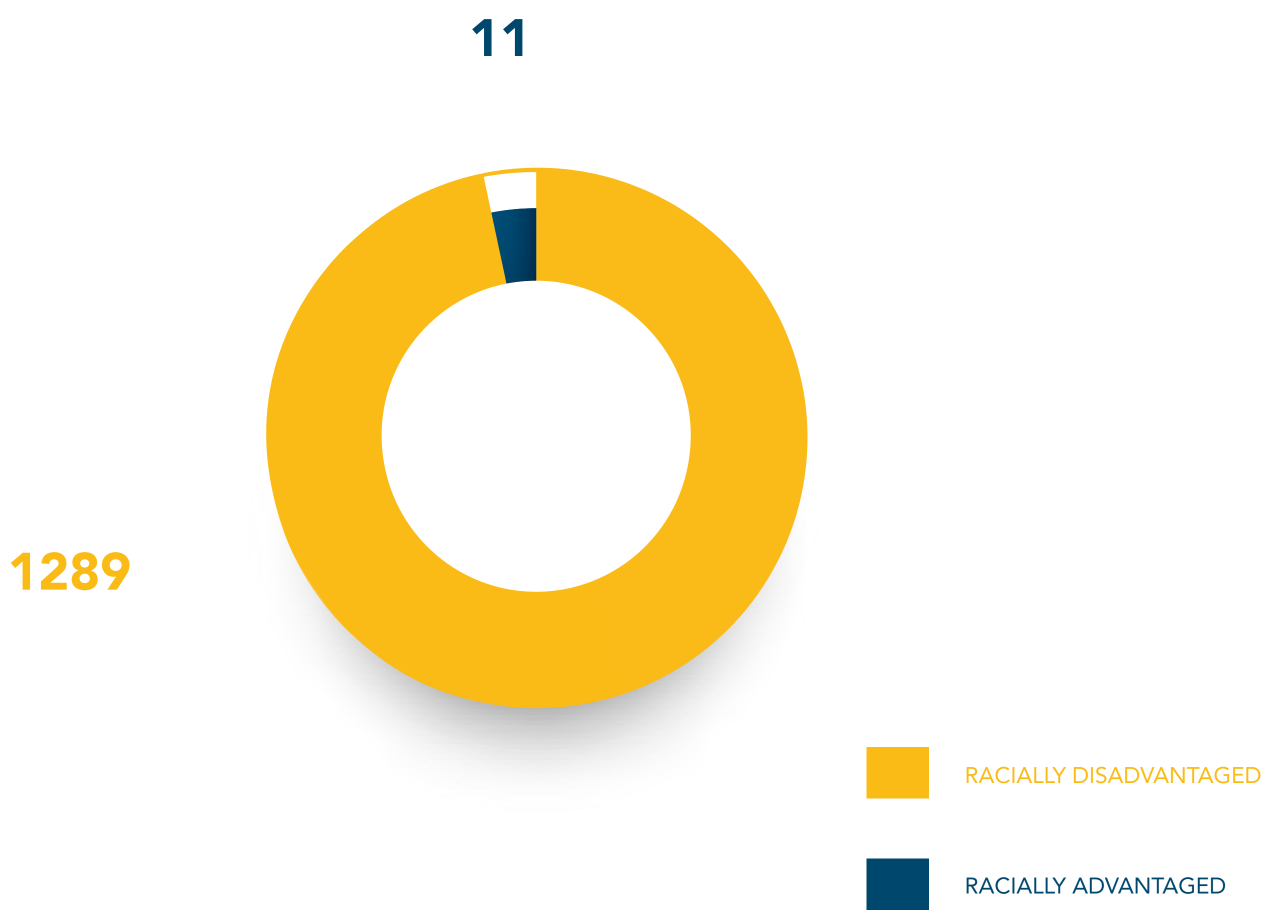
Occupational Categories



Occupational Category

OCCUPATIONAL CATEGORY	FEMALE	MALE
Senior Management	3	7
Middle Management	9	15
Specialised/Sen. Supervisory	20	53
Skilled	38	189
Semi-Skilled	77	411
Unskilled	30	448
TOTALS	**177**	**1123**

Diversity



Training and Development

The precedence for Training and Development is to build capacity amongst our employees. TransNamib aims to ensure that employees are equipped with the applicable skills to efficiently carry out their work responsibilities in order to ultimately contribute towards achieving the objectives of the company.

COURSE NAME	NUMBER OF EMPLOYEES TRAINEED	TOWN OF TRAINING
Basic First Aid Class A	81 Train Drivers	Windhoek
Safety Representatives	16 employees 3 employees 16 employees 9 employees	Central/ Windhoek Walvis Bay Otjiwarongo South / Keetmanshoop
Fire Fighting	16 employees 3 employees 14 employees 11 employees	Central/ Windhoek Walvis Bay Otjiwarongo South / Keetmanshoop
First Aid	13 employees 3 employees 11 employees 12 employees	Central/ Windhoek Walvis Bay Otjiwarongo South/ Keetmanshoop
Certificate in Management Development NQF level 7	10 employees	Windhoek

Train Operations performs a critical function; thus, it is mandatory for newly appointed employees to receive mandatory functional training. All other employees are fortified annually to ensure that they are kept abreast with new technologies.

The following mandatory training was conducted during the period under review and was attended by 100 employees from the Train Operation Crew:

COURSE NAME	NO: OF DELEGATES SERVED
Train Driver course	12
Third refresher for Train Drivers	9
Fourth refresher for Train Drivers	9
Fifth refresher for Train Drivers	8
Sixth refresher for Train Driver	8
Refresher for Shunters	6
Refresher Shed men	2
Refresher Shed men	1
Refresher for Technical Supervisors and Platelayers	5
Refresher for Train Controllers	3
Refresher for Technical Supervisors and Platelayers	6
Refresher course for Train Controllers	2
Refresher course for Train Driver	1
Refresher course for Platelayers: Track Maintenance	3
Shunters Course	22
Basic first Aid for Train Drivers	10
Shunters Course	15
Basic first Aid for Train Drivers	10
Basic first Aid for Train Drivers	11
Basic first Aid for Train Drivers	10
Basic First Aid for Train Drivers	12
Basic Fist Aid for Train Driver	12
Basic Fist Aid for Train Driver	11
Basic Fist Aid for Train Driver	7
Train Driver Refresher Course	1
Service Drivers	7
Train Driver Assistant	8
Train Driver	10
Train Driver Assistant	8
Train Driver course	10

Apprenticeship and Learning Programme:

The company revived its prized Apprenticeship and Learning Programme which had not been functioning for many years. During this period, a total of 86 apprentices and trainees were admitted to this programme which focuses on fields such as: DE Fitter, Telecoms and Electrical, Motor Mechanics, Track Maintenance and Welding.

Sustainability

Our Corporate Social Investment

Corporate Social Responsibility

Introduction

TransNamib, as a responsible corporate citizen upholds the social responsibility concept of meeting social needs and creating mutual value. The company integrated social responsibility with the formulation of corporate strategy, management and operations, with a view to formulating a comprehensive sustainable development plan. It is envisaged that by 2020/21 the formulation of the corporate social responsibility (CSR) strategy, approving of its plans, guiding the promotion and implementation will win a place to facilitate the harmonious integration of benefits of the economy, environment and society.

Activities

Our CSR presents the communities, especially educational institutions with the opportunities of experiential learning, which leads to improved attitudes toward learning. The impact of personal nature of experiential learning engages the students' emotions as well as enhancing their knowledge and skills. When students are physically involved, they experience greater gratification and pride, thus enhancing their enthusiasm for continued learning. The TransNamib Museum and the passenger trains are the channels of our community engagements. We strive to explore innovative ways in which we can continue to fulfil and advance the CSR activities.

TransNamib Museum

TransNamib Museum has a historical significance as the custodian of the Namibian railway industry and cultural heritage. The museum is part of the Museums Association of Namibia (MAN). It is a Non-Governmental Organisation representing museums and heritage institutions throughout Namibia. As a representative body, it supports museums in various ways such as training, funding and the networking of professionals.

The museum was officially opened on 1 July 1993. The exhibition consists of a wide range of railway equipment, maps and related items dating back to German colonial times and the South African administration. Staged outside the museum is an old locomotive including the first diesel locomotive in the country.

For the year under review, approximately 1320 people or tourist paid a visit to the Museum. The visitors represents various nationalities including Namibia, South Africa, Austria, Germany, Nederland, Sweden, Australia, Italy, Portugal, Switzerland, United kingdom, Belgium, Spain.

Across the driveway from the entrance is the German steam locomotive "Poor Old Joe", which was shipped to Swakopmund in 1899 and reassemble to the treacherous journey across the desert to Windhoek.

06

Visitors experiences about the Museum:

Mechanical machines paradise
If you are into the old but golden sites of mechanical machines, this museum is not to be missed. It captures a lot of Namibia's colonial history (Melkies, Namibia).

Very interesting and I would definitely recommend.
I had a special reason to visit Windhoek Railway station and museum. I recently discovered that my South African grandfather had driven the 154A class "Zwillinge" locomotive (which now stands proudly on a plinth in front of the Windhoek station building) over 100 years ago. Earlier this month I travelled from the UK to visit and pay homage to this icon. I was impressed looking around the Trans- Namib railway museum. Whether you are a train engine enthusiast or not it is of great interest to view the displays and exhibits from the past.
Marylin D, United Kingdom)

Loved the Army coach
The history of rail was very informative. I loved seeing the old rail cars and trains (Pioneer, 717754)

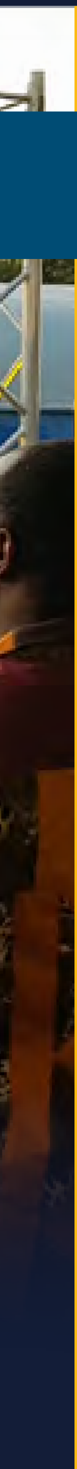
A small but worthwhile museum
An interesting stop, a must for any "railroad" nut. The curator was a very enthusiastic and personable young man. The museum also incorporates the aspect of transportation in Namibia including ships and air planes (Glenn Livet, Wisconsin)

Holiday
Wow such a great place to visit…well. I Came from UK to see family and was told this was a great place to explore, my boys loved seeing everything (Emma, Wake Field, UK)

Very interesting
A very interesting place to walk around, especially if you are interested in railway trains and cars, etc. I loved the old Station Building (Missy in Jozi, South Africa).

A Quick Visit
Our tour group took a very quick tour of the railroad museum items outside the building. The trains outside were interesting and well kept. Our guide had some nice stories about the use of the trains. I like it when people see value in keeping historical things around in order to educate about the past. It's worth taking the time to go see, especially if you are a train enthusiast. (Kaye N, Provo Utah).

Perfect for the rail or map enthusiast
Lots of detailed collections of maps, offices, rail memorabilia, schedules, and the like. An enthusiastic and knowledgeable museum director is prepared to give you whatever level of detail you would like. (Douglas M, Houston, Texas).



HIGHLIGHT:
CORPORATE SOCIAL RESPONSIBILITY

NAMIBIA HERITAGE WEEK LAUNCH
"Namibiab |ō|gauba Sao" – "Follow the Namibian Beat"

TransNamib as a member of the Museum Association of Namibia (MAN), had the honour to host the Official Opening of the **"Namibia Heritage Week"** on Monday, on 16 September 2019 at the Railway Museum.

Located at the Windhoek Railway Station, which was built in 1912 by Deutsche Staatsbahn for Swakopmund - Windhoek service. The northern wing was added in 1929 by the South African Railways - This addition was made in the same style such that no difference between the two part of the building was observed. The sign at the entrance of Windhoek railway station contains altitude information of the location:"1652 metres above sea level".

The event was officiated by the Hon. Anna Nghipondoka, Deputy Minister of Education, Arts and Culture. The Heritage week themed "Namibiab |ō|gauba Sao" – meaning "Follow the Namibian Beat", focused on sharing and historic storytelling that we have heard and learned about through the years.

Heritage Week in Namibia took the spotlight from 16 to 22 September 2019. The annual event allows celebrating and promoting heritage countrywide. We are proud to be a part of the team sharing information about Heritage and our diverse cultures through, storytelling, singing, dance, cuisine, poetry etc.

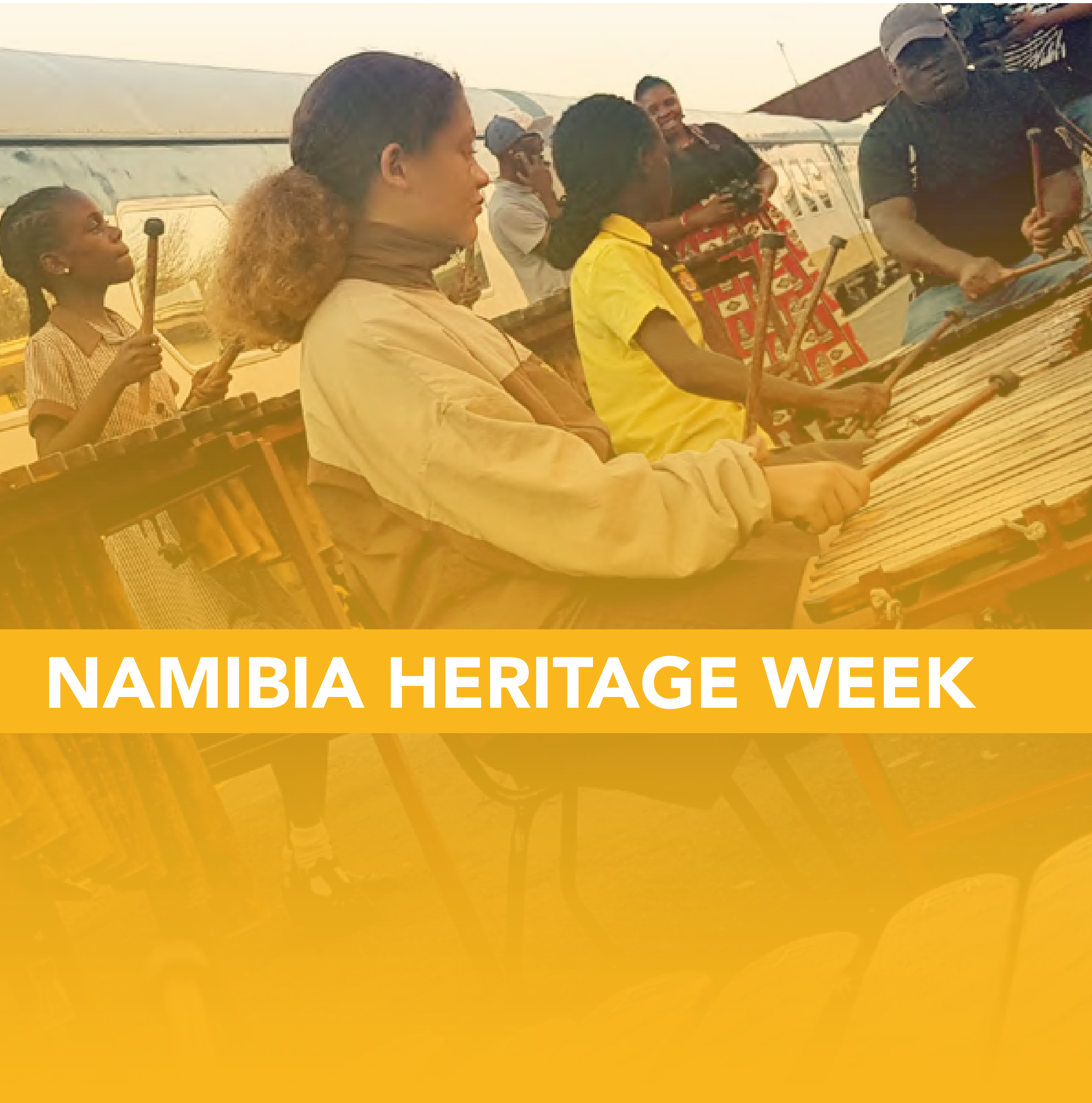
The natural and historical sites, the objects protected by museums, arts and crafts and the traditional knowledge passed down from generation to generation are all celebrated.

These are stories and histories that are woven into our landscape. Some elders produce medicine from the trees and plants around us. We have musicians and dancers that celebrate our identity. We have objects whose secrets can be unlocked by a visit to the museum. We have artists, chefs and fashion designers who keep our cultural knowledge dynamic and alive through their designs.

At the launch, Hon. Anna Nghipondoka, Deputy Minister of Education, Arts and Culture emphasised that, "Heritage is the most cherished asset in Namibia as it is the source of the unique knowledge that makes us Namibians. Everyone should make an effort to join museums, art galleries and heritage institutions across the country in celebrating Heritage Week".

As part of the **"Namibia Heritage Week** programme, we held **TransNamib Railway Museum** Open Day", which the TransNamib Chief Executive Officer, Johny Smith commended the staff and community participants for being part of the entertainment, featured traditional attires and presented some traditional cuisines.

The launch was a memorable highlight of "Namibiab |ō|gauba Sao"–"Follow the Namibian Beat"



NAMIBIA HERITAGE WEEK

Safety, Health and Environmental issues

TransNamib is committed to making its operations as sustainable as possible. The safety of our employees, contractors and stakeholders is paramount. Our employees and contractors are required to follow health and safety practices consistent with our Safety Policy.

When it comes to safety, health and environment we are constantly vigilant. Effective management of risks require stringent adherence to international standards, our policies, leadership as well as an intrinsic culture of sustained safety and hazard awareness.

TransNamib's operations were severely impacted by the COVID-19 pandemic during the last month of the period under review. Special measures had to be implemented throughout the organisation to ensure compliance to the COVID-19 Regulations. A detailed COVID-19 safety plan was compiled, approved and implemented. Walvis Bay, as the initial epicentre of the virus, and the heart of TransNamib's train operations received extra attention, with the company employing additional members to protect identified critical staff members living in Walvis Bay.

Workplace Wellness Programmes

TransNamib has been the strategic partner of the Walvis Bay Corridor Group (WBCG) Wellness programme since 2003. This initiative is part of the long term National Strategic Framework on HIV/AIDS response in Namibia and has successfully improved collaborations and coordination with relevant stakeholders such as; the Ministry of Health and Social Services, the Ministry of Works and Transport, the Society for Family Health and the Namibia Business Coalition on Aids (NABCOA). The programme provides necessary support and facilitates the development of Workplace Wellness Programmes in the transport sector. As part of the programme, health issues are discussed with employees with the support of health professionals.

During the period under review, a total of 171 employees participated in the wellness intervention mobile clinics.

Overall Participation Rate

OVERALL PARTICIPATION	MALE	FEMALE	TOTAL
2018/19	109	47	156
2019/20	126	45	171
	5.6%	- 4.3%	9.6%

The figures show an overall increase in participation of 9.6% with an overall positive change of 5.6% in male participation and a 4.3% decline in female participation.

Planned tests for the next financial year include:

- Tetanus vaccinations for plumbing staff
- Flu vaccinations
- Ergonomic work assessment

Lost Time Injuries 2019/2020

MONTHS / REGION	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
CENTRAL	4	1	0	0	1	2	2	2	0	1	5	0
NORTH	0	1	0	0	0	1	0	0	2	0	0	0
WEST	0	0	0	0	0	0	1	0	0	1	0	0
SOUTH	0	0	0	0	1	1	0	0	0	1	0	0
TARGET	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	4	2	0	0	2	4	3	2	2	3	5	0

A total of twenty-seven (27) lost time injuries were reported during 2019/20 financial year. The injuries were mostly sustained on the hands, legs, shock treatment, eye, back as well as dental and skin burn.

Vehicles Accident

MONTHS / REGION	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
CENTRAL	0	0	0	0	1	0	1	0	0	0	0	0
NORTH	0	0	0	0	0	1	0	0	0	1	0	0
WEST	0	0	0	0	0	0	0	0	0	0	1	0
SOUTH	0	0	0	0	0	0	0	0	0	1	4	0
TARGET	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	1	1	1	0	0	3	5	0

Vehicle accidents reported for the period of 2019/20 financial year were ten (10), although the target is (0) the period under review has shown a decrease in vehicle accidents.

Financial Statements

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Providing and promoting of transport services in Namibia or elsewhere by managing, developing and utilising the resources and assets at it`s disposal.
Registered office	Prof.Mburumba, Kerina Windhoek Namibia
Business address	Prof.Mburumba,Kerina Windhoek Namibia
Postal address	P O Box 13204 Windhoek Namibia
Bankers	First National Bank of Namibia NedBank Bank Windhoek Standard Bank
Auditor	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Mrs E C Taylor-Tjaronda - Resignation Date: 09 May 2020 Mrs Lena Kandjela- Appointment Date: 17 August 2020

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Index

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 28 of 2004 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

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

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

The directors have reviewed the company’s cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 7 to 9.

The financial statements set out on pages 10 to 72, were approved by the board on 2 December 2020 and were signed on their behalf by:

Approval of financial statements

JShikongo

Director
J. Shikongo

Director
G. C. Michaels

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Transnamib Holdings Limited for the year ended 31 March 2020.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 28 of 2004. The accounting policies have been applied consistently compared to the prior year. Except for the first time adoption of IFRS 16- Leases.

The company recorded a comprehensive loss after tax for the year ended 31 March 2020 of N$ 30 014 00 compared to a prior year comprehensive loss of N$ 66 114 000 (Restated). Current year comprehensive loss includes an Actuarial Gain on defined Retirement Benefit Obligation remeasurement and Severance Pay Liability of N$ 232 661 000.

The loss for the year excluding the Actuarial Gains was N$ 262 675 000 compared to the prior year loss of N$ 66 114 000 (Restated).

Company revenue increased by 4% from N$522,455,000 in the prior year to N$542,784,000 for the year ended 31 March 2020.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Directorate

The directors in office during the year under review are as follows:

Directors	Appointment date	Designation
Adv S. Tjijorokisa (Chairperson)	07 February 2019	Non-executive Independent
G. Michaels (Deputy Chairperson)	07 February 2019	Non-executive Independent
J. Shikongo	07 February 2019	Non-executive Independent
V. Mberema	07 February 2019	Non-executive Independent
Dr. M. Ochurub (Re-appointment)	07 February 2019	Non-executive Independent
O. Kaveru	07 February 2019	Non-executive Independent
I. N. Ikela	01 June 2019	Non-executive Independent

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Directors' Report

4. Events after the reporting period

Subsequent to the date of the financial statements, the directors have become aware of the following key events, which have an impact on the financial position of the company:

Namibia, and the world in general has been affected by the COVID-19 pandemic, which resulted in President Dr. Hage G Geingob declaring a state of emergency on 17 March 2020 to contain the spread of novel Corona virus in the country. This was followed by the total lockdown on movement within and out of Namibia from 24 March 2020. Subsequent to year end and up to the date of this report, the lock down has been lifted and the state of emergency ended in September 2020. The pandemic is not yet under control, and has continued to affect our operations and most of our stakeholders and customers. The directors believe that the company has put in place mechanisms to be able to cope with the pandemic into the future, and are not able to forecast the full impact of the pandemic on the company, as it is still ongoing.

Apart from this, the directors are not aware of any matters or circumstances arising since the end of the financial year up to date of this report, that would require adjustment of, or disclosure in the financial statements.

5. Going concern

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 ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors will procure funding from the Government of the Republic of Namibia (GRN) or other sources for the ongoing operations.

The company has made an operating loss in the current year of N$ 262 million. The net current liability position for the year ended 31 March 2020 was N$ 174 490 000.

The events above indicate a material uncertainty on the entity`s ability to continue as a going concern and therefore, may be unable to realise it`s assets and discharge it`s liabilities in the normal course of business.

During the mid-term budget review by the Ministry of Finance, we were notified that N$35 million has been set aside for the company to utilise for the maintenance of railway infrastructure. This money was not yet disbursed at the time of finalising this report, for the directors to assess the full conditions of the funding. Directors however believe that this is a very welcomed relief which will assist in improving the reliability of our service to the customers.

The Development Bank of Southern Africa and the Development Bank of Namibia jointly concluded a technical due diligence into the 2019- 2023 business plan of the company in August 2020. This important milestone in the application for the long term funding for the company marks an important step towards unlocking funding required for the remanufacturing of locomotives for the company. The directors are hopeful that a final answer on the application for funding will be available by the end of March 2021.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Directors' Report

6. NOCLAR

Due to cash flow constraints, the company did not honour its obligation to pay PAYE over to the Receiver of Revenue according to the requirements of Schedule 2 of the Income Tax Act. As at 31 March 2020, Transnamib owes the Receiver of Revenue N$41 072 431.23 including interest (2019: N$ 24 122 932.07). This amount has been provided in the financial statements. The directors are aware of this non-compliance and have a payment plan with the Receiver of Revenue, to ensure compliance in the near future.

The company did not honour its obligation to pay Vocational Educational Training (VET) levies to National Training Authority. The balance payable to NTA as at 31 March 2020 is N$18 616 496.09 (2019: N$ 15 215 224.09). This amount has been provided in the financial statements. A lot of money is spent by the company annually on the apprenticeship programme, to train young Namibians in various fields related to railway infrastructure and rolling stock maintenance. In light of this, the company unsuccessfully applied for exemption from VET levies. A payment plan will be developed to ensure that the company complies with the levy latest by 2023 financial period.

7. Secretary

Mrs E C Taylor-Tjaronda- Resignation Date: 09 May 2020.

Mrs Lena Kangandjela- Appointment Date: 17 August 2020.

8. Auditors

Grand Namibia Chartered Accountants and Auditors.

Grand Namibia
Chartered Accountants & Auditors

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Transnamib Holdings Limited

Opinion

We have audited the annual financial statements of Transnamib Holdings Limited set out on pages 10 to 70, which comprise of the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies and the director's report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Transnamib Holdings Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of Namibia (Act 28 of 2004).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 5 and Note 30 in the Directors' Report and the Annual Financial statements respectively which states events or conditions, along with other matters that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Subsequent event: The impact of the uncertainty of COVID-19

We draw attention to Note 4 in the Directors' Report, which deals with subsequent events and specifically the possible effects of the future implications of COVID-19 on the company's future prospects, performance and cash flows. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Investment Properties

We draw attention to Note 3 in the annual financial statements, which indicates that the valuation of Investment Property was performed on 15 July 2019. No valuation was performed as at 31 March 2020 due to limited volatility in the property market. Our opinion is not modified in respect of this matter.

Resident Partners: Richard Theron (Managing) | Ronald N Beukes

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Other Information

The directors are responsible for the other information. The other information comprises the detailed income statement. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Namibian Companies Act and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Annual Financial Statements

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: R. Theron - Partner
Windhoek
16 February 2021

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

Figures in Namibia Dollar thousand	Note(s)	2020	2019 Restated	2018 Restated
Assets				
Non-Current Assets				
Property, plant and equipment	2	2,044,730	2,147,489	2,276,965
Right-of-use assets	4	12,895	-	-
Investment property	3	1,264,773	1,264,773	1,259,409
Investments in joint ventures	5	14,866	15,834	12,861
		3,337,264	**3,428,096**	**3,549,235**
Current Assets				
Inventories	10	102,800	80,762	85,323
Trade and other receivables	9	61,199	104,450	104,517
Other financial assets	7	2,956	17,043	7,070
Cash and cash equivalents	14	32,768	65,696	23,025
		199,723	**267,951**	**219,935**
Total Assets		**3,536,987**	**3,696,047**	**3,769,170**
Equity and Liabilities				
Equity				
Share capital	11	277,266	277,266	277,266
Reserves		1,328,349	1,095,688	1,095,688
Retained income		(142,700)	120,043	210,530
		1,462,915	**1,492,997**	**1,583,484**
Liabilities				
Non-Current Liabilities				
Lease liabilities	4	7,802	-	-
Retirement benefit obligation	13	365,100	555,970	514,885
Deferred income	17	996,209	1,009,054	1,024,598
Loan from the Government of Namibia	16	325,432	325,432	325,432
		1,694,543	**1,890,456**	**1,864,915**
Current Liabilities				
Trade and other payables	8	284,392	216,492	257,875
Lease liabilities	4	5,316	-	882
Provisions	15	48,568	70,869	48,368
GRN Upgrade		7,358	7,095	2,129
Bank overdraft	14	33,895	18,138	11,517
		379,529	**312,594**	**320,771**
Total Liabilities		**2,074,072**	**2,203,050**	**2,185,686**
Total Equity and Liabilities		**3,536,987**	**3,696,047**	**3,769,170**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2020

Figures in Namibia Dollar thousand	Note(s)	2020	2019 Restated
Revenue	18	542,784	522,455
Other operating income	19	68,779	208,294
Other operating gains (losses)		13,080	5,136
Fuel, oil and lubricants		(173,813)	(145,305)
Employee costs		(410,896)	(364,209)
Repairs and maintenance		(65,497)	(44,389)
Operating lease charges		(1,970)	(7,104)
Depreciation, amortization and impairment		(103,272)	(124,084)
Other operating expenses		(130,447)	(128,516)
Operating loss	20	**(261,252)**	**(77,722)**
Investment income	21	2,765	223
Finance costs	22	(3,220)	(1,452)
Income from equity accounted investments		(968)	7,473
Fair value gains on investment properties		-	5,364
(Loss) profit before taxation		**(262,675)**	**(66,114)**
Taxation	23	-	-
(Loss) profit for the year		**(262,675)**	**(66,114)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial Gains on net defined benefit liability/asset		232,661	-
Other comprehensive income for the year net of taxation		**232,661**	**-**
Total comprehensive (loss) income for the year		**(30,014)**	**(66,114)**

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Statement of Changes in Equity for the year ended 31 March 2020

Figures in Namibia Dollar thousand	Share capital	Revaluation reserve	Reserve for remeasurment of Post retirement	Other NDR	Total reserves	Retained income	Total equity
Opening balance as previously reported	277,266	1,270,104	-	40,000	1,310,104	78,931	1,666,301
Adjustments							
Prior period error	-	-	-	-	-	(5,039)	(5,039)
Change in accounting policy	-	-	(252,036)	-	(252,036)	252,036	-
Prior year adjustments	-	37,620	-	-	37,620	(115,398)	(77,778)
Balance at 1 April 2018 as restated	**277,266**	**1,307,724**	**(252,036)**	**40,000**	**1,095,688**	**210,530**	**1,583,484**
Loss for the year	-	-	-	-	-	(66,114)	(66,114)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**-**	**(66,114)**	**(66,114)**
IFRS 9- credit loss adjustment	-	-	-	-	-	(24,373)	(24,373)
Balance at 1 April 2019 (Restated)	**277,266**	**1,307,724**	**(252,036)**	**40,000**	**1,095,688**	**120,043**	**1,492,997**
Loss for the year	-	-	-	-	-	(262,675)	(262,675)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**-**	**(262,675)**	**(262,675)**
Actuarial gain Post retirement Medical Aid	-	-	230,829	-	230,829	-	230,829
Actuarial Gain Severance Pay Liability	-	-	1,832	-	1,832	-	1,832
IFRS 16- Leases	-	-	-	-	-	(68)	(68)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**232,661**	**-**	**232,661**	**(68)**	**232,593**
Balance at 31 March 2020	**277,266**	**1,307,724**	**(19,375)**	**40,000**	**1,328,349**	**(142,700)**	**1,462,915**
Note(s)	11	12					

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Statement of Cash Flows

Figures in Namibia Dollar thousand	Note(s)	2020	2019 Restated
Cash flows from operating activities			
Cash receipts from customers		625,401	705,289
Cash paid to suppliers and employees		(699,488)	(668,586)
Cash (used in)/generated from operations	24	(74,087)	36,703
Interest income		2,765	223
Finance costs		(3,220)	(1,452)
Net cash from operating activities		**(74,542)**	**35,474**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(16,303)	(2,908)
Sale of property, plant and equipment	2	15,345	(10,938)
Sale of financial assets		14,087	(9,973)
Dividend received		-	4,500
Net cash from investing activities		**13,129**	**(19,319)**
Cash flows from financing activities			
Movement in other liability- GRN Upgrade		263	4,966
Funds received from the Government		13,860	15,811
Payment on lease liabilities		(1,395)	(882)
Net cash from financing activities		**12,728**	**19,895**
Total cash movement for the year		**(48,685)**	**36,050**
Cash at the beginning of the year		47,558	11,508
Total cash at end of the year	14	**(1,127)**	**47,558**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act 28 of 2004.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period. Except for changes in significant accounting policies of the implementation of *IFRS* 16- Leases, which became effective in the current financial year.

1.2 New Standards and Interpretations

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

Standard	Pronouncement	Effective date: Years beginning on or after
IFRS 16- Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term more than 12 months unless the underlying asset is of low value. Lessors continue to classify leases as operating or finance leases	1 January 2019

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.2 New Standards and Interpretations (continued)

Impact of initial application of IFRS 16 Leases

In the current year, the company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for the annual periods that begin on or after 01 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for shortterm leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 4 . The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 April 2019.

The Company has applied IFRS 16 using the cumulative catch-up approach, with the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings.

(a) Impact of the new definition of a Lease

The Company made use of the practical expedient available on transition to IFRS 16 not to assess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or modified before 1 April 2019.

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting
(i) Former operating leases
IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and
c) Separates the total amount of cash paid into a principal portion (presented within financial activities) and interest (presented within operating activities) in the statement of profit or loss.

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.2 New Standards and Interpretations (continued)

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

For short-term leases (lease of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit or loss.

(ii) Former finance leases
The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

(c) Impact on Lessor Accounting
IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets. Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17). This change did not have a material effect on the Company's financial statements. As required by IFRS 9, an allowance for expected credit losses has been recognised on the lease receivables.

(d) Financial impact of initial application of IFRS 16
The tables below show the amount of adjustment for each financial statement line items affected by the application of IFRS 16 for the current and prior years.

Impact on assets, liabilities and equity as at 01 April 2019

Impact on assets,liabilities and equity as at 01 April 2019	IFRS 16 Adjustments
Right-of-use assets	64
Finance Lease liabilities	(132)
Adjustment to opening retained earnings	68

Standards and interpretations not yet effective
In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.2 New Standards and Interpretations (continued)

Standard	Details of amendment	Effective date: Years beginning on or after	Impact
IAS 1- *Presentation of Financial Statements* and IAS 8- *Accounting policies, Changes in Accounting estimates*	On 31 October 2012 the IASB issued "Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of material and to align the definition used in the Conceptual Framework and the standards themselves.	1 January 2020	Not Material
IFRS 16- *Leases*	COVID-19 Related Rent concessions: Amendment providing lessees with an exemption from assessing whether a COVID 19-related concession (a rent concession that reduces lease payment due on or before 30 June 2021) as a lease modification	1 June 2020	Not Material

1.3 Comparative Information

The company presented a third Statement of Financial Position as at the beginning of 01 April 2018 to retrospectively correct material prior period errors identified during the current year. Management chose to present an additional comparative period in the notes to the Financial Statements related to the third Statement of Financial Position reported. The disclosure provide additional information relevant to the users to assess and understand the impact and nature of the corrected errors.

1.4 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Lease term

Determining whether it is reasonably certain that an extension or termination option will be exercised
At the commencement date, the Company assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to not to exercise an option to terminate the lease. The Company has considered all relevant facts and circumstances that create an economic incentive for the lessee to exercise or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Key sources of estimation uncertainty

Trade Receivables

The company assesses it`s trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit and loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

Fair value estimation

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

The fair value of financial liabilities for the 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.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 15.

Leases

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Determination of the appropriate rate to discount the lease payments

The Company measures the lease liability at the present value of the lease payments that are not paid at commencement date, discounted by using the incremental borrowing rate of 10.50%. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security in funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The rate is used, because the rate implicit in the lease cannot be accurately and readily determined. Furthermore, the Company has external borrowings at a reputable financial institution at this rate.

1.5 Investment property

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

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.5 Investment property (continued)

Investment property is 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.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Land and buildings is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

Any increase in an asset’s carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.6 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	10 - 50 years
Plant and machinery	Straight line	5 - 10 years
Furniture and fixtures	Straight line	5 - 10 years
Motor vehicles	Straight line	3 - 10 years
Office equipment	Straight line	5 - 10 years
IT equipment	Straight line	5 - 10 years
Computer software	Straight line	5 - 10 years
Rolling stock	Straight line	10 - 40 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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 is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.7 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.

Reassessing the useful life of an intangible asset with a finite 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.

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

1.8 Investments in joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

i) Joint Venture

The company recognises it`s interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures standard.

ii) Joint operations

The company recognises the following in relation to its interests in a joint operations:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint venture;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expense incurred jointly.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.9 Financial instruments

Financial Assets

Classification.

Broadly, the classification possibilities, which are adopted by the company ,in accordance of IFRS 9 as applicable, are as follows:

Financial assets which are debt instruments:

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

Financial liabilities:

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

Note 29 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

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

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.9 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

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

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if directly attributable and if not containing a significant financing component or practical expedient is applied.

They are subsequently measured at amortised cost.

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

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable. Lifetime ECL was used due to simplified approach for Trade and other Receivables with no significant financing component as stated in IFRS 15. The amount of expected credit losses is updated at each reporting date.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. IFRS 9 does not give specify a certain method, but rather an "unbiased' method thus the provision matrix method was adopted as a suitable method. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 9.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.9 Financial instruments (continued)

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as the movement in the credit loss allowance account (note 20).

Credit risk

The company has also in line with IFRS 7 assessed the credit risk relating to Trade and Other Receivables. Details of credit risk are included in the trade and other receivables note (note 9) and the financial instruments and risk management note (note 29).

Derecognition

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost .

Borrowings and loans from related parties

Classification

loans from shareholders (note 17) and borrowings are classified as financial liabilities subsequently measured at amortised cost, in line with IFRS 9.

Recognition and measurement

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

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

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 22.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 29 for details of risk exposure and management thereof.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.9 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 8), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 22).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 29 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be at amortised cost.

Bank overdrafts

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

1.10 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 end of the reporting period.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.10 Tax (continued)

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).

At the end of the reporting period the, company reasseses unrecognised deferred tax assets. The company recognises a previously unrecognised deferred tax to the extent that if has become probale that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Tax expenses

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

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

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

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

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.11 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 20) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the company is a lessee are presented in note 4 Leases (company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.11 Leases (continued)

- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 22).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.11 Leases (continued)

- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 22).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.13 Impairment of assets (continued)

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

- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

An entity assesses at each reporting date whether there is 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. To the extent of previously recognised amounts to revaluation reserve. The remainder (if any) is credited to profit and loss, to extent of previously recognised impairment loss; and any additional increase is treated as a revaluation.

1.14 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.

1.15 Employee benefits

Short-term employee benefits

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

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

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

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.15 Employee benefits (continued)

Defined contribution plans

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

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

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit 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 the end of the reporting period where the interim valuation is performed at an earlier date.

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

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

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

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

When it is virtually certain that another party will reimburse some or all 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 profit or loss, 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 statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

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

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.16 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.

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.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.17 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.

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.17 Government grants (continued)

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 statement of financial position 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 profit or loss (separately).

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.

1.18 Revenue from contracts with customers

The company recognises revenue from the following major sources:
- Revenue from rendering a service- Freight Revenue
- Revenue from rendering a service- Passenger Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Rendering of service

For rendering a service - freight revenue, revenue is recognised when control of the goods has transferred, being when the goods have been transported to the customer's specific location. The transportation of goods by the company is a performance obligation. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 days.

For rendering a service- passenger revenue, revenue is recognised when the passengers has reached their destination.There is a single performance obligation being the passenger transportation.

1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Accounting Policies

1.19 Borrowing costs (continued)

- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019 Restated	2018 Restated

2. Property, plant and equipment

	2020			2019 Restated			2018 Restated		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	683,264	-	683,264	683,264	-	683,264	683,264	-	683,264
Buildings	597,403	(84,783)	512,620	597,403	(69,866)	527,537	597,403	(54,860)	542,543
Furniture and fixtures	6,123	(4,774)	1,349	5,020	(4,545)	475	4,908	(4,454)	454
Motor vehicles	48,995	(32,436)	16,559	48,580	(39,183)	9,397	51,901	(41,051)	10,850
Office equipment	44,900	(17,597)	27,303	44,880	(15,729)	29,151	44,854	(13,569)	31,285
IT equipment	31,846	(23,475)	8,371	29,991	(22,537)	7,454	29,275	(21,725)	7,550
Perway and Works	82,460	(27,321)	55,139	82,460	(24,776)	57,684	82,460	(22,230)	60,230
Rolling stock	1,198,982	(459,764)	739,218	1,171,160	(338,633)	832,527	1,209,115	(242,877)	940,789
Capital - Work in progress	907	-	907	-	-	-	-	-	-
Total	**2,694,880**	**(650,150)**	**2,044,730**	**2,662,758**	**(515,269)**	**2,147,489**	**2,703,180**	**(400,766)**	**2,276,965**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	683,264	-	-	-	-	-	683,264
Buildings	527,537	-	-	-	(14,917)	-	512,620
Furniture and fixtures	475	1,102	-	-	(228)	-	1,349
Motor vehicles	9,397	12,419	(2,266)	-	(2,991)	-	16,559
Cargo and Workshop equipment	29,151	19	-	-	(1,867)	-	27,303
IT equipment	7,454	1,856	-	-	(939)	-	8,371
Perway	57,684	-	-	-	(2,545)	-	55,139
Rolling stock	832,527	-	-	(15,075)	(66,472)	(11,762)	739,218
Capital under construction	-	907	-	-	-	-	907
	2,147,489	**16,303**	**(2,266)**	**(15,075)**	**(89,959)**	**(11,762)**	**2,044,730**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Impairments	Depreciation	Impairment loss	Total
Land	683,264	-	-	-	-	683,264
Buildings	542,543	-	-	(15,006)	-	527,537
Furniture and fixtures	454	112	-	(91)	-	475
Motor vehicles	10,850	804	-	(2,257)	-	9,397
Cargo and Workshop Equipment	31,285	15	-	(2,149)	-	29,151
IT equipment	7,550	716	-	(812)	-	7,454
Perway	60,230	11	-	(2,557)	-	57,684
Rolling stock	940,789	1,250	(8,300)	(70,802)	(30,410)	832,527
	2,276,965	**2,908**	**(8,300)**	**(93,674)**	**(30,410)**	**2,147,489**

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Prior period error	Revaluations	Other changes, movements	Depreciation	Total
Land	3,496	-	(2,159)	-	681,927	-	-	683,264
Buildings	234,030	-	(51,304)	-	366,740	-	(6,923)	542,543
Furniture and fixtures	672	-	-	-	-	-	(218)	454
Motor vehicles	14,067	-	-	-	-	-	(3,217)	10,850
Cargo and Workshop	33,978	-	-	-	-	-	(2,693)	31,285
IT equipment	7,776	569	-	-	-	-	(795)	7,550
Perway	62,239	533	-	-	-	-	(2,542)	60,230
Rolling Stock	1,067,585	-	(50,467)	-	-	(25,449)	(50,880)	940,789
Capital - Work in progress	6,754	-	-	(6,754)	-	-	-	-
	1,430,597	**1,102**	**(103,930)**	**(6,754)**	**1,048,667**	**(25,449)**	**(67,268)**	**2,276,965**

Revaluations

The company's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

3. Investment property

	2020			2019 Restated			2018 Restated		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1,264,773	-	1,264,773	1,264,773	-	1,264,773	1,259,409	-	1,259,409

Reconciliation of investment property - 2020

	Opening balance	Total
Investment property	1,264,773	1,264,773

Reconciliation of investment property - 2019

	Opening balance	Fair value adjustments	Total
Investment property	1,259,409	5,364	1,264,773

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

3. Investment property (continued)

Details of valuation

The effective date of the revaluations was 15 July 2019. Valuations were performed by independent valuators : Property Valuators Namibia and they are not connected to the company and have recent experience in location and category of the investment property being valued. There has been very limited volatility in the market due to few transactions of a similar magnitude hence no revaluation was performed for the year ended 31 March 2020.

The following valuation techniques were used in valuing investment property.

- Land- Market Approach- The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities etc.
- Buildings- Cost Approach- The valuation technique reflects the amount that would be required currently to replace the same capacity of an asset, often referred to as current replacement cost.

The following assumptions were used:

- The general state of repair of the properties similar than what is was in 2018 when the properties were physically inspected.
- The property market remains the same, i.e. under pressure, with limited to zero growth (or declining in same areas).

Amounts recognised in profit and loss for the year

	2020	2019	2018
Cumulative change in fair value recognised in profit (loss)	-	5,364	1,186,904

4. Leases (company as lessee)

The company leases several assets, including buildings, vehicles and IT equipment. The average lease term is 4 years

Details pertaining to leasing arrangements, where the company is lessee are presented below:

The company adopted IFRS 16 for the first time in the current financial period.The information presented in this note for right-of-use assets therefore only includes the current period.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

4. Leases (company as lessee) (continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	Vehicle N$	Equipment N$	TOTAL N$
Net carrying amount-31 March 2020	14,412	34	**14,446**
	-	-	-
Depreciation expense for the year ended 31 March 2020	1,520	31	**1,551**

	2020	2019	2018
PPE subject to operating lease arrangements	12,895	-	-

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 20), as well as depreciation which has been capitalised to the cost of other assets.

	2020	2019	2018
PPE subject to operating lease arrangements	1,551	-	-

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2020	2019	2018
Within one year	5,316	-	-
Two to five years	7,802	-	-
	13,118	**-**	**-**
Non-current liabilities	7,802	-	-
Current liabilities	5,316	-	882
	13,118	**-**	**882**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

5. Investments in Joint Ventures

Investment in Joint Ventures

The following table lists all of the joint ventures in the company:

Name of company	Held by	% ownership interest 2020	% ownership interest 2019	% ownership interest 2018	Carrying amount 2020	Carrying amount 2019	Carrying amount 2018
GPT-Transnamib Concrete Sleepers (Pty) Ltd		50.00 %	50.00 %	50.00 %	11,014	11,646	9,620
Namibia Rail Construction (Pty) Ltd		51.00 %	51.00 %	51.00 %	3,852	4,188	3,241
Swakopmund Station Hotel (Pty) Ltd		50.00 %	50.00 %	50.00 %	-	-	-
					14,866	15,834	12,861

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 associates beyond its initial investment and an extension thereof by means of a loan. Swakopmund Station Hotel (Pty) Ltd principal place of business is Swakopmund.

Summarised financial information of joint ventures

2020

Summarised statement of comprehensive income	Revenue	Depreciation and amortisation	Interest income	Tax expense	Profit (loss) from continuing operations	Total comprehensive income
GPT-Transnamib Concrete Sleepers (Pty) Ltd	15,648	(2,588)	-	(488)	(1,264)	(1,264)
Swakopmund Station Hotel (Pty) Ltd	71,503	(3,075)	-	-	(5,527)	(5,527)
Namibia Rail Construction (Pty) Ltd	6,740	-	8	309	(657)	(657)
	93,891	**(5,663)**	**8**	**(179)**	**(7,448)**	**(7,448)**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

5. Investments in Joint Ventures (continued)

Summarised statement of financial position

Assets	Non-current assets	Cash and cash equivalents	Other current assets	Total current assets	Total assets
GPT-Transnamib Concrete Sleepers (Pty) Ltd	18,323	4,146	1,698	5,844	24,167
Swakopmund Station Hotel (Pty) Ltd	51,989	4,668	54,974	59,642	111,631
Namibia Rail Construction (Pty) Ltd	6,140	311	5,285	5,596	11,736
	76,452	**9,125**	**61,957**	**71,082**	**147,534**

Liabilities	Non-current financial liabilities*	Total non-current liabilities	Current financial liabilities*	Total current liabilities	Total liabilities
GPT-Transnamib Concrete Sleepers (Pty) Ltd	2,142	2,142	293	293	2,435
Swakopmund Station Hotel (Pty) Ltd	14,074	14,074	105,176	105,176	119,250
Namibia Rail Construction (Pty) Ltd	1,214	1,214	2,022	2,022	3,236
	17,430	**17,430**	**107,491**	**107,491**	**124,921**

*Non-current financial liabilities are expressed in the table above, excluding trade and other payables and provisions. Trade and other payables and provisions are included in other current financial liabilities.

Reconciliation of movement in investments in joint ventures	Investment at beginning of 2020	Share of profit/(loss)	Investment at end of 2020
GPT-Transnamib Concrete Sleepers (Pty) Ltd	11,646	(632)	11,014
Namibia Rail Construction (Pty) Ltd	4,188	(336)	3,852
	15,834	**(968)**	**14,866**

2019

Summarised statement of comprehensive income	Revenue	Depreciation and amortisation	Interest income	Tax expense	Profit (loss) from continuing operations	Total comprehensive income
GPT-Transnamib Concrete Sleepers (Pty) Ltd	64,850	(3,177)	-	(2,582)	13,052	13,052
Swakopmund Station Hotel (Pty) Ltd	69,839	(3,961)	-	-	(7,956)	(7,956)

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

5. Investments in Joint Ventures (continued)

Namibia Rail Construction (Pty) Ltd	11,804	-	253	(1,436)	1,856	1,856
	146,493	**(7,138)**	**253**	**(4,018)**	**6,952**	**6,952**

Summarised statement of financial position

Assets	Non-current assets	Cash and cash equivalents	Other current assets	Total current assets	Total assets
GPT-Transnamib Concrete Sleepers (Pty) Ltd	20,912	7,844	1,812	9,656	30,568
Swakopmund Station Hotel (Pty) Ltd	53,901	4,564	6,053	10,617	64,518
Namibia Rail Construction (Pty) Ltd	113	148	5,856	6,004	6,117
	74,926	**12,556**	**13,721**	**26,277**	**101,203**

Liabilities	Non-current financial liabilities*	Total non-current liabilities	Current financial liabilities*	Total current liabilities	Total liabilities
GPT-Transnamib Concrete Sleepers (Pty) Ltd	2,630	2,630	4,940	4,940	7,570
Swakopmund Station Hotel (Pty) Ltd	14,074	14,074	104,524	104,524	118,598
Namibia Rail Construction (Pty) Ltd	98	98	(820)	(820)	(722)
	16,802	**16,802**	**108,644**	**108,644**	**125,446**

Reconciliation of movement in investments in joint ventures	Investment at beginning of 2019	Share of profit/(loss)	Dividends received from joint venture	Investment at end of 2019
GPT-Transnamib Concrete Sleepers (Pty) Ltd	9,620	6,526	(4,500)	11,646
Namibia Rail Construction (Pty) Ltd	3,241	947	-	4,188
	12,861	**7,473**	**(4,500)**	**15,834**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018
6. Deferred tax			
Deferred tax liability			
Property plant and equipment	(266,174)	(300,990)	(230,162)
Revaluation	(168,812)	(168,812)	-
Other	-	(2,561)	(8)
Right-to-use-assets	(4,126)	-	-
Unrecognised deferred tax	(1,340,641)	(553,847)	(635,087)
Total deferred tax liability	**(1,779,753)**	**(1,026,210)**	**(865,257)**
Deferred tax asset			
Liabilities for health care benefits accrued	115,313	176,660	154,836
Other provisions	13,773	9,187	10,754
Provisions for doubtful debts	19,539	29,168	8,782
Deferred tax balance from temporary differences other than unused tax losses	148,625	215,015	174,372
Tax losses available for set off against future taxable income	1,631,128	811,195	690,885
	1,779,753	1,026,210	865,257
Total deferred tax asset	**1,779,753**	**1,026,210**	**865,257**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2020	2019	2018
Deferred tax liability	(1,779,753)	(1,026,210)	(865,257)
Deferred tax asset	1,779,753	1,026,210	865,257
Total net deferred tax asset	**-**	**-**	**-**

Reconciliation of deferred tax asset / (liability)

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

7. Other financial assets

At fair value through profit or loss - designated			
Unit Trust - IJG Security (Pty) Ltd	2,956	17,043	7,070
Current assets			
Designated as at FV through profit (loss)	2,956	17,043	7,070

Fair value hierarchy

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 2			
Unit Trust -IJG security (Pty) Ltd	2,939	17,043	7,070

The company has not reclassified any financial assets.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

8. Trade and other payables

Trade payables	215,497	166,243	177,082
Provision- Bonus	6,164	4,542	4,936
Other payables	-	(122)	-
Employee vendors	105	(39)	(76)
Accrued expenses	26,735	12,277	35,424
Provision- Leave	19,021	17,845	16,575
Outgoing cheques	4	4	4
Other deposits	1,877	1,780	1,557
VAT	14,989	13,962	22,373
	284,392	**216,492**	**257,875**

Exposure to currency risk

The net carrying amounts, in Namibia Dollar, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.

Namibia Dollar Amount			
Namibia Dollar	284,392	216,492	257,875

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

8. Trade and other payables (continued)

Exposure to liquidity risk

Refer to note 29 Financial instruments and financial risk management for details of liquidity risk exposure and management.

9. Trade and other receivables

	2020	2019	2018
Financial instruments:			
Trade receivables	55,531	62,868	81,898
Trade receivables - Property debtors	68,257	47,975	-
Other Receivables	4,492	18,659	-
Loss allowance (ECL)	(79,081)	(82,330)	(35,278)
Trade receivables at amortised cost	49,199	47,172	46,620
Non-financial instruments:			
Other receivables- suspense	37,203	57,256	29,592
Other receivables	-	-	20,082
Provision bad debts other	(27,444)	-	-
Prepayments	-	22	8,223
RSA VAT Receivable	2,240	-	-
Total trade and other receivables	**61,198**	**104,450**	**104,517**

Split between non-current and current portions

	2020	2019	2018
Current assets	61,199	104,450	104,517

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2020	2019	2018
At amortised cost	49,200	47,172	46,620
Non-financial instruments	11,999	57,278	57,897
	61,199	**104,450**	**104,517**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

9. Trade and other receivables (continued)

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered.Customer credit limits are in place and are reviewed. The exposure to credit risk and the creditworthiness of customers, is continuously monitored. There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Trade receivables arise from freight revenue and rental income - property.

The company uses a Provision matrix approach to measure the Expected Credit Losses's (ECLs) of trade receivables from the customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the life of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated on two segments, being Freight Revenue and Property rental income as the customers from the two segments have different credit risk characteristics in terms of age of customer relationship and type of service offered.

The company does not require collateral in respect of trade and other receivables. The company does not have trade receivable for which no loss allowance is recognised because of collateral.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from the customers as at 31 March 2020:

	2020	2020	2019	2019	2018	2018
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Freight Services						
Current: 4.71% (2019: 6.05%)	38,383	(2,190)	39,168	(2,370)	11,996	(726)
31 - 60 days past due: 15.24% (2019: 21.74%)	14,850	(2,921)	11,806	(2,566)	8,031	(1,746)
61 - 90 days past due: 77.43% (2019: 92.19%)	1,282	(1,270)	3,770	(3,476)	1,445	(1,332)
91 - 120 days past due: 83.49% (2019: 97%)	1,017	(1,017)	8,124	(7,865)	25,561	(24,794)

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

9. Trade and other receivables (continued)

	55,532	**(7,398)**	**62,868**	**(16,277)**	**47,033**	**(28,598)**
Property Rental						
Current : 25.19% (2019: 35.39%)	4,836	(3,952)	3,003	(1,062)	2,491	(881)
31 - 60 days past due: 36.11% (2019: 56.46%)	2,750	(2,558)	3,979	(2,247)	2,282	(1,288)
61 - 90 days past due: 56.99% (2019: 88.57%)	3,245	(3,255)	2,134	(1,889)	2,610	(2,311)
91 - 120 days past due: 61.74% (2019: 97%)	57,426	(57,427)	38,859	(42,196)	27,394	(26,572)
	68,257	**(67,192)**	**47,975**	**(47,394)**	**34,777**	**(31,052)**
Other receivables						
More than 120 days past due: 100%	4,491	(4,491)	18,659	(18,659)	-	-
Total	**128,280**	**(79,081)**	**129,502**	**(82,330)**	**81,810**	**(59,650)**

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the company`s view of economic conditions over the expected lives of the receivables.

Scalar factors are based on actual and forecast GDP,nominal,LCU rates of 3%.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2020	2019	2018
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	-	(35,278)	-
Adjustments upon application of IFRS 9 (retained earnings)	-	(24,373)	-
Opening balance in accordance with IFRS 9	**(82,330)**	**(59,650)**	**(59,650)**
Bad debts written off	14,167	-	-
Provision raised-ECL	(10,913)	(22,680)	-
Provision raised- general approach	(27,444)	-	-
Closing balance	**(106,520)**	**(82,330)**	**(59,650)**

Exposure to currency risk

The net carrying amounts, in Namibia Dollar, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

9. Trade and other receivables (continued)

Namibia Dollar Amount			
Namibia Dollar	61,199	104,450	104,517

10. Inventories

Consumable stores	87,725	80,762	85,323
Cannabilized Locomotives	15,075	-	-
	102,800	**80,762**	**85,323**

11. Share capital

Authorised			
1 000 000 000 Ordinary shares of N$ 1	1,000,000	1,000,000	1,000,000
Issued			
277 266 030 Ordinary shares of N$ 1 each	277,266	277,266	277,266

12. Revaluation reserve

The revaluation reserve relates to the revaluation of the land and building. A portion of the revaluation will be released when the asset is retired or diposed of.

Opening balance	1,307,724	1,307,724	243,442
Gains on land and building revaluation	-	-	1,026,662
Adjustment to land and buildings	-	-	37,620
	1,307,724	**1,307,724**	**1,307,724**

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

13. Retirement benefits obligation

Post retirement medical benefit plan and Severance pay benefit

The actuarial valuation determined that the retirement plan was in a sound financial position

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Carrying value

	2020	2019	2018
Present value of the defined benefit medical and severance pay benefit obligation- wholly funded	(365,100)	(555,970)	(514,885)

Movements for the year

	2020	2019	2018
Opening balance	555,970	514,885	483,862
Benefits paid	(19,437)	(20,142)	(25,547)
Net expense recognised	(171,433)	61,227	56,570
	365,100	**555,970**	**514,885**

Net expense recognised

	2020	2019	2018
Current service cost	12,278	12,278	13,372
Interest cost	48,949	48,949	47,775
Actuarial Gain- recognised in Other Comprhensive Income	(232,660)	-	(4,577)
	(171,433)	**61,227**	**56,570**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

13. Retirement benefits obligation (continued)

Key assumptions used

Assumptions used on last valuation.

Discount rates used	13.46 %	9.60 %	9.60 %

Sensitivity Analysis

Severance Pay Benefit
We have assessed the sensitivity of the financial assumptions by increasing and decreasing the differences between the assumptions by 1.0%. A real interest rate of 3.98% can be interpreted as the resulting accrued liability if the salary inflation rate is 1.0% higher than assumed.

Medical aid Benefit

We have assessed the sensitivity of the financial assumptions by increasing and decreasing the differences between the assumptions by 1.0%. A real interest rate of 3.98% can be interpreted as the resulting accrued liability if the medical aid contribution increase rate is 1% higher than assumed

Post retirement benefit plan and Medical Aid Benefit

It is the policy of the company to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The total group contribution to such schemes	61,108	51,167	35,990

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	318	269	336
Bank balances	32,450	65,427	22,689
Bank overdraft	(33,895)	(18,138)	(11,517)
	(1,127)	**47,558**	**11,508**
Current assets	32,768	65,696	23,025
Current liabilities- Bank Overdraft	(33,895)	(18,138)	(11,517)
	(1,127)	**47,558**	**11,508**
Cash and cash equivalents held by the entity that are not available for use.	7,358	7,095	2,129

First National Bank
- Written guarantee of N$11 765 000 held by First National Bank of Namibia

Loan Balances are as follows:

- F30 dated 01/11/2012
- Cession of debts dated 29/03/2019

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 (if available) or historical information about counterparty default rates:

The ratings are from Namibian financial institutions.

Credit rating			
Bank Windhoek (AA-NA + A1-NA)	8,778	57	1,343
Standard Bank Limited (B,BB+ Fitch credit rating)	321	321	317
First National Bank (AA+ (NA))	15,940	57,949	19,395
IJG (no rating)	2,956	17,043	7,070
Nedbank (Ba1 Moody`s credit rating)	7,411	7,102	2,115
	35,406	**82,472**	**30,240**

Exposure to currency risk

Namibia Dollar amount			
Namibia Dollar	(1,127)	47,558	11,537

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

15. Provisions

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Other provisions	13,123	2,370	(7,001)	(4,947)	3,545
Provision for interest and penalties on Import VAT	24,560	-	(13,601)	-	10,959
Provision for penalties and interest - PAYE and VAT	33,186	878	-	-	34,064
	70,869	**3,248**	**(20,602)**	**(4,947)**	**48,568**

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Other provisions	9,979	3,336	(192)	13,123
Provisions for interest and penalties on Import VAT	24,678	-	(118)	24,560
Provision for penalties and interest - PAYE and VAT	13,711	19,475	-	33,186
	48,368	**22,811**	**(310)**	**70,869**

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Other Provisions	57,820	-	(191)	(47,650)	9,979
Provisions for interest and penalties on Import Vat	24,002	43,586	(42,910)	-	24,678
Provision for penalties and interest- PAYE and VAT	134,222	90,824	(211,335)	-	13,711
	216,044	**134,410**	**(254,436)**	**(47,650)**	**48,368**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

15. Provisions (continued)

The provisions are not discounted to present value as they are deemed that the time value of money will not be material.

Provision for penalties and interest- PAYE and VAT
The provision arose from the expected penalties and interest to be paid to the Receiver of Revenue for late submission and payment of PAYE and VAT.

Other Provisions
Includes provision for obsolete stock, employee compensation (ECA), and goods in transit insurance claims from customers.

Provision for interest and penalties on Import VAT
The provision arose from expected penalties and interest relating to Import Value Added Tax.

16. Loan from the Government of Namibia

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's Yuan was made available by the Import Export Bank of China to the Government of the Republic Namibia to purchase railway equipment. This loan has been lended to Transnamib by the Government for purchase of railway equipment during 2007.

The loan is denominated in Namibia Dollar, but Transnamib carried the foreign exchange risk, until September 2010 when the loan between the Government and the Peoples Republic of China was settled by the Republic of Namibia. Interest of 3% was levied on the amount of the foreign balance. at which point the balance was translated into Namibian dollars at the same interest rate.

The loan is a low interest rate loan and the benefit of a government loan at a below-market rate of interest should be treated as a government grant. The loan is recognized and measured in accordance with IFRS 9 Financial Instruments.

The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IFRS 9- Financial Instruments.

	2020	**2019**	**2018 Restated**
Opening Balance	325,432	325,432	410,355
Correction of deferred income incorrectly classified as a Government Loan	-	-	(81,601)
Low interest loan benefit received on Government settling Chinese Loan	-	-	(166,038)
Accumulated finance costs capped to the capital amounts	-	-	162,716
Total	**325,432**	**325,432**	**325,432**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

17. Deferred income

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's Yuan was made available by the Import Export Bank of China to the Government of the Republic Namibia to purchase railway equipment. This loan has been lended to Transnamib by the Government for purchase of railway equipment during 2007.

The loan was value at fair value and the adjustment made in 2018. The low interest portion to the value of N$ 166 038 000 constitutes a benefit from the Government and has been disclosed accordingly.

An amount of N$ 81 601 000 was reclassified as deferred income in the financial year 2018, this amount relates to money received for capital expenditure.

Figures in Namibia Dollar thousand	2020	2019	2018
Opening Balance	1,009,054	1,024,598	802,517
Release to Income Statement	(26,705)	(30,550)	(28,845)
Deferred Income incorrectly classified as a Government Loan in prior years	-	-	81,601
Low interest loan benefit received on Government settling Chinese loan	-	-	166,038
Grants received	13,860	15,006	3,287
	996,209	**1,009,054**	**1,024,598**

- The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and
-Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019
18. Revenue		
Revenue from contracts with customers		
Freight Revenue	480,318	472,167
Passenger Revenue	16,477	14,540
	496,795	**486,707**
Revenue other than from contracts with customers		
Rental Income	45,989	35,748
	542,784	**522,455**

Disaggregation of revenue from contracts with customers

The company disaggregate's revenue from customers as follows:

	2020	2019
Rendering of services		
Freight Revenue	480,318	472,167
Passenger Revenue	16,477	14,540
	496,795	**486,707**
Other revenue		
Rental income	45,989	31,129
Total revenue from contracts with customers	**542,784**	**517,836**

Timing of revenue recognition

	2020	2019
Over time		
Sale of goods	(480,318)	(472,167)
Rendering of services	(16,477)	(14,540)
	(496,795)	**(486,707)**

19. Other operating income

	2020	2019
10% Supervision Fee and Government Grants	54,787	208,342
Other sundry income	177	122
Fines and penalties	12,722	(1,260)
Other income	1,093	1,090
	68,779	**208,294**

20. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019
20. Operating profit (loss) (continued)		
Auditor's remuneration - external		
Audit fees	1,308	852
Remuneration, other than to employees		
Consulting and professional services	4,644	7,899
Employee costs		
Salaries, wages, bonuses and other benefits	409,969	363,402
Long term incentive scheme	927	807
Total employee costs	**410,896**	**364,209**
Depreciation and amortisation		
Depreciation of property, plant and equipment	89,959	93,674
Depreciation of right-of-use assets	1,551	-
Total depreciation and amortisation	**91,510**	**93,674**
Impairment losses		
Property, plant and equipment	11,762	30,410
Movement in credit loss allowances		
Bad Debts	40,670	22,680
21. Investment income		
Interest income		
Investments in financial assets:		
Investments	2,294	2,601
Trade debtors	471	(2,378)
Total interest income	**2,765**	**223**

Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

22. Finance costs

Finance lease	416	-
Interest paid banking costs	2,804	1,425
Other interest paid	-	27
Total finance costs	**3,220**	**1,452**

23. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit (loss)	(30,014)	(66,114)
Tax at the applicable tax rate of 32% (2019: 32%)	(9,604)	(21,156)
Tax effect of adjustments on taxable income		
Permanent Differences	(86,758)	(14,176)
Deferred tax effect income	96,362	39,883
Prior period error	-	(4,551)
	-	**-**

The estimated tax loss available for set off against future taxable income is N$ 2 682 552 (2019: N$ 2 534 983).

24. Cash (used in)/generated from operations

Profit (loss) before taxation	(262,675)	(66,114)
Adjustments for:		
Depreciation and amortisation	91,510	93,674
Gains on disposal of assets	(13,080)	(5,136)
Income from equity accounted investments	968	(7,473)
Interest income	(2,765)	(223)
Finance costs	3,220	1,452
Fair value gains	-	(5,364)
Movements in retirement benefit assets and liabilities	41,790	41,085
Movements in provisions	(22,300)	22,502
Impairment	11,762	30,410
Changes in working capital:		
Inventories	(6,963)	4,561
Trade and other receivables	45,491	67
Trade and other payables	65,660	(41,381)
Deferred income	(26,705)	(31,357)
	(74,087)	**36,703**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

25. Commitments

Authorised capital expenditure

There is no committed capital expenditure.

26. Contingencies

- Contingent guarantee amounting to N$ 11 765 000 is held by First National Bank of Namibia Ltd.
- One guarantee of N$ 1 520 000 in favor of the Department of Finance, Custom & Excise are held by Standard Bank of Namibia Ltd.

27. Related parties

Relationships	
Interest in Joint Ventures	Refer to note 5
Shareholder	The Government of the Republic of Namibia
Directors	Refer to Directors Report

Related party balances

	2020	2019
Loan accounts - Owing (to) by related parties		
The Government of the Republic of Namibia	(325,432)	(325,432)

Related party transactions

	2020	2019
Funds (received) from or paid to related parties		
Funds Received from the Government of the Republic of Namibia	(13,860)	(208,342)

	2020	2019
Compensation to directors and other key management		
Short-term employee benefits	1,892	723

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

28. Directors' emoluments

Non-executive

2020

	Directors' fees	Total
Adv S. Tjijorokisa (Chairperson)	254	254
G. Michaels (Deputy Chairperson)	283	283
J. Shikongo	323	323
V. Mberema	283	283
Dr.M. Ochurub	283	283
O. Kaveru	314	314
I. N. Iikela	153	153
	1,893	**1,893**

2019

	Directors' fees	Total
Adv S. Tjijorokisa (Chairperson)	34	34
E Angula	35	35
D.N. Jimmy-Melani	39	39
W.P.Molatzi	27	27
Dr.M. Ochurub	117	117
P.Smit	39	39
I. N. Ikela	83	83
D.N. Jimmy-Melani	90	90
E.Angula	66	66
W.P.Molatzi	62	62
	592	**592**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

29. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020

	Note(s)	Amortised cost	Total
Trade and other receivables	9	61,199	61,199
Cash and cash equivalents	14	32,768	32,768
		93,967	**93,967**

2019

	Note(s)	Amortised cost	Total
Trade and other receivables	9	104,450	104,450
Cash and cash equivalents	14	65,696	65,696
		170,146	**170,146**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

29. Financial instruments and risk management (continued)

Categories of financial liabilities

2020

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	8	284,392	-	284,392
Finance lease obligations		-	13,118	13,118
Bank overdraft	14	33,895	-	33,895
		318,287	**13,118**	**331,405**

2019

	Note(s)	Amortised cost	Total
Trade and other payables	8	216,492	216,492
Bank overdraft	14	18,138	18,138
		234,630	**234,630**

Capital risk management

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

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 17 and cash and cash equivalents disclosed in note 15, and equity as disclosed in the Statement for Financial Position.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous period.

Lease liabilities		13,118	-	882
Trade and other payables	8	284,392	216,493	257,872
Total borrowings		**297,510**	**216,493**	**258,754**
Bank overdraft (cash and cash equivalents)	14	1,127	(47,559)	(11,508)
Net borrowings		**298,637**	**168,934**	**247,246**
Equity		1,462,919	1,492,999	1,608,936

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand		2020	2019
29. Financial instruments and risk management (continued)			
Gearing ratio	20 %	11 %	15 %

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

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

The company is exposed to credit risk on loans receivable, trade and other receivables, cash and cash equivalents,and financial guarantees.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

29. Financial instruments and risk management (continued)

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

29. Financial instruments and risk management (continued)

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.
Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The maximum exposure to credit risk is presented in the table below:

		2020			2019 Restated		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	9	167,722	(106,523)	61,199	186,759	(82,331)	104,428
Cash and cash equivalents	14	32,768	-	32,768	65,969	-	65,969
		200,490	**(106,523)**	**93,967**	**252,728**	**(82,331)**	**170,397**

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

29. Financial instruments and risk management (continued)

2020

Non- current liabilities	**Less than 1 year**	**1-5 years**	**Over 5 year**	**Total**
Lease Liabilities	-	7,802	-	7,802
Government Loan	-	-	325,432	325,432
Other Financial Liabilities	-	-	7,358	7,358
	-	**7,802**	**332,790**	**340,592**
Current liabilities				**Total**
Trade and other payables	284,392	-	-	284,392
Bank overdraft	33,895	-	-	33,895
Lease Liabilities	5,316	-	-	5,316
	323,603	**-**	**-**	**323,603**

2019

		Less than 1 year	Over 5 years	Total
Non-current liabilities				
Government loan		-	325,432	325,432
Other financial liabilties		-	7,095	7,095
Current liabilities				
Trade and other payables	8	216,492	-	216,492
Bank overdraft	14	18,138	-	18,138
Total		**234,630**	**332,527**	**567,157**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019	2018

30. Going concern

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 ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors will procure funding from the Government of the Republic of Namibia (GRN) or other sources for the ongoing operations.

The company has made an operating loss in the current year of N$ 262 million. The net current liability position for the year ended 31 March 2020 was N$ 174 490 000.

The events above indicate a material uncertainty on the entity`s ability to continue as a going concern and therefore, may be unable to realise it`s assets and discharge it`s liabilities in the normal course of business.

During the mid-term budget review by the Ministry of Finance, we were notified that N$35 million has been set aside for the company to utilise for the maintenance of railway infrastructure. This money was not yet disbursed at the time of finalising this report, for the directors to assess the full conditions of the funding. Directors however believe that this is a very welcomed relief which will assist in improving the reliability of our service to the customers.

The Development Bank of Southern Africa and the Development Bank of Namibia jointly concluded a technical due diligence into the 2019- 2023 business plan of the company in August 2020. This important milestone in the application for the long term funding for the company marks an important step towards unlocking funding required for the remanufacturing of locomotives for the company. The directors are hopeful that a final answer on the application for funding will be available by the end of March 2021.

31. Fair value information

Fair value hierarchy

The table below analyse assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The fair value measurement of Investment Property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Assets	Note(s)

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand		2020	2019	2018

31. Fair value information (continued)

Investment property	3			
Investment property		1,264,773	1,264,773	1,259,409
Total		**1,264,773**	**1,264,773**	**1,259,409**

Valuation processes applied

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being values. The valuation company provides the fair value of the company investment property annually.

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Notes to the Financial Statements

Figures in Namibia Dollar thousand	2020	2019

32. Restatement of prior year

The balance of the Investment Property excluded the fair value of N$ 47 921 052 for Portion 8 Farm Ujams 288 and included the fair value N$ 10 233 562.50 for Erf 7954 which was sold. Keetmanshoop properties valued at N$ 398 000 not owned by Transnamib were also included in the error.

Repairs and maintenance costs amounting to N$ 5 039 084 was capitalised to assets under construction in error in the prior year and N$ 1 715 112 upgrading to Erf 194, Windhoek (Investment Property) was capitalised to assets under construction in error.

The balance of the loan from the Government of Namibia was misstated. In accordance with IAS 20-Grants the loan constitutes a low interest loan and needs to carried at Fair Value. N$ 81 601 464 was also reclassified as Deferred Income. The erroneous interest recognised on this loan in the provision account amounting to N$ 57 251 000 was reversed.

The revenue and trade receivables excluded terrain rental income amounting to N$ 4 618 728 excluding VAT and the trade payables was understated by the VAT amount of N$ 692 809.

The retropective correction of the error(s) results in adjustments as follows:

Figures in Namibia Dollar thousand	2020	2019	2018
Effect on Assets			
Decrease in Property, plant and equipment		(6,754)	(6,754)
Increase in Investment Properties		39,003	39,003
Increase in Trade and other receivables		5,311	-
Effect on Liabilities			
Increase in Deferred income		(247,640)	(247,640)
Decrease in Loan from the Government of Namibia		84,923	84,923
Increase inTrade and other payables		(692)	-
Decrease in Provisions		57,251	(247,640)
Effect on the Statement of profit or loss and other comprehensive income			
Increase in Revenue		(4,619)	-
Decrease in Finance costs		(9,600)	-
Effect on Equity			
Increase in Reserves		(214,416)	(214,416)
Decrease in Retained Earnings		145,818	131,599

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Detailed Income Statement

Figures in Namibia Dollar thousand	Note(s)	2020	2019
Revenue			
Freight Revenue		480,318	472,167
Rental income		45,989	35,748
Passenger Revenue		16,477	14,540
	18	**542,784**	**522,455**
Other operating income			
Government grants		54,787	208,342
Scrap sales		177	122
Fines and penalties		12,722	(1,260)
Other income		1,093	1,090
	19	**68,779**	**208,294**
Other operating gains (losses)			
Gains on disposal of assets or settlement of liabilities		13,080	5,136
Expenses (Refer to page 72)		**(885,896)**	**(813,607)**
Operating loss	20	**(261,253)**	**(77,722)**
Investment income	21	2,765	223
Finance costs	22	(3,220)	(1,452)
Income from equity accounted investments		(968)	7,473
Other non-operating gains (losses)			
Fair value gains		-	5,364
(Loss) profit for the year		**(262,676)**	**(66,114)**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Detailed Income Statement

Figures in Namibia Dollar thousand	Note(s)	2020	2019
Other operating expenses			
Advertising		(488)	(293)
Auditors remuneration - external auditors	20	(1,308)	(852)
Bad debts		(38,356)	(22,679)
Bank charges		(926)	(508)
Cleaning		(14)	-
Commission paid		(8)	(25)
Computer expenses		(4,005)	(5,297)
Consulting and professional fees		(936)	(2,711)
Full Maintenance Lease		(451)	-
Environmental Levy		(3)	-
Depreciation		(91,510)	(93,674)
Employee costs		(410,896)	(364,209)
Entertainment		(272)	(133)
Fuel, oil and lubricants		(173,813)	(145,305)
Impairment		(11,762)	(30,410)
Re-Engineering Costs		(1,995)	-
Lease rentals on operating lease		(1,971)	(3,750)
Legal expenses		(3,708)	(5,188)
Training Levy		(3,401)	(3,520)
Insurance		(8,494)	(6,377)
Licences		(1,284)	(9,332)
Loss on exchange rate		-	(2,617)
Municipal expenses		(38,058)	(38,327)
Other expenses		(782)	(1,267)
Postage		(16)	(33)
Printing and stationery		(1,474)	(1,012)
Recruitement		(465)	(29)
Uniforms and Safety Wear		(1,190)	(747)
Repairs and maintenance		(65,483)	(47,743)
Security		(7,374)	(19,389)
Subscriptions		(369)	(107)
Telephone and fax		(1,184)	(800)
Training		(3,109)	(1,203)
Travel		(10,791)	(6,070)
		(885,896)	**(813,607)**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Value Added Statement

Figures in Namibia Dollar thousand	2020	2019

"Value added" is the measure of wealth the company has created in its operations by "adding value" to the cost of products and services. The statement below summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out below is the amount retained and re-invested in the company for the replacement of assets and the further development of operations.

Value Added

	2020	2019
Value added by operating activities		
Revenue	542,784	522,455
Bought - in materials and services	(371,727)	(325,314)
Other operating income	68,779	208,294
Other operating gains (losses)	13,080	5,136
	252,916	**410,571**
Value added by non-operating activities		
Other non-operating gains (losses)	-	5,364
	-	**5,364**
Value added by investing activities		
Investment income	2,765	223
Income from equity accounted investments	(968)	7,473
	1,797	**7,696**
Total Value Added	**254,713**	**423,631**

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2020

Value Added Statement

Figures in Namibia Dollar thousand	2020	2019
Value Distributed		
To Pay Employees		
Salaries, wages, medical and other benefits	410,896	364,209
	410,896	**364,209**
To Pay Providers of Capital		
Finance costs	3,220	1,452
	3,220	**1,452**
To be retained in the business for expansion and future wealth creation:		
Value reinvested		
Depreciation, amortisation and impairments	103,272	124,084
	103,272	**124,084**
Value retained		
Retained profit	(262,675)	(66,114)
	(262,675)	**(66,114)**
Total Value Distributed	**254,713**	**423,631**

Value added represents the additional wealth which the company has been able to create by its own and employees efforts.


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Abbreviations

CRM : Customer Relationship Management
DPMT : Dundee Precious Metals Tsumeb
FY : Financial Year
ICT : Information Communication Technology
ISBP : Integrated Strategic Business Plan
NIMT : Namibia Institute of Mining and Technology
NUST : Namibia University of Science and Technology
NOCC : National Operations Control Centre
OPX : Overnight Parcel Express
PAG : Previously Advantaged Group
PDG : Previously Disdvantaged Group
Q1 : (First) Quarter
Q2 : (Second) Quarter
Q3 : (Third) Quarter
SACU : Southern African Customs Union
SADC : Southern African Development Community
SARSR : South African Railway Safety Regulator
TST : Tolerance Safety Target
TNHL : TransNamib Holdings Limited
TRACCS : TransNamib Revenue and Accounting Customer Care System
TNX : TransNamib Express
WVTC : Windhoek Vocational Training Centre

Corporate Information

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