INTEGRATED
ANNUAL REPORT

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transnamib

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SECTION 1
THE TRANSNAMIB STORY

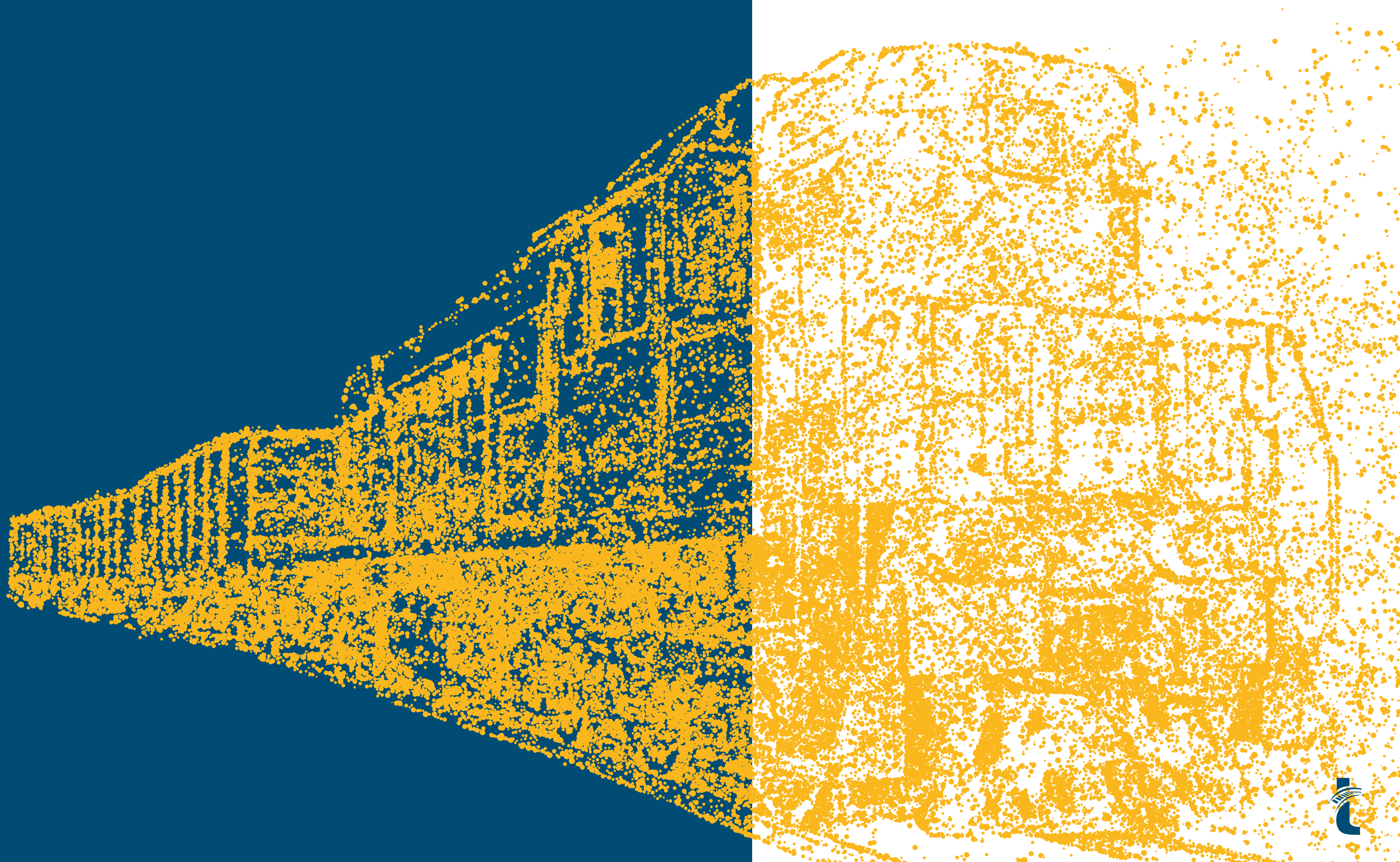
The TransNamib Brand Story

Over 126 years ago, when our forefathers had the foresight to see the value of Namibia as an interlinking connecting country to move goods, rail had its humble beginnings with the construction of a small mining rail line at Cape Cross in 1895. In 1897, the first major railway project was started when the authorities at that time built the "Staatsbahn" (state railway) from Swakopmund to Windhoek.

In its over 12 decades of existence rail has continued to grow and play an important role in developing Namibia's economy and providing landlocked countries access to goods and services through our connection to the world through our world class port at Walvis Bay. After the independence of Namibia, TransNamib took control of the national rail network.

For decades, TransNamib has moved freight as well as people in Namibia. While weathering many storms, TransNamib has shown resilience in the face of challenges and has managed to keep reinventing itself to remain relevant in a time where the rail industry has suffered a severe decrease in the markets nationally, regionally and internationally.

In 2019, TransNamib after a difficult decade re-invented itself. Launching our new identity in April 2019, we have begun a new chapter for rail in Namibia. Our new chapter shows a boldness to change our direction and challenge the market trend by creating a bigger market share through our road to rail strategy. Rail is an economic enabler worth pursuing. Compared to our competitors, we have the ability to move much more at a lower cost therefore increasing our share of the market is an opportunity to create sustainable development in our country.



About our Theme

"RAILING THROUGH A YEAR OF CRISIS"

The impact of the global COVID-19 pandemic on our operations was felt even before the start of this financial year. As part of the logistics and transportation sector, our operations were impacted by the global contraction of the market, well before COVID-19 hit Namibian shores. This integrated report presents a snapshot of how TransNamib has managed to rail its way through a year of crisis.

For us despite a challenging year, we remain committed to delivering a safer and more reliable service to our customers and continue to journey towards creating a sustainable TransNamib that adds value to the shareholder and the Namibian community at large. Our vision is to connect more industries to rail transportation and alleviate the pressure on our road infrastructure with our 'Road to Rail' strategy.

By increasing our market share, the economy reaps many benefits such as reduced cost of transporting products, which will not only benefit our customers but correlate to increased benefits to all consumers.

We understand that by increasing our market share, we are also directly impacting our environment as rail has a more environmentally green footprint than other forms of transportation. Having railed through a year of crisis, TransNamib remains focused on the future and creating sustainable value.

Vision

The preferred bulk transporter of Namibia.

Mission

To ensure world class rail service and generate return on investment for our shareholder.

Our Brand Promise

To provide our customers with a customised, economical and consistent customer experience.

Our logo

TransNamib's new brand identity was launched in April 2019. This new logo portrays the new identity of the company which denotes the company's focus on technology and innovation, simplicity in its business model and boldness to change its direction to create a bigger market share through its road to rail strategy.

This new identity will serve as the new foundation for the company and allow all stakeholders including employees, customers and the shareholder to be realigned to the future growth and development of TransNamib, serving as the preferred bulk transporter for the country.

Rebuilding confidence amongst all stakeholders has been on the forefront of our communication strategy and serves as a continuous process to advance the position of TransNamib.

Our slogan

"RAIL IT"

Our slogan reaffirms our commitment of returning and growing our core business – rail. Our mission is to grow the rail sector and make rail the preferred form of transportation.

SECTION 2

INTRODUCTION

About Our
INTEGRATED ANNUAL REPORT

Our Integrated Report is the primary report to our shareholder, stakeholders and investors.

Therefore, this Integrated Annual Report represents our best efforts to align our reporting 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, and TransNamib remains committed to this journey towards best-practice reporting methodology.

As a state-owned enterprise TransNamib has an obligation to prepare an integrated report every year that conveys a balanced and transparent account on how we create value through our use of and impact on the 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 2020 to 31 March 2021.

Board responsibility and approval

Materiality

We consider a matter to be material if it has, or may have, a material impact on our ability to create value in the short, medium and long term for our shareholder and stakeholders and is specific to TransNamib's operations. The material matters are linked to our strategic value drivers which are the focus of our 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 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 April 2022.

Adv. S. Tjijorokisa (Chair)
CHAIRPERSON

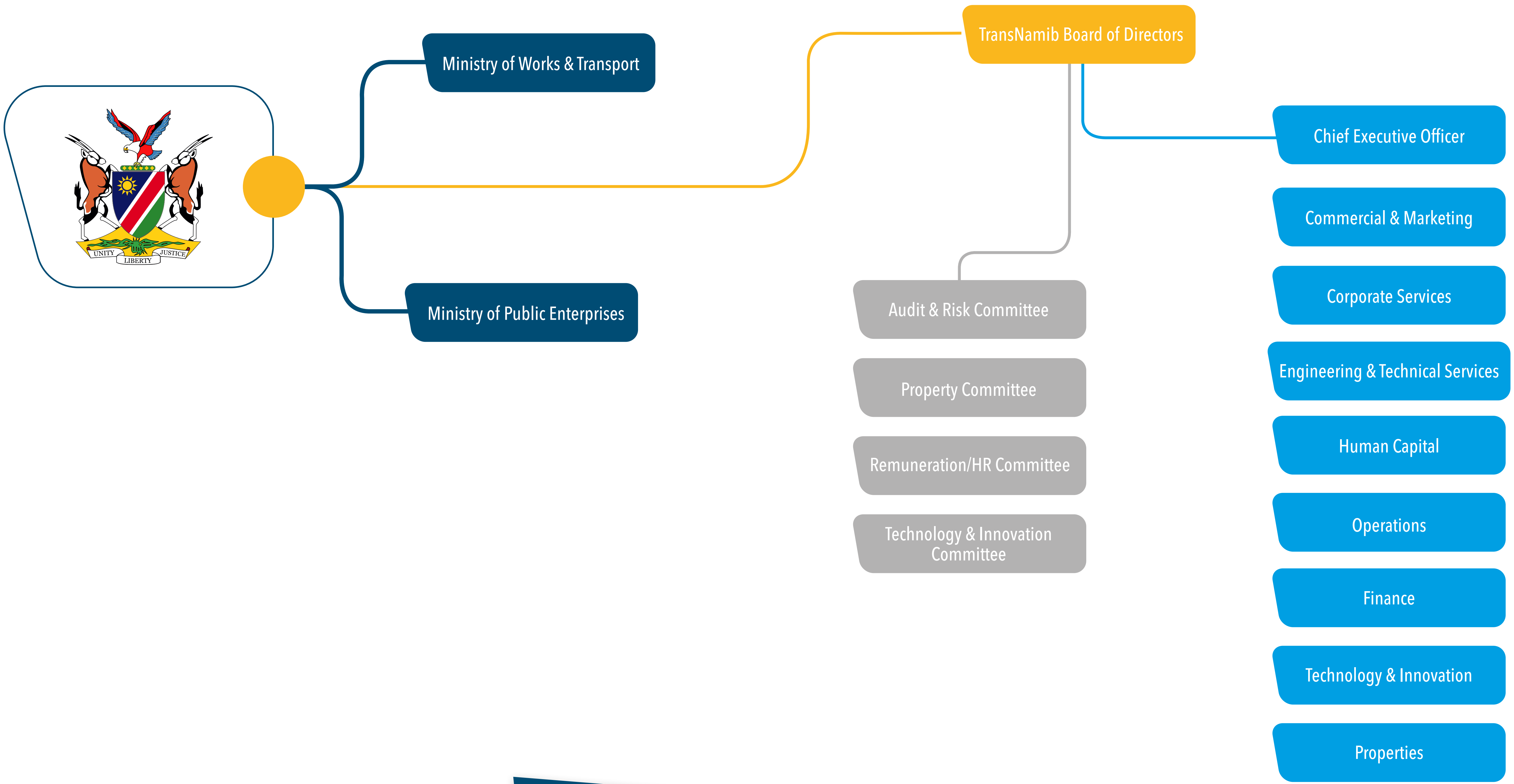
Mr. Johny M. Smith
CHIEF EXECUTIVE OFFICER

SECTION 3

STRATEGIC OVERVIEW

About TransNamib

Our Corporate Structure



Strategy at a glance

Rail has been an integral part of Namibia's transport system for more than 126 years, delivering goods and people around the country efficiently, safely and sustainably. But its financial growth in the past three decades has been a huge challenge.

The rail industry faces the challenge of a disparity in the investment in other modes of transportation versus rail and now more than ever it is imperitive to lobby and drive the movement of goods via rail.

The benefits of rail are numerous – we are able to transport bulk more economically and with less impact on the environment. It is against this background of being an enabler for the Namibian economy to grow, that TransNamib in February 2019, launched its plan to transform and align the company's operations and culture to become a more cost-effective and customer-focused business.

This plan, known as the Integrated Strategic Business Plan (ISBP) is the Blueprint or Strategy for the a five-year period between 2019 and 2023. It is TransNamib's game-plan to support the company's development towards providing integrated rail transport logistics service solution.

We're committed to the transformation of the national rail logistics operator to realise our five-year Integrated Strategic Business Plan (ISBP). This in itself is an immense challenge due to the capital intensive nature of our business, which needs to secure sufficient funding amounting to N$ 2.5 billion.

Exactly, a year after the commencement of the ISBP, the Covid-19 pandemic broke out and dramatically impacted business, because the environment is heavily influenced by the domestic and global economy. Any contraction in terms of those economies impacts our business.

This scene-setting is important because as a state-owned enterprise, TransNamib is required under the Public Enterprises Act 2019 to be profitable and efficient. To successfully achieve our vision of being "the preferred bulk transporter of Namibia" and our mission "to ensure world-class railway", this strategy will require a major internal transformation in the organisation.

Significant investments will be required in technical training, the acquisition of external skills, rightsizing, the phasing out of legacy technologies and the improvement of business processes and internal efficiencies. The establishment of new partnerships is also critical to the future success of TransNamib.

Moreso, with a staff complement of over 1200 employees, human capital is at the heart of our operations. We need to drive change management and create a culture of performance. Customer centricity needs to be the driving element amongst our employees.

Therefore the entire TransNamib – from the board to the executive team, management and staff, have committed to transforming and developing processes over the span of the five year strategy, driven by the four pillars of the ISBP namely;

Breakthrough Financial Performance, Trustworthy Customer Experience, Organisational Excellence, and Inspiring and Accountable Leadership.

STRATEGIC OBJECTIVES	Breakthrough Financial Performance	Trustworthy Customer Experience	Organisational Excellence	Inspiring & Accountable Leadership
DELIVERABLES	Break - even by 2023	3m mt by 2023	Certified ISO 9001	Best company to work for
STRATEGIC INITIATIVES	Restructure Balance Sheet Secure N$2.5 Billion Funding Asset Management ROA 5% Cost containment: Strategic; Procurement; Eliminate waste; Execute CAPEX	Implement robust customer engagement process Develop & execute Rail Transport Agreements Develop & execute the Road-Rail strategy Aggressive business development - OTIF project delivery National Logistic Hub Recreate Corporate Identity	Restructure, streamline organisation to focus on core business Implement TN Process Model-certify ISO-9001 Fit-for-Purpose technology, equipment & infrastructure Embed safety & environmental care across the value-chain Robust Corporate Governance & Risk Management Implement Change Management	Develop & Implement the TransNamib Leadership Model Develop succession & retention strategies Benchmark & Participate in the Best companies to work for survey Implement Performance Management System

Chairperson's Report

TransNamib's past financial year will certainly go down as one of the most unusual in the company's history. And of course business throughout 2020 was dominated by an event that has had and is still having an enormous impact on every aspect of life: the COVID-19 pandemic.

Completing our second full financial year as a board, the past year has been a challenging year for the Board of Directors and the company. Our Integrated Strategic Business Plan for the company has been seriously compromised with the impact of the COVID-19 pandemic and the various lockdowns which hampered the anticipated growth and development for the company.

Coupled together with the historical challenges faced by TransNamib, the pandemic has created further negative financial growth within the company. The pandemic, which we continue to live with to this day, has forced all of us to adapt to new realities. Rail freight has been no exception in this regard.

At TransNamib, we however need to remain focused on realising our vision of becoming a leader in transporting commodities within Namibia and the region, in addition to fulfilling our vital role in the transportation and logistical environment to ensure the movement of goods in the most effective and efficient manner possible. This needs to be supported by a solid railway network that provides the required capacity and sound reliability at all times, to double up freight volumes in the long term.

CORPORATE GOVERNANCE AND LEADERSHIP

Following the activation of the Public Enterprises Governance Act (PEGA), 2019 (Act No.1 of 2019) which brings into force, the Hybrid Governance Model for Public Enterprises, TransNamib was classified as a Tier III commercial enterprise. This process, which led by the Ministry of Public Enterprises is seen as a critical component in the reform of all SOE's in Namibia will specifically require much more cooperation and engagement between TransNamib and the Ministry of Public Enterprises.

As a Board, during this financial year we have continued to improve corporate governance and compliance at TransNamib, as we have approved policies during this reporting period focusing on the information technology set up within the company as well as the business processes of the company.

The Board also had an in-depth engagement to cover the understanding, application and impact of the PPP legal framework for SOE's as well as the Procurement

Chairperson's Report

Act. With the appointment of an Internal Auditor in the previous financial year, a Corrective Action Tracking System (CATS) was developed and is presented to the Audit and Risk Committee on a quarterly basis. CATS is being implemented by the Executive team.

The implementation of a Corrective Action Tracks list from the Internal Audit Department, has provided for enhanced structured processes to improve outstanding items from each department in helping to improve corporate governance alignment.

As a board, we continuously through the various board committees address specific matters which we see as critical to the long-term growth and development of the organisation.

STRUCTURE AND COMMUNICATION

I'm proud to announce that during this financial period we have managed to implement a full electronic system for board packs which has eased up the administration of documents, decisions and references which is accessible 24 hours per day electronically. This tool has also assisted in terms of accessing historical board information and aided in the virtual board meetings which we have implemented during this financial year.

BUILDING CAPACITY

The significant lack of capacity in our human capital remains one of the biggest challenges for the company, as we have not been able to supplant the critical skills that we have lost over the past decade and more. Added to this, is the need to adjust our business processes and systems to advance the rail business in Namibia. The approval of the new business process maps will pave the way for an improvement in the company's operations.

The company has also managed to start with the automation of some of the administrative functions which has eased up processes and saved time and cost in various departments.

The ageing rolling stock and backlog in maintenance has put significant strain onto the company's operations during this financial year and has majorly contributed to the negative financial results.

The remanufacturing project of about 33 locomotives, which remains critical to implementing our business plan has been approved by the Central Procurement Board, pending the success in the sourcing of external funding to implement the project.

TransNamib continues to be affected by the lack of liquid cash, as a result of the business not being able to generate enough revenue. This in addition to the delay in sourcing external funding has continued to acutely affect the implementation of various projects which will allow us to increase our capacity for growth.

THE NEED FOR RAIL INFRASTRUCTURE DEVELOPMENT

The significant backlog in the maintenance, rehabilitation and development of rail infrastructure is becoming more and more noticeable with the operational challenges that TransNamib is finding itself from time to time.

We are thankful to our shareholder that is currently progressing with the rehabilitation of the line between Walvis Bay and Kranzberg, a distance of close to 200 km. This project that was previously delayed due to COVID-19 regulations will add significant value to TransNamib, as it will reduce the travelling times for trains between this key section with more than 2 hours.

We are also thankful to the Ministry of Works and Transport who have invested more than N$ 66 million in the railway infrastructure in the southern part of Namibia to support the wash-aways that took place during the rainy season of 2020/21.

This project is supporting the continued growth of the manganese commodity channel between the Northern Cape of South Africa and the Port of Lüderitz, which has become a key route for TransNamib after being re-opened in 2019.

OUR STRATEGIC PLAN

The past financial year marks the third year of the implementation of the company's Integrated Strategic Business Plan (ISBP).

I'm proud to state that the Board has provided the guidance for the development of a framework where progress on the implementation of the ISBP is provided at each quarterly board meeting. This has allowed us to, during the course of the year focus on specific areas of improvement with the management of the company and the presentation of strategic projects which is critical to the medium and long-term development of the company.

Sustainability for the rail company can only happen if there is a continuous process of improvement focusing on the four strategic objectives of the ISBP, which is breakthrough financial performance, customer growth, organisational excellence and inspiring leadership.

All these components form part of the systematic approach that is being put in place to ensure that the company develops its freight volumes and revenue to achieve sustainability in the long term.

FINANCIAL PERFORMANCE

The COVID-19 pandemic has had a severe impact on the movement of freight by rail during this financial year and in effect, resulted in a major reduction of the company's revenue. There has however been a slight increase in the revenue for our property portfolio during the past financial year, despite various challenges from property tenants.

The reduction in freight volumes and revenue has therefore put further restrictions on our cash flow required to provide the basis for growing the company in the short to medium term. Some financial support from our shareholder has assisted TransNamib to ensure that the company's operations continue and we keep on running trains to serve the transport and logistics sector.

Apart from the need to inject cash into the company in the short term, various delays due to the COVID-19 pandemic has delayed the sourcing of funding for the Integrated Strategic Business Plan which amounts to N$ 2.5 billion.

CRITICAL SUCCESS FACTORS

We continue to address some of the critical areas of the company which includes the need for long term funding to implement our business plan. This funding will provide the major needs in the organisation to build up capacity in terms of our rolling stock, other equipment and machinery and the major backlog in the training and development of staff at all levels within the company.

FOCUSING ON THE FUTURE

Whilst in progress to implement our strategic plan, although not at the full steam as required, we continue to focus on how to improve our train operations to increase the low levels of freight volumes and revenue. New markets and new trade routes are continuously being explored to see how we can maximise our current operational capacity and increase the total revenue for the company.

Additionally, with the Covid-19 pandemic, digital transformation and virtual communication has become imperative within our business and therefore it requires better policies and a stronger electronic framework to improve the company's' ability to address productivity, efficiency and safety.

I want to thank our partners and customers for a successful year. I also want to express my deep gratitude to our shareholders, who have invested in us and in our future.

I want to thank all our employees, for the progress we achieved in the company thus far. I would like to thank the commitment of our clients who prefer rail to move their goods and for their continued support of TransNamib. A special thank you to the Management who has despite operating in the difficult environment still achieved progress on matters of increased sustainability for the company in the long term.

I want to thank the rest of my colleagues on the Board for their availability and continuous deliberations during the course of the year to progress on strategic agenda of the company.

Lastly, on behalf of the Board, we extend our appreciation to the Government for their continued commitment and support to TransNamib, specifically the Minister of Public Enterprises and the support that we have also received from Minister of Works of Transport.

The next years will be pivotal. I look forward to working together in order to ensure rail freight continues to step up to the mark and deliver when required.

CEO's Report

The past financial year has been marked as one of the most difficult financial year's for TransNamib. The initiative of becoming a self-sustaining and profitable organisation by 2023 came under very serious threat and scrutiny in the last quarter. The arrival of COVID-19 in Namibia in March 2020 has given rise to the most stringent State of Emergency since independence.

The President of the Republic of Namibia declared a State of Emergency nationwide as from the 27th of March 2020. This placed the whole country under Stage One of the Lockdown Regulations, which severely curtailed the movement of people, goods and services between towns and settlements nationwide. These measures therefore had a severe impact on the company's already challenged financial position, where this initial lockdown period has led to a 50% revenue reduction in for the first month of the financial year.

This further negatively impacted the short-term cash flow position which has already been in a difficult position. The limited capacity with respect to the number of locomotives serving its operations and the reduction in cash at hand has also now severely impacted the spare parts delivery for the locomotives.
Efforts to secure funding has continued with management engaging the Ministry of Public Enterprises for possible short-term facilities through the impact of COVID-19.

The Central Procurement Board has finally approved the Procurement process of the 33 remanufactured locomotives, but with the condition that we must show the proof of funding. Continuous discussions are underway between TNHL, DBN and DBSA on the funding options for the ISBP and consultants were to be appointed to validate the business plan.

Implementation of Strategic Plan

The EXCO team also had its annual planning session on board the Desert Express during this period, which also included a trip to Lüderitz to:

- Review its annual action plan according to the ISBP
- Team building
- Exposure to rail business
- Meeting staff at stations
- Visit line – Keetmanshoop-Luderitz line which has been inactive for more than 18 years where we are currently moving 15,000 tons per month. Also visiting the 42 km railway line between Buchelzbruhn and Sandverhaar, which is a major constrain due to the condition of the said line.

During this period the EXCO members had to acquaint themselves with their responsibilities and developing a plan of action for their relevant departments on the way forward. There still however remain a major gap in various levels of the organization where we need to recruit and train and develop staff members for the long term human resource capacity for the company.

CORPORATE GOVERNANCE & COMPLIANCE

With the introduction of a Corrective Action Tracks list from the Internal Audit Department, it has provided for a much more structured process to improve outstanding items from each department. An Internal Audit plan was developed to highlight specific gaps within various departments and a corrective Action Tracking list was developed which is presented and monitored by the Audit committee.

This progress is presented on a quarterly basis through the Audit Committee and is helping to improve Corporate Governance alignment.

The Annual General Meeting session for TransNamib was held on 31 March 2021 at Hotel Thule with the Ministry of Public Enterprises, Ministry of Works & Transport, Board of Directors and the Executive team to approve the financial statements for financial year 2019/2020.

FINANCIAL PERSPECTIVE

The COVID-19 pandemic and the lockdown on the country for a period of 5 weeks during this reporting period had a severe impact on the company's financial situation which has already been in a very difficult state. The cash flow at the company has made it even more difficult to settle its outstanding debts to suppliers and has therefore impacted the delivery of parts to locomotives as well as the supply of fuel to the locomotives to generate more funds for the company.

This ripple effect has therefore made it difficult for the company to bounce back in terms of improving its operational performance and limited the movement of more freight by rail against the budgeted figures. This has therefore led to a reduction of the revenue earnings against the previous year and hence requires a significant shift in the business and growing the train operations to reach our targets as per the business plan.

The option of relief funding from the Government through the Ministry of Public Enterprises was followed through, but unfortunately this funding request was not successful.

Continued discussions took place between TransNamib, DBN and DBSA on the long-term funding as the due diligence of the TransNamib business plan was completed.

Although various measures have been put into place to increase revenue and reduce cost, we continually find ourselves in a position that the current cashflows cannot provide to all the immediate needs of the company and therefore it has a serious impact on the reliability of service we need to provide to our customers. The company has lost approximately N$ 100 million in revenue during the past financial year due to COVID-19 and the human factor which led to the loss in productive time of train crew members at various stations within the country.

ROLLING STOCK & OPERATIONS

In order to improve the reliability of the rolling stock, the aim is to reduce unscheduled maintenance while increasing scheduled maintenance at the same time. The current and ongoing lack of crucial components, coupled with the fact that numerous vendors closed their respective accounts, is a big challenge. The situation results in high levels of lost time and is severely counterproductive.

The continued lack of capacity at various levels of the company continues to provide major challenges for the company together with short term cash challenges to stimulate growth in freight volumes. The rolling stock and equipment needs replacement and therefore the project of the remanufacturing of 33 Locomotives remains the most critical project to support the medium to long term growth of the company to move more freight by rail.

We have seen a major reduction in the movement of mining commodities respectively which forms part of international trade. The other significant contributor to the negative growth is the reduction in the handling of fuel from Walvis Bay.

The average locomotive availability remained at about 65%, while the failure rate of locomotives has increase in five-fold to a figure of almost 40 faults per 100 000 km. This is a clear indication that, we need to seriously look at replacing and/or remanufacturing our fleet. Again, deferred maintenance and a lack of spare parts hamper our efforts to achieve the goal of 4 faults per 100 000km.

The loss of five locomotives in the accidents that took place in December 2020 and March 2021 respectively is putting more strain on the remaining 37 locomotives, hence the sharp increase in locomotive failures. With the eight additional locomotives which have been out of service for between one and fifteen months due to lack of spare parts, this leaves us with only 29 operational locomotives.

The limited rolling stock capacity due to unreliability and age is having a serious impact on operations and therefore putting more strain on the cashflow of the company.

An improvement in the current way of managing our train operations remains very critical for TransNamib. Continuous guidance and support are provided to Operations at EXCO level, but a significant shift in the current management of the Operations department is required to better optimise all the available resources and equipment on a 24 hour – 7 days a week principle.

SYSTEMS AND PROCESSES

The Process Mapping project has been approved at the quarterly Board meeting in September 2020 and is being implemented in the company to improve efficiency within our business and operations.

The Technology and Innovation department has implemented the new Transport Management system in October 2020 which is replacing the legacy system of TRACCS and can therefore provide better visibility to TransNamib's operations and improve planning of our railway service. The Technology and Innovation department has concluded the automated leave system and has started to implement the automation of the overtime system and will focus on other forms to be automated over a period of time to reduce the cost of printing and fast track the approval processes.

PROPERTY PORTFOLIO

Despite the impact on COVID and the continuous economic pressure which had a serious impact on our Property department, we have managed to increase revenue with a 20% year-on-year increase. There has also been a stronger stakeholder engagement and relationships with clients, which is evident from the increase revenue collections during the current financial year.

With the transfer of the Building Maintenance section from Civil and Engineering Services Department on 1 July 2020, this section is now under the Property Department, which means the Division will change to Property Development and Maintenance.

Expressions of Interests were sent out to the Ministry of Works and Transport, Ministry of Public Enterprises, Office of the Prime Minister and 30 commercial SOEs on the leasing or selling of non-core property and therefore various negotiations and consultations are underway for these interested SOEs.

STAKEHOLDER ENGAGEMENT

Continuous engagement at all levels with customers, employees and other stakeholders is ongoing and a 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 moving towards the positive, but various efforts still need to be put in place to ensure continuous improvement of the company.

We have maintained regular and open communications with our staff, passengers, clients, key stakeholders, the media and the Government to support good decision making. TransNamib provided an overview of its operations and challenges during the Logistics Hub event which took place in Walvis Bay during November 2019, predominantly focusing on promoting Grootfontein as an intermodal hub between Walvis Bay and Zambia as well as DRC.

The EXCO team also had various visits to the Northern stations such as Tsumeb, Otjiwarongo, Ondangwa, Grootfontein and Oshikango to:

- Update the staff on its annual action plan according to the ISBP
- Team building
- Exposure to rail business
- Meeting staff at stations
- Meeting customers

TransNamib had a Rail Safety Awareness campaign that took place in Ondangwa during October 2020, which was organised in support of the Annual Rail Safety programme coordinated through the Southern African Rail Association.

RAIL INFRASTRUCTURE UPGRADES

With respect to the railway infrastructure upgrade between Kranzberg and Walvis Bay, the mobilisation of the contractors took place during this financial review which will be for a period of 36 months.

This project which is divided into the works of two contractors covering Walvis Bay-Arandis and Arandis – Usakos is under the ownership and supervision of the Ministry of Works and Transport. TransNamib has support personnel who is coordinating the project at rail infrastructure level and report progress to TransNamib and provide supervisory support to the Ministry of Works and Transport.

Several wash-aways to the railways occurred in the South of the country during heavy rains between December 2020 and January 2021. These caused damage to both infrastructure and rolling stock. Lines were closed for extended periods, but were re-opened still during the quarter under review.

The Ministry of Works and Transport has, nevertheless, come to our aid and assisted us with N$66.5 million. This money has been utilised to repair works on the sections affected by wash-aways caused by heavy rains in the south of the country.

MOVING FORWARD

The events of the last year have demonstrated, however, that inter- modal road-rail transport, and particularly cross-border road-rail combined transport, is the ideal form of transport in the time of a pandemic.

Alongside the many benefits it offers over other means of transport, such as an extremely high degree of environmental compatibility, safety and reliability, rail also allows goods to be exchanged on international land routes with minimal contact between the persons involved. This option therefore increases the opportunity for TransNamib to grow its rail revenue going into the future.

With respect to the sustainability and future growth - TransNamib is too significant to fail. As the Board, management and employees, we have no choice but to mend this important organisation and bring order to it. Failure would be detrimental to our people, customers, employees and the economy; it is therefore not an option.

COVID-19 and the related lockdown have added significantly to the difficulty of TransNamib's operations in 2020/2021; this will continue to test the resilience of the organisation. There is, however, determination that this transformation will take place.

The year ahead will see clarity, determination and a review of rail policy aimed at strengthening rail transport as the back bone of an efficient public transport system. Service delivery and recovery will remain core to the business.

Thanks naturally go also to our customers, who have demonstrated their loyalty to us during this difficult time, our employees for their dedicated commitment, the Board for their support to the Executive team.

We further want to acknowledge the continued strategic and operational support from the Ministry of Public Enterprises and Ministry of Works and Transport on ensuring the service delivery of TransNamib through rail operations within Namibia.

Corporate Governance

Transparent governance is an essential element in growing the value of the brand and business

TransNamib is committed to the principles of sound corporate governance, and thus all our activities are led by the principles of discipline, transparency, independence, responsibility and accountability. We believe that these principles create long-term value for our shareholder and stakeholders.

The board of directors of TransNamib, through the full board and established committees are at the helm of setting the agenda for effective leadership and ethical practices. Through following the principles and guidelines contained in the NamCode and applying best practice in terms of governance, the board has committed to transforming TransNamib from a company with historical good governance challenges to that of a leading business entity, recognised for good governance.

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. Through the publishing of timely and accurate financial reports, the Board has ensured that transparency is promoted at the company.

As one of its goals to re-organise the company, the board has also committed to updating its company policies to be relevant and in line with industry standards and ensure that they are easily accessible.

To this end, a Policy Review Committee was established during the period under review consisting of middle management from all sections of the company. Through their activities they have been mandated to review all policies and recommend the necessary adjustments for the board's approval. Regularly reviewing the company's policies will ensure that TransNamib keeps up to date with the latest regulations and technology.

For a company with a history of manual processes, implementing such practices in place to update our policies and ensuring easy digital access to the policies is consistent with best practice in terms of governance.

COMMITTEE(S)
Technology and Innovation

QUALIFICATIONS AND CREDENTIALS
LLB
Management Development Programme (MDP)
Certificate in Legislative Drafting
Certificate in Corporate Governance
Advanced diploma in Banking Law and Practice
Advanced Certificate in Compliance Management

ADV. SIGRID TJIJOROKISA **(CHAIRPERSON)**
AGE: 54
APPOINTED: FEBRUARY 2019

COMMITTEE(S)
Audit
Properties
Remuneration/HR

QUALIFICATIONS AND CREDENTIALS
LLB IV
Certificate obtained from Rhodes Investec Business School Legal Practitioners Board for Legal Education Certificate

GAENOR C MICHAELS **(VICE CHAIRPERSON)**
AGE: 45
APPOINTED: FEBRUARY 2019

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

JOSEPHINE SHIKONGO
AGE: 37
APPOINTED: FEBRUARY 2019

COMMITTEE(S)
Technology and Innovation
Remuneration/HR

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

MICHAEL OCHURUB (PHD)
AGE: 59
APPOINTED: FEBRUARY 2019

COMMITTEE(S)
Audit
Technology and Innovation

QUALIFICATIONS AND CREDENTIALS
B.Com
Senior Management Development Programme
Diploma in Data Processing and Systems Analysis
Certificate in Compliance Management

VINCENT K MBEREMA
AGE: 63
APPOINTED: FEBRUARY 2019

COMMITTEE(S)
Properties

QUALIFICATIONS AND CREDENTIALS
National Diploma (Civil Engineering)
Bachelor of Engineering (Honours)
Masters of Business Administration

ERASTUS N IKELA (ENG)
AGE: 57
APPOINTED: JUNE 2019

COMMITTEE(S)
Properties
Remuneration/HR

QUALIFICATIONS AND CREDENTIALS
BSc Maritime Studies (Honours)
MSc: Maritime Transport
PhD Candidate: Transport & Logistics
(Stellenbosch University)

OSCAR K KAVERU
AGE: 55
APPOINTED: FEBRUARY 2019

Board Committees

The board as a whole remains responsible for the operations of TransNamib, but to assist in discharging its responsibilities, it delegates certain functions to committees established by the board.

Here are the Board Members that chaired and were part of the respective commitees.

AUDIT COMMITTEE

The purpose of the committee is to oversee and monitor compliance in terms responsibilities for TransNamib's financial reporting, risk management and audit process.

CHAIR



PROPERTIES COMMITTEE

This committee of the boards, manages and develops the immovable properties portfolio.

CHAIR




REMUNERATION/ HR COMMITTEE

The committee's main responsibilities lies in overseeing the remuneration framework and performance related remuneration.

CHAIR



TECHNOLOGY AND INNOVATION COMMITTEE

The committee oversees the company's overall strategic direction and investment in research and development and technology initiatives, and reviews and identifies specific technology and innovation matters that could have a significant impact on the company

CHAIR



Changes to the Board of Directors

During the year under review TransNamib Director Oscar Kaveru was removed from the TransNamib Board.

Board Attendance

Board, Committee and Special Meetings

ADV. S TJIJOROKISA (CHAIRPERSON)	BOARD 5	TI 6		
G. MICHAELS (VICE CHAIRPERSON)	BOARD 5	AUDIT COM 5	HR/REMUNERATION COM 5	PROPERTIES COM 1
J. SHIKONGO	BOARD 4	SPECIAL BOARD 1	AUDIT COM 5	PROPERTIES COM 6
V. MBEREMA	BOARD 5	SPECIAL BOARD 1	AUDIT COM 5	TI 5
O. KAVERU	BOARD 4	REMUNERATION/ HR 4	PROPERTIES COM 4	
DR. M OCHURUB	BOARD 5	SPECIAL BOARD 1	REMUNERATION/ HR 4	TI 5
ENG. E. N. IKELA	BOARD 4	SPECIAL BOARD 1	PROPERTIES COM 4	

Board Attendance

Board, Committee and Special Meetings

	SITTING FEES	BOARD RETAINERS	PAYEE
ADV. S TJIJOROKISA (CHAIRPERSON)	90,913.13	136,757.52	41,348.61
G. MICHAELS (VICE CHAIRPERSON)	70,610.76	150,321.72	39,768.08
J. SHIKONGO	87,602.5	168,278.04	46,058.80
V. MBEREMA	87,602.55	168,278.04	46,058.80
O. KAVERU	67,733.85	168,278.04	42,482.42
DR. M. OCHURUB	87,602.55	168,278.04	46,058.80
ENG E. N. IKELA	46,798.41	117,689.88	29,608.07

Company Secretariat Function

The Company Secretary, Lena Kangandjela, is the primary point of contact between the board of directors and the company and advises the board on corporate governance principles and the requirements of the Companies Act.

She is also responsible for developing systems and processes to enable the board of directors to discharge its functions efficiently and effectively. The Company Secretary also prepares Annual Work Plans for the board of directors and its committees in conjuction with the Chairperson of the respective committees.

The Company Secretary ensures that the contents of the board agenda are relevant to the board of directors's decision-making and that the board of directors resolutions are communicated throughout the company in a timely and appropriate manner.

*** Lena Kangandjela resigned after this year-end.**

SECTION 4

OUR OPERATING CONTEXT

2020/2021 Highlights

October 2020

SAFETY FIRST IN RAIL OPERATIONS!

TransNamib hosts its annual Railway Safety Simulation at Ondangwa in the Oshana Region, which coincided with the 125th anniversary of the existence of the railway in Namibia.

November 2020

WALVIS BAY AND KRANZBERG RAILWAY LINE UPGRADE IS OFFICIALLY LAUNCHED

The upgrade of the railway line between Walvis Bay and Kranzberg at Arandis was officially launched in November by the Minister of Works and Transport, Honourable John Mutorwa.

March 2021

TRANSNAMIB BOOSTS CONSISTENT GOOD GOVERNANCE WITH ITS 2ND CONSECUTIVE AGM

TransNamib successfully held its second consecutive AGM, for the 2019/2020 financial year on 30 March 2021, which was attended by the TransNamib Executive Team, the Board of Directors, the Minister of Public Enterprises Honourable Leon Jooste as well as the Deputy Minister of Works and Transport Honourable Veikko Nekundi.

March 2021

TRANSNAMIB ENGAGES ITS STAKEHOLDERS

Members of the media, TransNamib customers and stakeholders gathered for a stakeholder event where the "Rail It" team engaged the various stakeholders, giving them an opportunity to see the progress the company has made and understand the challenges the rail operator needs to overcome to fully implement its business plan.

TransNamib's Transformation

A collaborative approach between all our key stakeholders

OUR KEY RELATIONSHIPS

OUR SHAREHOLDER

The support of our shareholder drives our transformative objectives and will ensure the long-term sustainability of our company. As one of our key relationships, it is imperative that we engage our shareholder through the presentation of annual reports and constant engagements.

Various discussions took place at different levels with our shareholder during the year. Collaborative meetings between the Ministry of Public Enterprises, Ministry of Works, and the Ministry of Finance has formed the basis of our engagement with our shareholder during this financial period.

OUR EMPLOYEES

Changing the culture at TransNamib has been at the basis of our engagement with employees. We have completely revamped our internal communications at the company changing our operating context from a company where there was very little communication to one with consistent communication. Our strategy has been to keep staff up to date with the changes within the company and in doing so supporting their alignment with the strategic objectives of the company.

OUR CUSTOMERS

Our customers keep us in business. Adding value to our customers' operations through consistence and quality service is how we will deliver on our Integrated Strategic Business Plan consistent objectives.

Our strategy with our customer relationships is to offer them relevant timely communication and the right solution for their business. As our clients evolve, and their needs evolve so must TransNamib also evolve. Our key tool in the management of our client relationship is to provide prompt and effective communication.

We are constantly engaging our customers as our approach is collaborative. Our customer engagements address the fact that our customers need to at all times be aware of the issues that affect our business.

OUR COMMUNITIES

Our operations directly impact the communities we are operate in and as TransNamib we want our operations to positively affect the Namibian community.

MEDIA

Creating confidence in TransNamib and rebuilding our reputation involves building our relationship with the media. Our media engagement is a constant process that aims to help build up an understanding of the position of the company. Creating confidence in TransNamib is a process that involves various stakeholders. Through the media, we hope to have a greater reach and a greater audience and give them access to information that will help them understand how TransNamib operates, our achievements and challenges.

BUSINESS COMMUNITY

TransNamib's ability to build our reputation involves the business community trusting our brand therefore we are driven to build, maintain and enhance the business community's confidence in TransNamib.

SUPPLIERS

Our suppliers play a crucial role in the success of TransNamib. The technical nature of our operations require that our partners deliver the necessary goods and services needed for TransNamib's operations to run smoothly.

Managing Our Risks

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 EXPOSUR
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	
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. • Implementation of a Performance Management Systems (PMS). • Explore industry specific career development programmes. • To actively participate in a railway school proposed by Southern African Railway Association (SARA). • Adapt/update current employment contracts to align with operational needs. • Re-introduce a monthly employees relation platform through the team brief. • Circulation of the internal and external monthly/quarterly publication to stakeholders. • Improve and enforce induction training for all new appointments.
INVESTMENT RISK	• Quarterly feedback to the shareholder 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 first aid training for relevant employees. • 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.

RISK NAME	
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 programme managed by externally entity. • Seek approval of corporate governance policies and procedures and report back to board on the status.
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. • Develop an intranet platform to engage employees. • Adapt/align performance to current capabilities

RISK NAME	
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. • 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).
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.

Sustainably Driven

Sustainably driven to provide Namibia with a safer, cleaner and more efficient mode of transport

The impact of COVID-19 on the world has been immeasurable and its effects will linger on for years to come. The COVID-19 Pandemic has been the biggest challenge for businesses worldwide, and TransNamib has not been spared with its impact. We have had to completely re-look at the way we operate to ensure that we minimise the risk of infection amongst our staff members and customers.

To this effect, the Executive Management Team immediately drafted a detail Safety Plan outlining specific roles and responsibilities and all safety measures to be adhered to. To counter the risks of the pandemic, TransNamib handled COVID-19 from an organisation wide perspective and not only driven by our SHEQ team.

A cross functional steering committee was established which included representatives from Corporate Services, Human Capital, Finance, Engineering and Technical Services, Operations, Properties and Commercial and Marketing to monitor the evolvement of the COVID-19 pandemic in Namibia as well as ensure compliance of company measures against the virus at a departmental level.

In addition, during our first quarter when Walvis Bay was identified as the epicenter of the virus, which is also TransNamib's most critical centre in terms of of train operators, the company identified opportunities to assist the employees stationed there with hygienge items for their households in order to curb the infection.

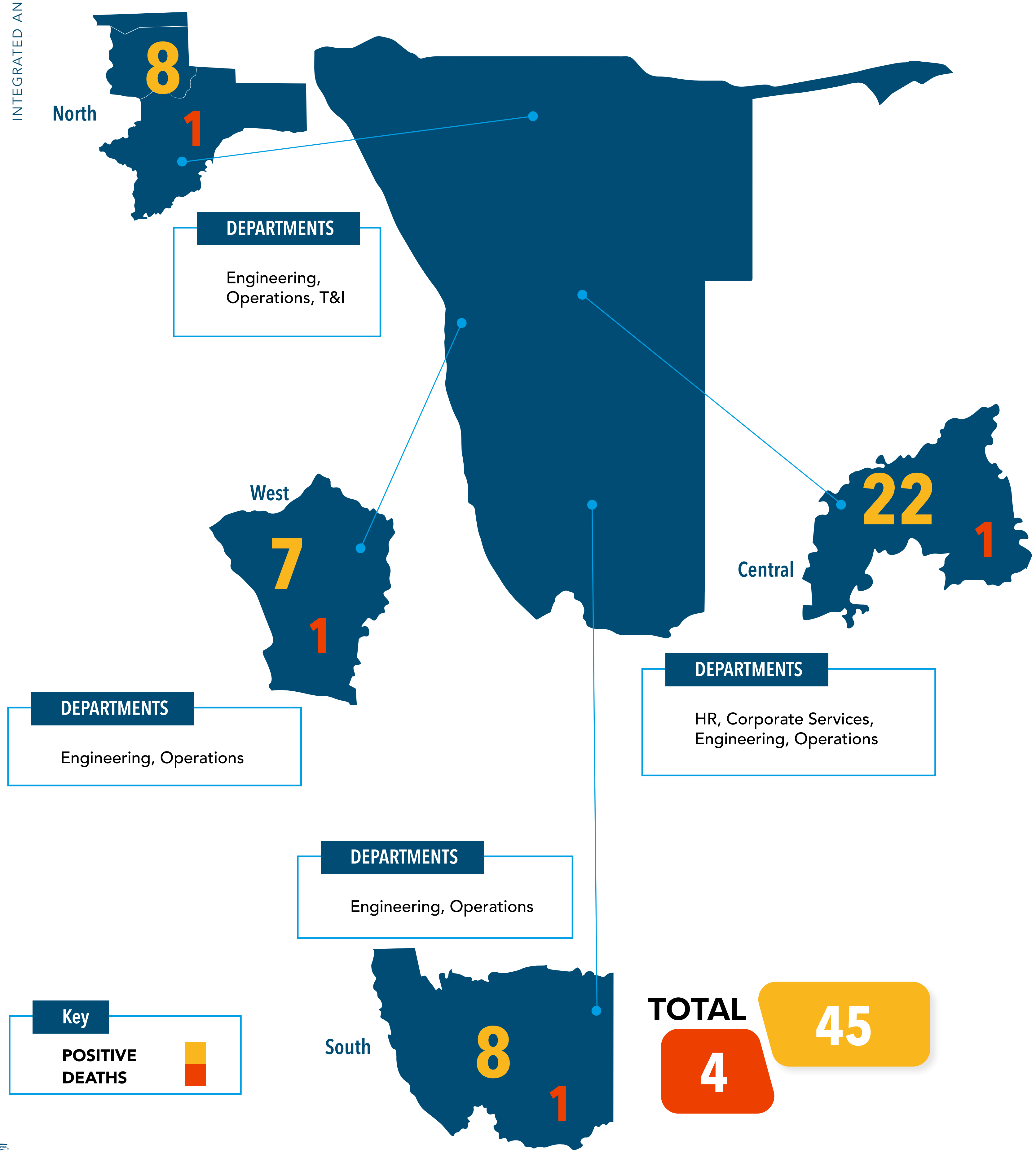
Health and Safety Committee

TransNamib has commenced with its process to appoint SHE reps which includes the training of staff members.

COVID-19 STATISTICS AS AT 31 MARCH 2021

Table of Stats

DEPARTMENT	DUTY STATION	REGION/ TOWN	SELF-ISOLATION	QUARANTINE	COVID-19 TEST DATE	RESULTS RECEIVED	POSITIVE (Y/N)	DATE BACK ON DUTY (Y/N)	DECEASED
ENGINEERING	OKAHANDJA	OTJOZONDJUPA	ISOLATION	-	4/1/2021	11/1/2021	Y	Y	-
ENGINEERING	C & W	KHOMAS	ISOLATION	-	13/01/2021	14/01/2021	Y	Y	-
OPERATIONS	KEETMANSHOOP	//KHARAS	-	QUARANTINE	-	14/01/2021	Y	Y	-
OPERATIONS	WALVIS BAY	ERONGO	ISOLATION	-	-	20/01/2021	Y	Y	-
OPERATIONS	KEETMANSHOOP	//KHARAS	-	HOSPITALIZED	18/01/2021	-	Y	Y	-
CORP. SERVICES	SECURITY	KHOMAS	ISOLATION	-	18/01/2021	25/01/2021	Y	Y	-
OPERATIONS	TRAINS OPERATIONS	OTJOZONDJUPA	-	QUARANTINE	25/01/2021	28/01/2021	Y	Y	-
ENGINEERING	DIESEL DEPOT	KHOMAS	ISOLATION	-	1/2/2021	4/2/2021	Y	Y	-
ENGINEERING	DIESEL DEPOT	KHOMAS	ISOLATION	-	8/2/2021	9/2/2021	Y	Y	-
T&I	TELECOM & RADIO	OTJOZONDJUPA	ISOLATION	-	5/3/2021	6/3/2021	Y	Y	-
ENGINEERING	CIVIL ENGINEERING	OSHIKOTO	-	HOSPITALIZED	4/3/2021	6/3/2021	Y	Y	-
CORP. SERVICES	OTJIWARONGO	OTJOZONDJUPA	-	HOSPITALIZED	3/9/2021	-	Y	Y	-
CORP. SERVICES	WINDHOEK	KHOMAS	-	HOSPITALIZED	3/8/2021	-	Y	Y	-
OPERATIONS	TERMINALS	OTJOZONDJUPA	ISOLATION	-	2/12/2031	-	Y	Y	-
ENGINEERING	CIVIL ENGINEERING	OSHIKOTO	ISOLATION	-	3/8/2021	3/12/2021	Y	Y	-
OPERATIONS	TRAINS OPERATIONS	//KHARAS	ISOLATION	-	3/19/2021	3/19/2021	Y	Y	-



HEALTH AND SAFETY

This Health & Safety Performance Report is intended to provide Stakeholders with an insight into the organisation's initiatives towards providing a safe and healthy environment.

HEALTH AND SAFETY COMMITTEES STRUCTURE EXECUTIVE SAFETY COMMITTEE

Executives - Corporate - (Chairperson)
Executives (Operations/Engineering/ Properties/Commercial)
Manager: HSLC
Safety Officers

SECTIONAL SAFETY COMMITTEE

Manager: HSLC (Chairperson)
Sectional Heads
Safety Officers

REGIONAL SAFETY COMMITTEE

Regional Heads (Chief Service Delivery) (Chairperson)
Station Masters
Depot Supervisors

DEPOT/STATION SAFETY COMMITTEE

Station Master/Supervisor (Chairman)
Safety Representatives
Union Representatives

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.

ANNUAL INTERNAL AUDIT PLAN 2021

The Annual Internal Audit Plan for 2021 was compiled to guide the efforts of the section to focus on the highest identified risk areas. The audit projects were identified based on risk information which is continuously collected through out the year. The company's state of affairs requires Internal Audit to focus more on targeted interventions which brings immediate change or improvement in business operations.

Thus, in terms of the identified risk areas, Internal Audit will at times be required to focus on a particular issue within the area rather than having a more generalised assessment on controls. This approach is also more prudent considering that the section is only manned by one staff member.

The projects identified for the year are as follows:

(The detailed Annual Internal Audit Plan is attached as Annexure D)

- Debt Collection Management
- Business Development Management
- Industrial Relations Management
- Revenue Assurance (Freight)
- Carriage, Wagons, & Locomotives
- Follow up on Property Management
- Payroll Audit
- Fleet Management

Q1 2020 Audits

DETAILS	STATUS	DUE DATE	COMMENT
PAYROLL MANAGEMENT - OVERTIME	DONE	MAY 2020	ACTIONS BEING TRACKED IN THE CATS
FUEL MANAGEMENT - LOCOMOTIVES	DONE	JUNE 2020	ACTIONS BEING TRACKED IN THE CATS

Q2 2020 Audits

DETAILS	STATUS	DUE DATE	COMMENT
TRAIN OPERATIONS WALVISBAY AND SWAKOPMUND	DONE	2020	ACTIONS BEING TRACKED IN THE CATS
FUEL MANAGEMENT - LOCOMOTIVES	DONE	2020	ACTIONS BEING TRACKED IN THE CATS
TRAIN OPERATIONS - CENTRAL STATIONS (WINDHOEK, OTJIWARONGO, GOBABIS AND KRANZBERG	DONE	NOVEMBER 2020	COVERED IN THIS REPORT

Q3 2020 Audits

DETAILS	STATUS	DUE DATE	COMMENT
PROCUREMENT MANAGEMENT	DONE	JANUARY 2021	ACTIONS BEING TRACKED IN THE CATS

Q4 2020 Audits

DETAILS	STATUS	DUE DATE	COMMENT
TRAIN OPERATIONS - SOUTHERN STATIONS (MARIENTAL, KEETMANSHOOP, KARASBURG, UPINGTON)	DONE	JANUARY 2021	ACTIONS BEING TRACKED IN THE CATS

INCIDENTS/ACCIDENTS

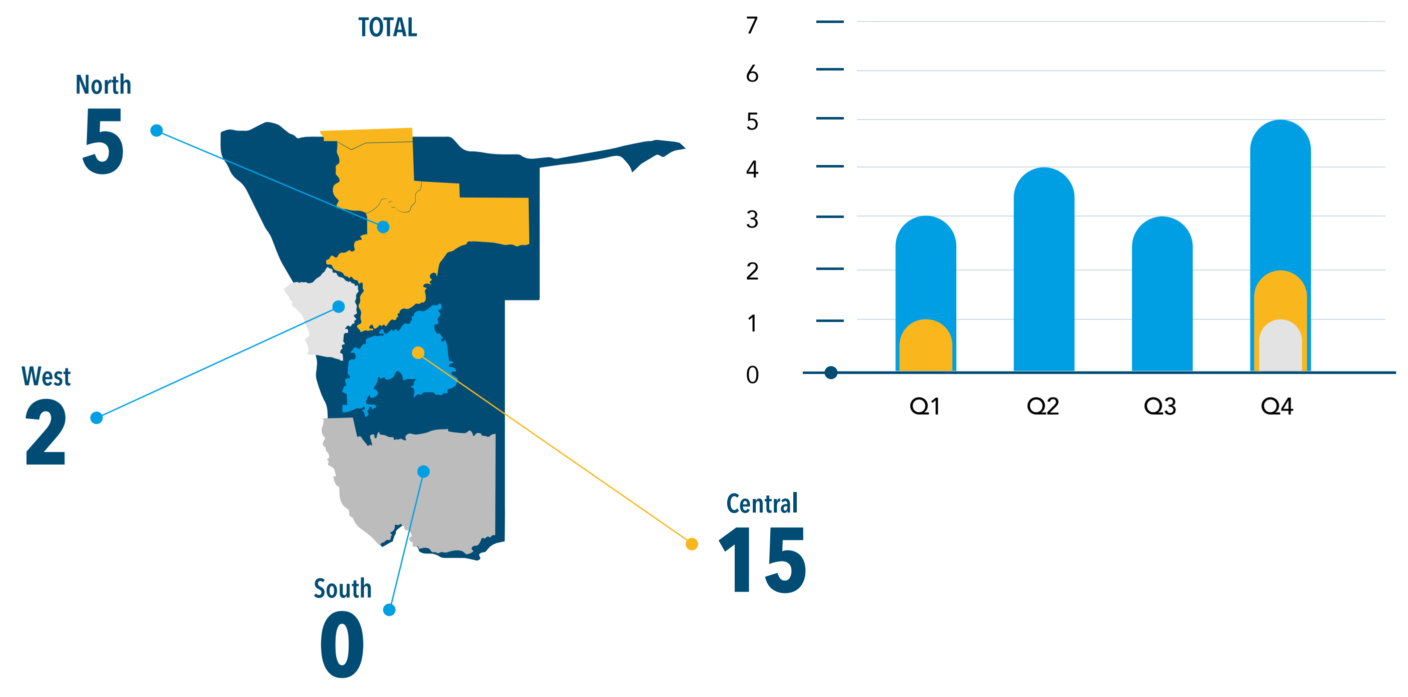
Incidents, Injuries and Near Miss

The table below depicts Lost Time Injuries (LTI) recorded during the entire financial year. Twenty-seven (27) lost time injuries were reported during the year under review. Most injuries were minor but the following are worth noting.

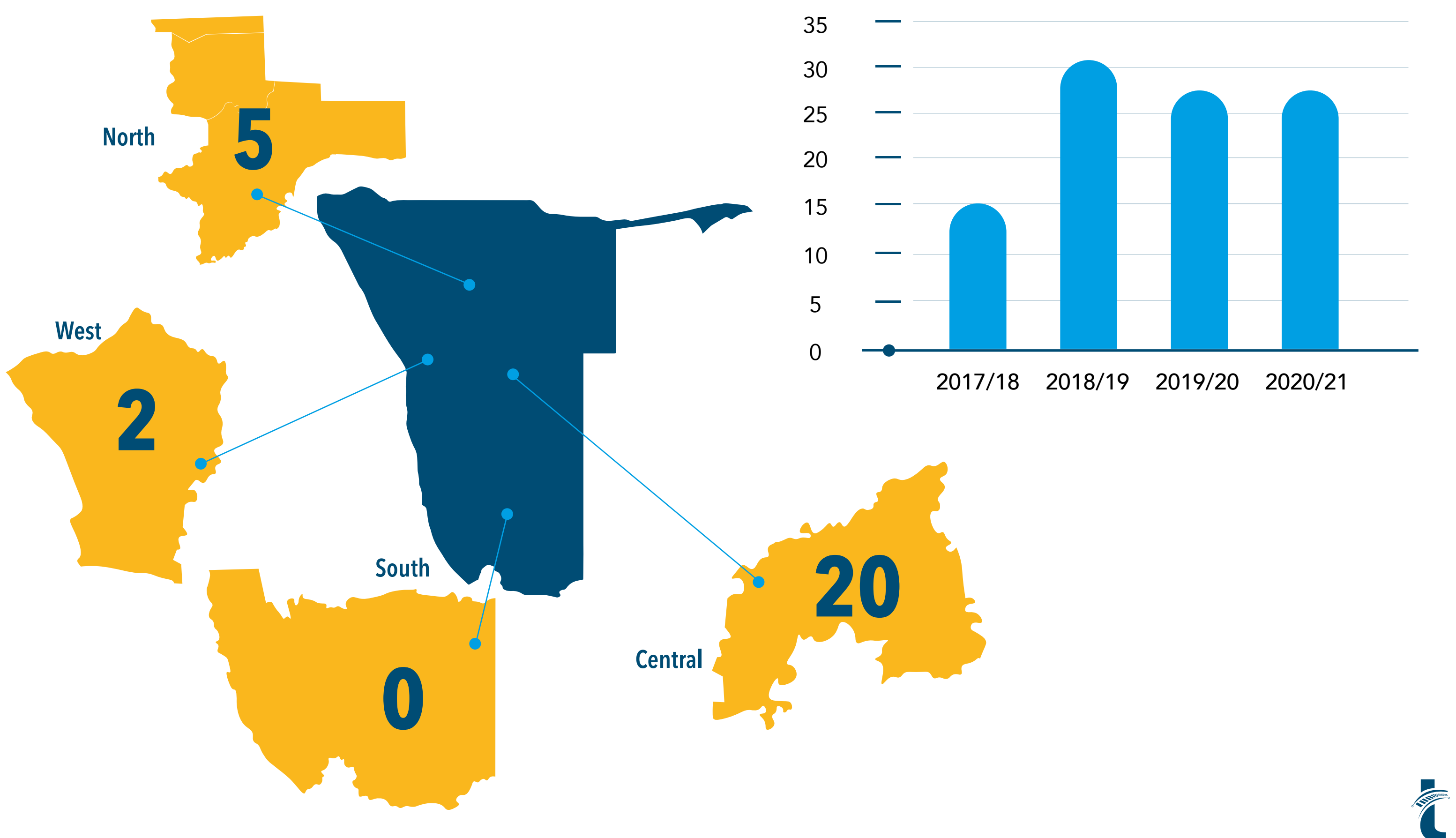
- A Tradehand at Windhoek Locomotive Depot was hit by a fire extinguisher whilst busy extinguishing a fire that was caused during a welding process. He suffered a cut on his left eye and this further penetrated his eye.
- A DE Fitter at Windhoek Locomotive Depot fell whilst busy stripping a motor and injured his back.
- An Apprentice at Windhoek Locomotive Depot slipped and fell injuring two of his his fingers.

	CENTRAL	NORTH	WEST	SOUTH
APR-20	0	0	0	0
MAY-20	1	0	0	0
JUN-20	4	1	0	0
JUL-20	4	0	0	0
AUG-20	3	0	0	0
SEP-20	1	0	0	0
OCT-20	1	0	0	0
NOV-20	1	0	0	0
DEC-20	0	0	0	0
JAN-21	2	0	0	0
FEB-21	2	0	0	0
MAR-21	1	0	2	0

Lost time injuries 2020-2021



Lost time injuries 2017-2021



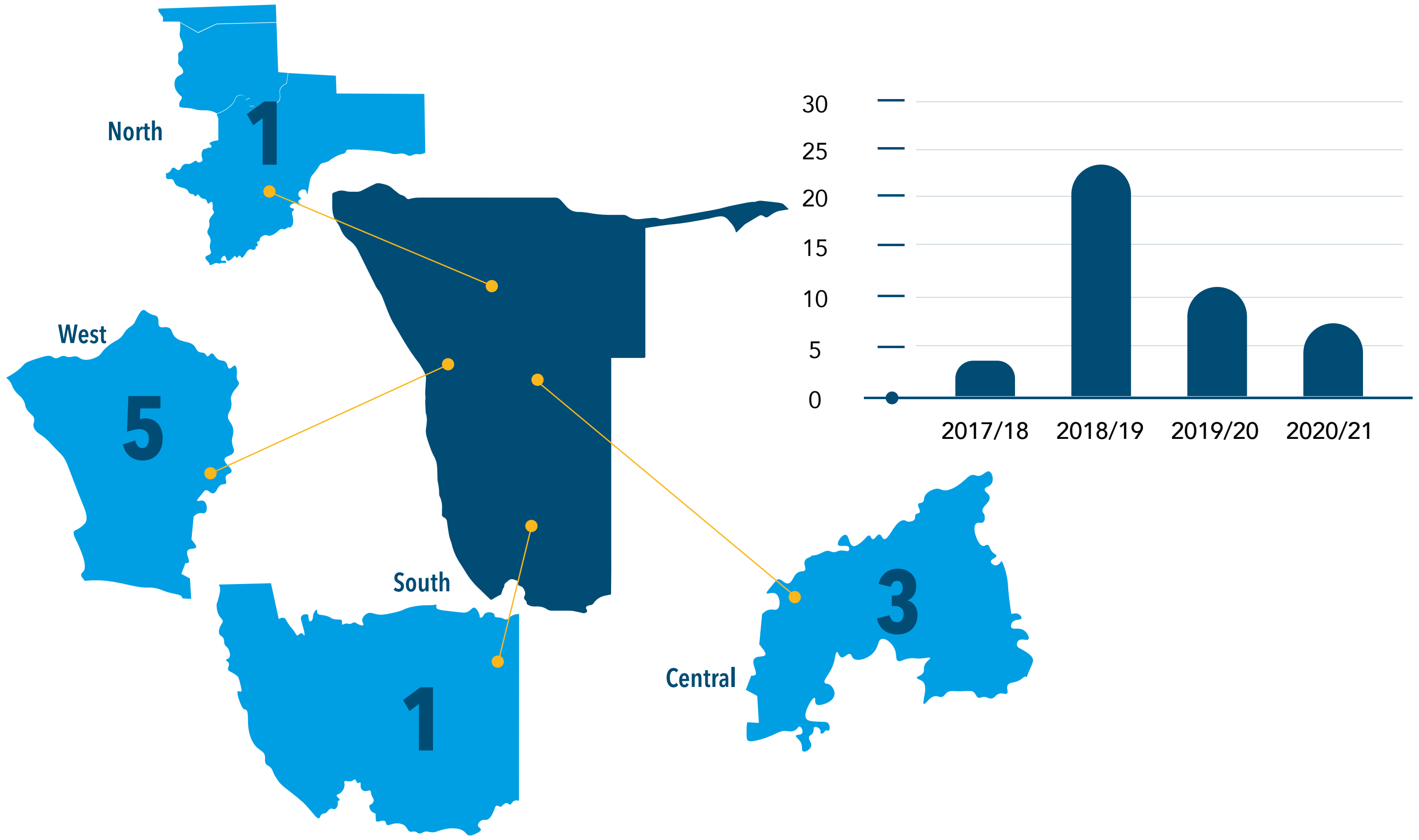
Vehicle Accidents

The table below depicts a summary of all vehicle accidents over the financial year. Eight (8) vehicles accidents were reported during the year under review. Two (2) major accidents reported during the financial year are:

- **Fatal accident – Bethanie (/Kharas Region)**
  On Friday, 5 June 2020, a man who was crossing the junction of Bethanie road was hit by TNHL vehicle. The pedestrian died on the spot.
- **Otavi – Otjiwarongo Highway**
  On Tuesday, 2 February 2021, a company vehicle bumped against a 7-seater sedan on the road between Otavi - Otjiwarongo road with multiple damages on the TNHL vehicle but no injuries were recorded.

	CENTRAL	NORTH	WEST	SOUTH
APR-20	0	0	0	0
MAY-20	1	0	0	0
JUN-20	4	1	0	0
JUL-20	4	0	0	0
AUG-20	3	0	0	0
SEP-20	1	0	0	0
OCT-20	1	0	0	0
NOV-20	1	0	0	0
DEC-20	0	0	0	0
JAN-21	2	0	0	0
FEB-21	2	0	0	0
MAR-21	1	0	2	0

Vehicle Accidents 2020-2021



Rail Accidents

During the reporting period, a total of 17 incidents were reported. We deem it necessary to highlight the major ones:

- **(a) Asab Derailment (Investigated during the reporting period)**
  Train 9966 departed 19h05 on 23 December 2020 from Keetmanshoop to Windhoek. The Train was involved in an accident at kilometre point 115 between Brukkaros and Asab. The ground formation under the rail line was washed away due to heavy rains in the area. The average speed on the distance of 112 kilometers from Keetmanshoop was 36km/h and also on the point of derailment. The train composition was one loaded DZN with empty container, four passenger coaches, two empty FP wagons, seven empty fuel tankers and two empty DZN wagons and one locomotive number 33-006. The train tonnage was 401 for 64 axles.

  The locomotive 33-006, one loaded DZN wagon 88165191 and two passenger coaches 88352 and 88326 capsized while coach 88637 only derailed in the process. The locomotive, as well the capsized wagons were extremely damaged. The train crew, train attendant and some passengers got injured in the process. The Train crew and the injured passengers were taken to Keetmashoop and Mariental Hospitals by Ambulance, while one passenger, who sustained serious injuries was taken to Katutura State Hospital for treatment. No fatality was reported during or after the accident. The two coaches which capsized are a write off while the damage to the locomotive and the DZN wagons are still to be determined. The derailment distance was 40 meters from the point of derailment in the direction of Asab.

  The Rail Accident investigation panel has identified some learning points. The learning points relate to the process of conducting foot patrolling on railway infrastructure especially during the rainy seasons. The Rail Accident investigation team also learned that the Mariental Platelayer Team last patrolled the section on 21st December 2020 and could not do it on 22nd and 23rd December 2020 as their Truck's license number expired on the 30th November 2020. The 21 days grace period has expired on the 21st December 2020 and they were waiting for the new license. The other learning points is that no alcohol or substance testing was done on the train crew while they were treated for injuries sustained after the accident. At the finalisation of this report, the line was still closed for train service from Keetmanshoop to Mariental. Considering the damages to the locomotive and the coaches, if this train was travelling above 36 km/h as recorded by the GPS during the accident point, the damages could have been worse and lives possibly lost. Before the accident, the last train which used this line from Windhoek to Keetmanshoop was on the 17th December 2020 and went through Brukkaros station at around 23h50.

- **(b) Swakopmund Derailment**
  On Tuesday 16 March 2021, a freight train en-route from Windhoek to Walvisbay derailed on the mainline at Swakopmund order station. The train composition was made up of five (5) loaded P2 sleepers DZN wagons, ten (10) loaded manganese flat bed wagons, one (1) loaded container on DZN wagon, four (4) empty containers loaded on DZN wagons, nine (9) empty petrol tankers and four (4) locomotives when it derailed at Swakopmund.

  The following rolling stock derailed: Five (5) loaded DZN wagons with P2 sleepers, ten (10) loaded flat bed wagons with manganese containers, ten (10) wagons loaded with containers and four (4) locomotives while only 13 wagons did not derail. All derailed wagons, containers and locomotives and the main rail line were damaged. The Train Driver was injured in the process and taken to Swakopmund State Hospital by the Paramedic but unfortunately the Train Driver Assistant was stuck underneath the third locomotive and unfortunately passed away. An accident investigation panel was appointed to establish the root cause/s in order to avoid such accidents from happening.

Rail Accidents 2020-2021

ACCIDENT TYPE	
MAINLINE ACCIDENTS	11
YARD ACCIDENTS	23
LEVEL CROSSING	11
MAINLINE COLLISION	0
YARD COLLISION	2
RUN-AWAY WAGONS	4
PUBLIC INJURED/FATAL	4
DAMAGED INFRASTRUCTURE	5
TOTAL	60

	MAINLINE ACCIDENTS	YARD ACCIDENTS	LEVEL CROSSING	MAINLINE COLLISION	YARD COLLISION	RUN AWAY WAGONS	PUBLIC INJURED/ FATAL	DAMAGED INFRASTRUCTURE	TOTAL
APR-20	0	1	0	0	0	0	0	0	1
MAY-20	2	1	2	0	0	0	0	1	6
JUN-20	1	3	2	0	1	1	0	0	8
JUL-20	1	3	1	0	0	0	0	0	5
AUG-20	2	1	0	0	0	0	0	0	3
SEP-20	1	5	0	0	0	0	0	0	6
OCT-20	0	4	2	0	0	1	0	0	7
NOV-20	1	0	1	0	0	1	1	0	4
DEC-20	1	0	1	0	0	0	1	0	3
JAN-21	1	2	1	0	0	0	0	3	7
FEB-21	0	2	1	0	1	1	1	0	6
MAR-21	1	1	0	0	0	0	1	1	4

Environment

The Swakopmund derailment caused an oil spill which contaminated an estimated area of 53 m2 whilst the estimated depth is 1.5m. TransNamib was issued with a compliance order by the Ministry of Environment, Forestry and Tourism. A Rehabilitation Project Team was appointed and developed an Environmental Management/Rehabilitation Action Plan for the approval of the Environmental Commissioner. The work is scheduled to be completed by June 2021.

RAIL IS THE BETTER CHOICE FOR THE ENVIRONMENT

Transporting freight by rail has less impact on the environment than any other mode of freight transportation. TransNamib's ability to transport break bulk means that one train replaces about 35 road trucks. Carrying freight by train results in an 80% reduction in CO_2 emissions per kilogramme carried compared to road haulage. By moving more freight on the rail, there will be a gradual reduction in the carbon intensity of freight services.

In terms of air pollution, accidents, infrastructure deterioration and congestion, the impact of rail operations is significantly less than any other mode of bulk transportation. TransNamib recognises the important role it plays in gearing Namibia towards a greener economy and we acknowledge our responsibility to protect the environment and operate in a sustainable manner. We are constantly striving to improve our environmental performance.

As a company, TransNamib is focused on assessing our use of fossil fuels and to minimise our usage. Fossil fuels do substantially more harm than renewable energy sources by most measures and the company is researching cleaner energy sources.

During the reporting period, TransNamib conducted an audit on fuel management of non-revenue vehicles to investigate the management of fuel and to assess the controls around this process. The company also launched an audit for the fuel management of locomotives. This audit is focused on the controls around the sourcing, payment and consumption of locomotives.

Since the cost of consumption of fuel in locomotives is one of TransNamib's highest cost drivers and the impact of fuel on the environment needs to be managed, assurance around the appropriate management of fuel is required.

CREATING AWARENESS

As the company marks 126 years of its existence in Namibia, TransNamib reiterated its commitment to safety by holding its annual rail safety event.

This year, Trans-Namib held a level crossing safety simulation at Ondangwa's Omashaka location. The company combined efforts with various key stakeholders such as the MVA, law enforcement agencies, the fire brigade and emergency response teams to educate members of the public on rail safety measures.

The purpose of the simulation was to test the company's emergency response plan as part of its strategy to raise public awareness about rail safety. The goal of the company is to build safer communities and educate communities that are located along the railway lines about ways to keep safe around tracks and trains.

Rail versus Road

One Train
on the rail

=

35
road trucks

LOOKING FORWARD

TransNamib is committed to implementing initiatives towards providing a safe and healthy environment. Our challenges are many – operating outdated rolling stock on outdated rail infrastructure remains a concern but TransNamib remains committed to streamlining our processes, improving efficiency, effectiveness and reducing the impact of our activities on the surrounding communities and environment. We are well on track with our goal to reducing carbon emissions by 25% by the year 2023. Through sustainable operations we offer Namibia a safer, cleaner and more efficient mode of transport.

SECTION 5

RAILING IN THE RIGHT DIRECTION

Executive Management Team

JOHNY M. SMITH
Chief Executive Officer (CEO)
Date appointed - February 2018

RYNO BADENHORST
Executive: Commercial & Marketing
Date appointed - February 2020

ANNELINE BLACK
Executive: Operations
Date appointed - February 2020

LOGAN FRANSMAN
Executive: Technology & Innovation
Date appointed - July 2019

ALYNSIA PLATT
Executive: Properties
Date appointed - May 2018

WEBSTER GONZO
Executive: Human Capital
Re-appointed - October 2019

CORNWELL CHADYA
Executive: Finance
Date appointed – February 2020

FERDINAND GANASEB
Executive: Engineering & Technical Services
Date appointed - August 2016

MBERIPURA HIFITIKEKO
Executive: Corporate Services
Date appointed - February 2020

Breakthrough Financial Performance

Profitability is not something that is added in the end but something to plan for in the beginning

MANAGING OUR FINANCIAL CAPITAL

Revenue decreased by N$87 million to N$456 million. This was mainly due to a N$78 million reduction in freight revenue. Operating costs decreased by N$161 million to N$729 million. The reduction was a result of reduction in fuel consumption, repairs and maintenance and bad debts. Other income also reduced by N$17 million to N$76 million. The reduction in other income was due to the charge for penalties and levies. As a result of the above, a total comprehensive loss of N$363 million was incurred compared to N$242 million in the prior period. The trading loss worsened the cash flow position of the company, resulting in creditors being paid late.

With no new credit lines secured during the period, the company relied on internally generated cash flows, as well as support from the shareholder (both grants and GRN funded projects). The impact of Covid on the company was materially felt in the reduced freight volumes from the fuel sector, as national lockdowns and travel restrictions reduced fuel consumption in the economy. In addition to this, there was reduced spending on repairs and maintenance during the financial period, due to less kilometres travelled by our rolling stock.

Collections from customers continued during the period, resulting in a lower net debtors balance at the end of the period, although credit provisions were lower for the same period.

Operating Environment

The trading environment was very difficult, for the company, the shareholder, suppliers and customers. The impact of the Covid pandemic resulted in long lead times for delivery of most spare parts from South Africa and overseas. This impacted our ability to properly maintain our rolling stock.

Customers especially in the fuel industry were not spared. There was large reductions in demand for transport by fuel companies as their customers were not consuming due to movement restrictions to localities of most motorists. Whilst our contracts with a number of mines continued to operate at pre Covid levels, we noted large reductions in the construction industry. Due to the situation, Transnamib was forced to endure another financial period, with no tariff increments, as the industry jostled for the little work available, resulting in the undercutting of prices to customers.

The shareholder has continued to support Transnamib with funding during the current year. Traditional grant funding, however dried up during the reporting period, with most of Government support being for specific projects, which the government requested Transnamib to execute. At year end, the government funded a project to remedy washaways in the southern parts of Namibia of N$66.5 million.

Operating Results

An operating loss of N$334 million (2020: N$242 million) was incurred during the accounting period. This loss was underpinned by a 16% reduction in freight income, which was partly offset by a 12% increase in property revenue. Other income increased by 35% to N$123 million.

To compensate for the reducing revenue, operating costs reduced by 18% to N$729 million. The reduction in operating costs was mainly due to lower fuel consumed during the year (Covid Induced reduction of 31 %.). Due to lower post retirement provisions in the current financial period, payroll reduced by 6% to N$386 million. Repairs and maintenance was impacted by the lower kilometres travelled by locomotives and cash flow constraints. Although we are cognisant of the need for more money to be spent on maintenance, the total repairs and maintenance reduced by 65% to N$23 million.

Cash flows from operations improved with 43% to (N$51 million). At the same time, cash flows from investing reduced by 223% to (N$16 million). Financing cash flows was boosted by shareholder support. Cash flows from financing increasing to N$112 million.

Overall, the balance sheet size reduced by N$114 million. This was driven by reductions in investment properties of N$74 million. This reduction was an outcome of the current operating environment, which reduced valuations for the company's property portfolio.

Creditors increased by N$115 million to N$399 million. When compared to the lower net trade debtors, the working capital gap resulted in cash flow challenges.

LOOKING FORWARD

The road ahead will improve when the low reliability of the locomotives is addressed. In the short term, shareholder support will be required to address operational inefficiencies whilst the locomotive renewal project is being executed. Subsequent to year end, the company has secured N$2.159 billion funding from a Development Financial Institution. In addition to this, the Government has made provision of N$523 million in the MTEF period, commencing with N$175 million in the 2023 financial period.

With this funding secured, urgent steps need to be taken to improve operational efficiencies especially in the operations and engineering departments.

Efforts to lock in customers through rail transport agreements has improved subsequent to year end, with a number of customers signing contracts with the company for the first time in Its operating history.

Improvements in the procurement activities will also require to be pursued in the short to medium term, as this will address the current logistics challenges introduced by Covid-19.

Trustworthy Customer Experience

"Every successful business has one element in common – a loyal customer base"

During the year under review, TransNamib experienced unprecedented micro and macro environmental challenges such as heavier rainfall and the Covid-19 pandemic that profoundly impacted overall business performance. However, the company continued to prioritise its limited resources through better planning, organisation, coordination, maintenance and monitoring business activities in alignment with set strategic objectives of providing a "trustworthy customer experience".

The mandate remains to fulfill customers' daily requirements by constantly anticipating their evolving rail transport logistical demands and needs in a highly volatile and competitive business environment. Therefore, creating and sustaining collaborated rail transport logistics network solutions for our customers, through improved input-output administrative and operational processes remains the bedrock of the company's value chain.

PASSENGER SERVICES

As reported earlier, the COVID-19 pandemic created various challenges and delays during the year, which were felt across all areas of our business and severely affected our operations.

TransNamib's ability to provide passenger services was heavily influenced by COVID-19 and the lack of locomotive power; to maintain and guarantee timely daily departuresand arrivals of trains. The restrictions of movement between the regions affected the company's ability to move passengers. TransNamib's passenger services also suffered a major blow with a derailment in the IIKharas Region in December 2020 where the heavy rains in the south compromised the rail infrastructure.

With the continued uncertain COVID-19 pandemic rules and regulations between 2020-2021, as well as impaired railway infrastructure and equipment, TransNamib temporarily suspended some of its services such as Starline Passenger and Desert Express services until such time, when global and national safety, locomotive supply, health, travel and socio-economic events neutralise.

Starline Passenger Service

	BUSINESS CLASS	ECONOMY CLASS
APR-20	-	-
MAY-20	117	1,008
JUN-20	196	1,518
JUL-20	139	1,005
AUG-20	77	397
SEP-20	-	-
OCT-20	-	-
NOV-20	6	51
DEC-20	32	759
JAN-21	-	-
FEB-21	-	-
MAR-21	-	-
F21 TOTAL	567	4,738
TOTAL STARLINE	5,305	

FREIGHT SERVICES

TransNamib's core business is rooted in the provision of rail transportation of bulk commodities and containerised cargo from station-to-station only. The logistical capability to move freight goods over long, uninterrupted, safe distances of the Namibian West Coast located, semi-dessert tranquil horizon, gives our business its distinctive competitive and collaborative advantage.

Our rail transport services are spread across many sectors including Bulk Fuel, Bulk Liquid, Agriculture, Building Materials, Mining, Containerised Business and General Cargo. Namibia's geographical strategic location on the south west coast of the Atlantic Ocean streamlines its marketing and rail transport service packages to both regional and international markets through the Ports of Walvis Bay and Lüderitz.

This financial period was a tough and challenging year for Commercial & Marketing as many planned business projects and marketing activities had to be cancelled due to the impact of COVID-19. However, we continued to operate with a clear understanding that organisational limited resources re-alignment was crucial for the company to increase its competitive advantage, volumes, revenues and profits and reduce logistical value chain wastage.

During this pandemic driven financial year, TransNamib focused on business value creation by strengthening its usage of technology to create and enhance rail transport business solutions and relationships with customers and stakeholders via various platforms such as website, social media, WhatsApp, Teams/Zoom, emails and voice.

These platforms promote continued flow of information, communication and enabled customers to have the much desired 24/7 service accessibility, availability and visibility. Though critical to the business is the delivery of right goods, in the right quantities and quality to end destinations at the right time, and thus the business experienced a slight reduction in the flow of information and communication gap.

LOCOMOTIVES

AVERAGE NUMBER OF LOCO AVAILABILITY PER WEEK
FY 2019-2020

30

28

AVERAGE NUMBER OF LOCO AVAILABILITY PER WEEK
FY 2020-2021

Operational Information

	NUMBER OF LOCOS ACTUAL AVAILABLE (AVERAGE)	NUMBER OF LOCOS RUNNING / ACTIVE (AVERAGE)
APR-20	25	43
MAY-20	25	43
JUN-20	27	43
JUL-20	28	42
AUG-20	29	43
SEP-20	30	43
OCT-20	30	43
NOV-20	30	43
DEC-20	30	43
JAN-21	29	42
FEB-21	25	38
MAR-21	25	38
F21 TOTAL /AVERAGE	28	42

WAGONS

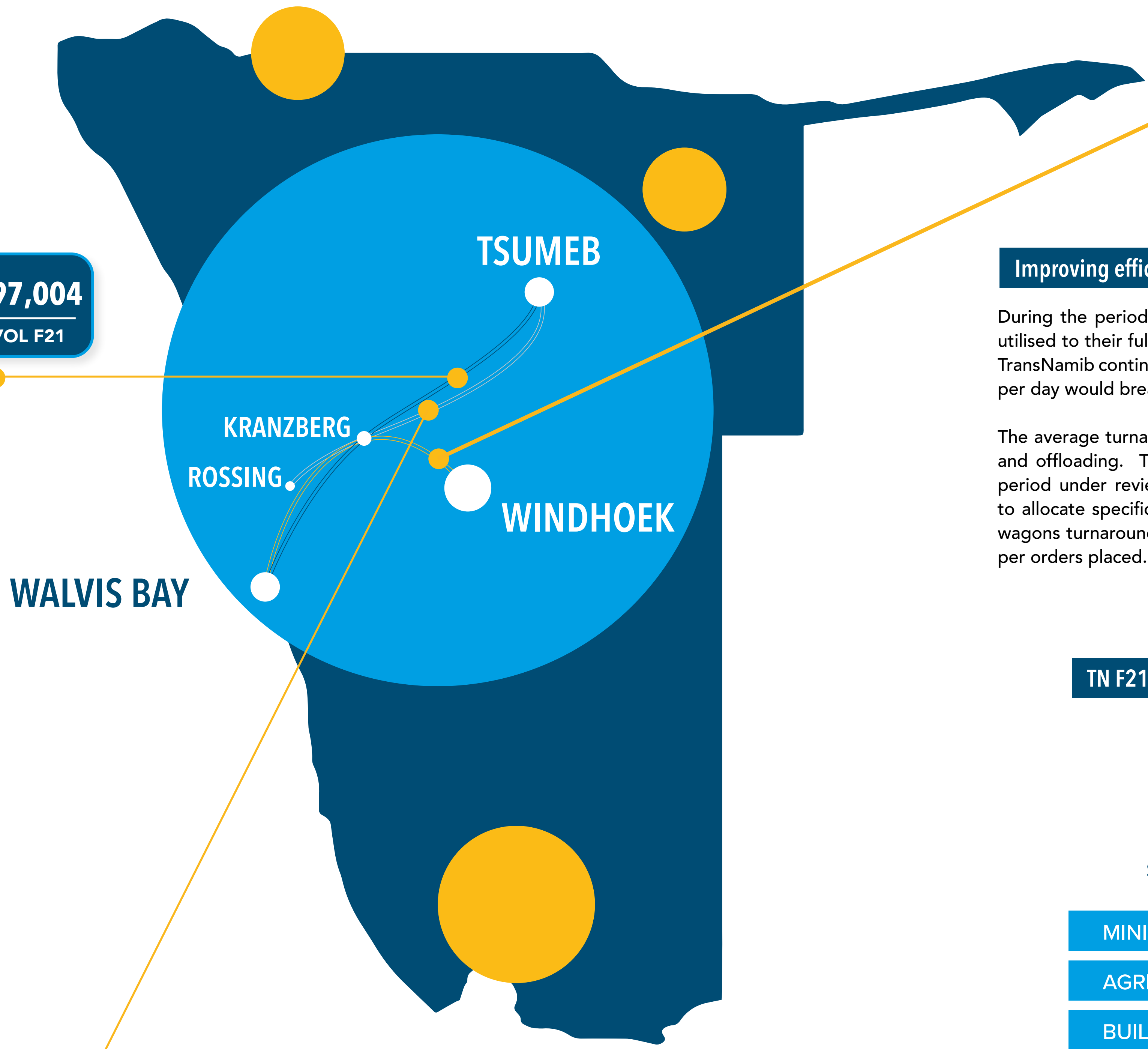
AVERAGE NUMBER OF WAGONS AVAILABLE PER WEEK

46

1 635 557

NUMBER OF KILOMETERS TRAVELLED

Our top three highest performing routes



WALVIS BAY - TSUMEB
61,606,564 REV F21
197,004 VOL F21

WALVIS BAY - WINDHOEK
57,705,585 REV F21
164,325 VOL F21

TSUMEB - ROSSING
49,191,894 REV F21
177,604 VOL F21

RAIL TONNAGE – YEAR ON YEAR COMPARISON

1,502,711 FY2020-2021
1,651,511 FY2019-2020

Improving efficiencies

During the period under review the average trip times variance were less than a day. Locomotives were utilised to their full availability during the period under review however, ability does not equate to reliability. TransNamib continues to struggle with the breakdown of locomotives, as a portion of the locomotives available per day would break down.

The average turnaround time for wagons is 6 days. The wagons are placed at customer sidings for loading and offloading. This execution of loading and offloading has been delayed by the customers during the period under review. To improve the turnaround times and improve efficiencies, TransNamib is planning to allocate specific wagons to the respective customers and install tracking on the wagons to improve the wagons turnaround times as well as enforcing prompt loading and offloading of our wagons and tankers as per orders placed.

TN F21: Volume (Nett Ton)

ACTUAL VS BUDGET

SECTOR	ACTUAL	BUDGET
MINING	91 465 289	118,767,615
AGRICULTURAL	14,875,380	34,702,162
BUILDING MATERIAL	67,095,997	87,027,634
OTHER TRAFFIC	8,314,884	3,788,482
CONTAINERS	24,273,023	57,443,652
BULK FUEL	125,443,601	250,500,607
BULK LIQUID	71,342,276	109,438,495
TOTAL	403 720,563	661,668,647

SPOTLIGHT

Southern Route

20 YEARS

LÜDERITZ ROUTE REVIVED

Movement of Manganese

TransNamib has within one year managed to increase its manganese volumes moved by 49%.

TransNamib revived its Lüderitz route in 2019 after 20 years, and it has become one of the company's most commercially viable routes with the movement of manganese by rail. The company's first tonnage moved on the route was about 520 tonnes of Northern Cape manganese which was transshipped from Ariamsvlei to Lüderitz on 2 August 2019.

During the 2019-2020 financial year, TransNamib moved over 86 000 tonnes of manganese, generating a revenue of N$19 million for the company. In its 2020-2021 financial year, TransNamib increased its volumes of manganese moved to over 144 000 tonnes, bring in revenue of N$29 million.

The movement of manganese has significant potential for the company, as TransNamib is working to upscale its tonnage moved to over 360 000 tonnes per year, equating to a monthly tonnage of 30 000. With TransNamib planning to grow its rolling stock fleet, the company hopes to be able to implement more manganese trains and providing more reliability to the sector.

The manganese is transported from Ariamsvlei to Lüderitz. From Lüderitz, the bulk manganese is exported to various overseas international markets. The project has had many economic benefits for the south, including TransNamib's recruitment of more than 150 people since the start of the project thus the project has generated a number of spin-off benefits to the communities at Ariamsvlei, Keetmanshooop, Aus and Lüderitz.

Manganese is a transition metal used to deoxidize steel and desulfurise, and it is also used in steel production for items such as dry cell batteries and cooldrink.

86 000 TONNES

2019-2020 FY - MANGANESE MOVED

49%

INCREASED MANGANESE VOLUMES

Distribution of Rail Tonnage

SECTOR	F21	F20	% DEV
MINING	369,585	376,579	-1.86%
AGRICULTURAL	59,249	86,193	-31.26%
BUILDING MATERIAL	485,076	401,169	20.92%
OTHER TRAFFIC	26,840	29,011	-7.48%
CONTAINERS	100,871	154,125	-34.55%
BULK FUEL	211,498	315,189	-32.90%
BULK LIQUID	249,592	289,243	-13.71%
TOTAL	1,502,711	1,651,509	-9.01%

Composition of Net Ton Conveyed

	F21	F20	% DEV
IMPORTS	1,190	7,675	-84.50%
EXPORTS	-	8	-100.00
LOCAL	1,501,521	1,643,826	-8.66%
TOTAL	1,502,711	1,651,509	-9.01%

Actual vs Budget: Volume (Net ton)

SECTOR	ACTUAL F21	BUDGET F21	% DEV F21 ACTUAL V BUDGET
MINING	59,249	114,270	-48%
AGRICULTURAL	211,498	470,667	-55%
BUILDING MATERIAL	485,076	401,169	-29%
OTHER TRAFFIC	26,840	29,011	-33%
CONTAINERS	100,871	154,125	-52%
BULK FUEL	211,498	315,189	18%
BULK LIQUID	249,592	289,243	123%
TOTAL	1,502,711	1,651,509	-29%

Revenue Earned

SECTOR	ACTUAL F21	BUDGET F20	% DEV F21 ACTUAL V BUDGET
MINING	91 465 289	118,767,615	-21%
AGRICULTURAL	14,875,380	34,702,162	-57%
BUILDING MATERIAL	67,095,997	87,027,634	-23%
OTHER TRAFFIC	8,314,884	3,788,482	119%
CONTAINERS	24,273,023	57,443,652	-58%
BULK FUEL	125,443,601	250,500,607	-50%
BULK LIQUID	71,342,276	109,438,495	-35%

Revenue Earned

SECTOR	F21	% CONTRIBUTION
MINING	91,465,288.76	20.6%
AGRICULTURAL	14,875,380	3.3%
BUILDING MATERIAL	67,095,997	14.7%
OTHER TRAFFIC	8,314,884	1.8%
CONTAINERS	24,273,023	5.3%
BULK FUEL	125,443,601	27.4%
BULK LIQUID	71,342,276	15.6%
PROPERTIES	52,351,893.05	10.9%
DESERT EXPRESS	929,957	0.2%
STARLINE	693,879	0.2%
TOTAL	456 072,456	100.0%

CONNECTING WITH OUR CUSTOMERS

During a Stakeholder Engagement Session, the Managing Director from Ohorongo Cement, one of TransNamib's key customers, Mr. Hans-Wilhelm Shutte noted the achievements of TransNamib and Ohorongo Cement's partnership namely the 100 % movement of cement on rail from Otavi to Ondangwa as well as the 100% movement of coal on rail from Walvis Bay to Otavi. He noted that TransNamib made available 45 wagons for the standard train between Tsumeb & Ondangwa and commended TransNamib for its increased service levels noting that the company was pro- active and result orientated. In terms of TransNamib and Ohorongo's partnership the focus is on volume and bulk business.

During the session, TransNamib's key customers expressed keen interest to move its bulk volumes through rail citing the benefits of moving the majority of freight through rail which would include long-term financial sustainability for TransNamib and the industry, generating income to fund new projects and to revive other routes as well as boosting TransNamib infrastructure and win local and international investors' confidence.

"TransNamib has been our fuel product Rail Carrier of choice. Our business relationship is cemented on few pillars namely safety, economy of scale as well as affordability of service when compared to road network.

In the last 18 months we have noted commendable improvements in terms of customer service and the willingness to deliver more from TransNamib. We acknowledge that each business does indeed have its challenges and this is not unique to both of our businesses, however it is good to note that the engagements that took place between our companies have created a good platform for all of us to learn and also understand our areas of improvement. This was done in good faith, spirit and cooperation. It is our wish and desire to see more improvements and continuation of collaboration between our companies to ensure efficient and safe delivery of fuel products to all corners of the country."

Cornelius Heita
Operations Manager

PUMA ENERGY

LOOKING FORWARD

In alignment with F22 rail transport service delivery objectives, TransNamib will proactively strengthen daily and weekly engagements with customers and stakeholders empowered by a clear understanding of our business administration processes, macro environment and the customers' evolving and demanding needs and wants. Our aim is to increase weekly field-based engagements with supporting functions such as operations, engineering, finance, properties for continued development, to be well equipped and focused to proactively resolve anticipated customers' queries and requirements with specific, and competitive rail transport logistics solutions at the right time. For TransNamib, our goal is enhancing brand reputation through proactive, affordable, innovative marketing and communication awareness initiatives.

TransNamib is in the process of finalising an agreement to more iron ore via Windhoek to Walvis Bay. which involves a supply of high-grade 700,000 tons per annum of iron ore; via rail from Windhoek to Walvis Bay, by September 2022. The company is also pursuing a new project to open up a container depot at Grootfontein for a potential customer which will cement our road to rail strategy. There is also potential for TransNamib to expand its business beyond the borders. Zambia Railways is looking at the possibility of exporting bulk diesel, via Grootfontein Engen depot to Livingstone and eventually Lusaka, Zambia. They also want to export concrete sleepers from Tsumeb to Livingstone for their railway rehabilitation and upgrade projects. In addition, there is also potential to move an additional 100,000 tonnes per month of manganese from South Africa to Ariamsvlei for eventual export via the Port of Walvis Bay.

We have also identified an opportunity for a Gobabis Inland Container Depot (ICD) and Dry Port. Potential commodity traders and freight forwarders have shown interest to utilise our station in Gobabis as a multipurpose transshipment facility for their various commodities; such as coal, copper and manganese. This will afford customers an opportunity to quickly turn around their trucks in Gobabis and load imported cargo coming from Walvis Bay with our trains.

For rail, the opportunities are endless and there is a real opportunity to grow our share in the market. Our biggest challenges remain improving our rolling stock capacity and improving our rail infrastructure.

Organisational Excellence

We are changing our company through technology and innovation

How businesses operate have completely and radically changed over the past decade. Technologies have revolutionised the manner in which companies run their operate. Businesses are in the unique position of having data at their fingertips with the touch of a button to increase and optimise efficiencies. Before 2019, TransNamib was largely left out of the technological revolution and still ran its operations majorly on manual processes.

The opportunity cost of not keeping up with technological advances have been immense, with customers moving over to our competitors who have the convenience of technologically driven customer solutions. The fact that rail has decreased its market size and road has increased in market size is evidence that operators with advanced technologies advance their business. Formerly, while our customers and competitors have developed and implemented technologies that have advanced their processes, little progress was made at TransNamib towards moving to digital technologies to enhance the business.

Therefore, the role of our technology and innovation section in the advancement of our business plan is a critical one. Automated processes and new innovative technologies will create value for our internal and external stakeholders.

Now more than ever, TransNamib has a broader scope of its operations which is data-backed. As a company, we have implemented technologies that will bring us on par with our competitors. This coupled with our ability to transport bulk-break freight at an economic benefit in terms of lower costs is what gives TransNamib the competitive edge.

Looking to the future of rail within Namibia and positioning the rail transporter as a significant player in the transportation and logistics sector of the SADC region, we need to identify next-generation automation technology which will continue to improve our rail operations, safety and efficiency within TransNamib.

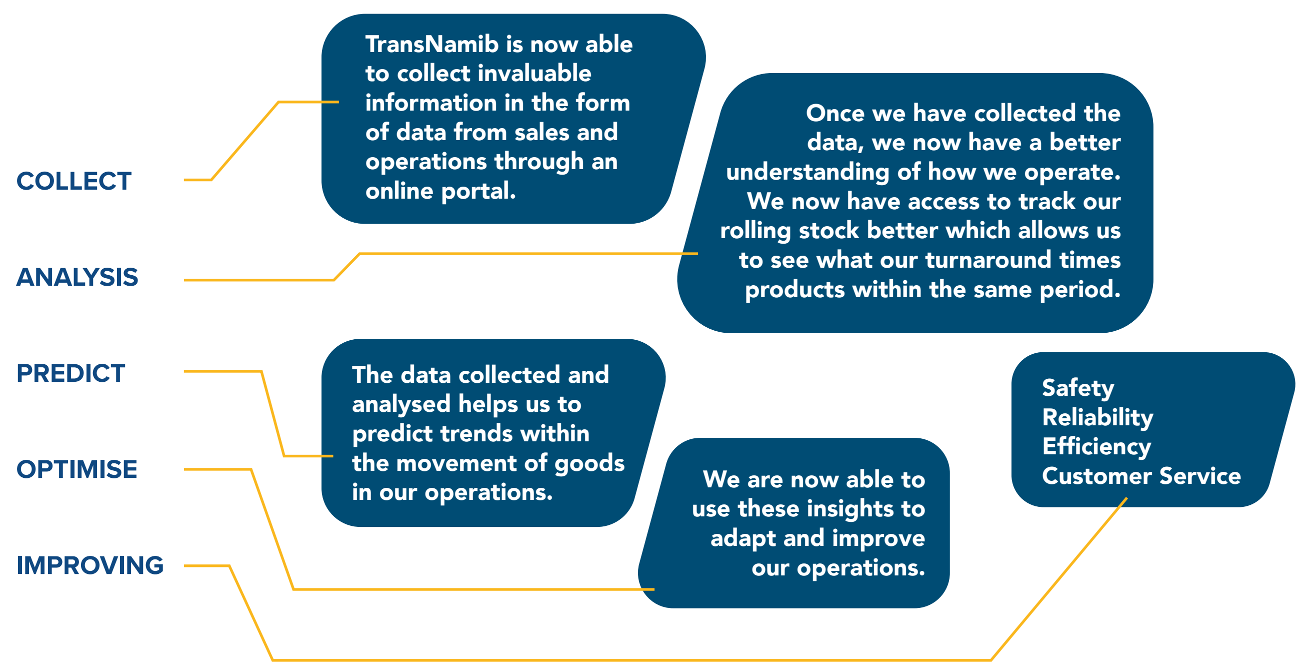
REVIVING AND REVITALISING OUR INTERNAL PROCESSES

Before the establishment of our Technology and Innovation section, the only automated process within the organisation involved procurement which involved the requisition, order and payment processes through SAP and was heavily reliant on manual documents. Thus, there was a major drive within the organisation to identify manual processes that could be automated to increase efficiencies.

During the period under review, we have implemented transport management, leave, and overtime systems. These are the three systems that were digitalised and have formed part of the automation agenda to improve the operations and general administration of the time cards within the organisation. With a staff complement of over 1200, these systems have created a major improvement in the efficiency of the time management of employees.

The Power of the TMS System

Transport Management System



CHANGING THE WAY, WE MANAGE THE MOVEMENT OF OUR CUSTOMER'S CARGO

In its strategic business plan, TransNamib has identified legacy systems as a major risk. The former TRACCS system which has been the main operational and financial system within the organisation for several years was one of key identified legacy systems that were replaced within this financial year. By replacing TRACCS, one of the crucial objectives of the ISBP was achieved.

To give context to the historical legacy of outdated systems, it is important to note that TRACCS has been used within the organisation since 1999, after a two-phase development and implementation. This system has remained the same and was only updated from time to time, however, no new system was introduced to manage the operations.

The newly implemented Transport Management System (TMS) will allow our teams to efficiently track rail cargo, improve service delivery and better manage our rolling stock. The TMS system allows the company to see what has been loaded and off-loaded at each station. Additionally, the system brings our train operations closer to real-time visibility. TMS has also reduced operational costs as outdated manual processes had been costing the operations department a lot of money in telephone bills to trace freight movement.

TMS has streamlined and built a modern platform, that allows operational staff to quickly access, enter and review operational tasks and information. During the next financial period, TransNamib will be working on Phase 2 of the system, which will allow customers to access and interaction with the system.

INVENTIVE TECHNOLOGICAL SOLUTIONS TO MAKE TRANSNAMIB MORE EFFICIENT

Cleaner Energy

In an effort to reduce the carbon footprint worldwide, green hydrogen is emerging as one of the solutions as a clean energy source. While countries such as Canada and other developed countries have starting using green hydrogen, it is a fairly newly emerging source of energy.

TransNamib in its vision to be an innovative company is looking into the feasibility of using green hydrogen as its energy source for locomotives. Green hydrogen is produced by electrolysis that is powered by renewables and has significant potential as a clean energy source. Already seeing increased usage in the transport sector worldwide, this power source boasts the energy efficiency and the environmental viability to be a cornerstone of the world's energy mix.

One of TransNamib's highest cost is fuel, and to provide an innovative solution that will drive that cost down the company has launched a feasibility study to identify alternative fuels for our operations that will reduce costs and be more environmentally friendly than fossil fuels.

TransNamib has already identified a partner to assist in launching a pilot study and we are in the process of sourcing funding externally to launch the pilot. The pilot project will see one diesel engine powered locomotive being converted to a hydrogen fuel cells powered, to measure and analyse the impact of such a change on TransNamib's operations.

Addressing the environmental factors that impact operations

Since the re-introduction of the route between Keetmanshoop and Lüderitz which was previously closed for 18 years, TransNamib has constantly experienced problems with regards to the sand covering the rail tracks which heavily affects the train operations in the south.

With TransNamib moving more than 15,000 tons of manganese per month which the company is looking to upscale to beyond 30 000 tonnes per month, that route has become a major revenue source for TransNamib. Clearing the rail off the sand is an important element of our operations in the south. Sand on the track is a major problem for the company as it causes derailments. For the trains and wagons to move, the wheels need to be in contact with the track and the sand stops that contact which causes derailments. The impact of this is that TransNamib has to spend enormous sums of money on the maintenance of the line to keep it clear of sand.

To curb this ongoing problem, TransNamib has set in motion, research to find innovative long-term solution to solve the problem of sand covering the tracks. The company is looking into the feasibility and environmental impact of a solution that is sprayed on sand that makes the sand hard and lasts up to a year before it will need to be maintained again.

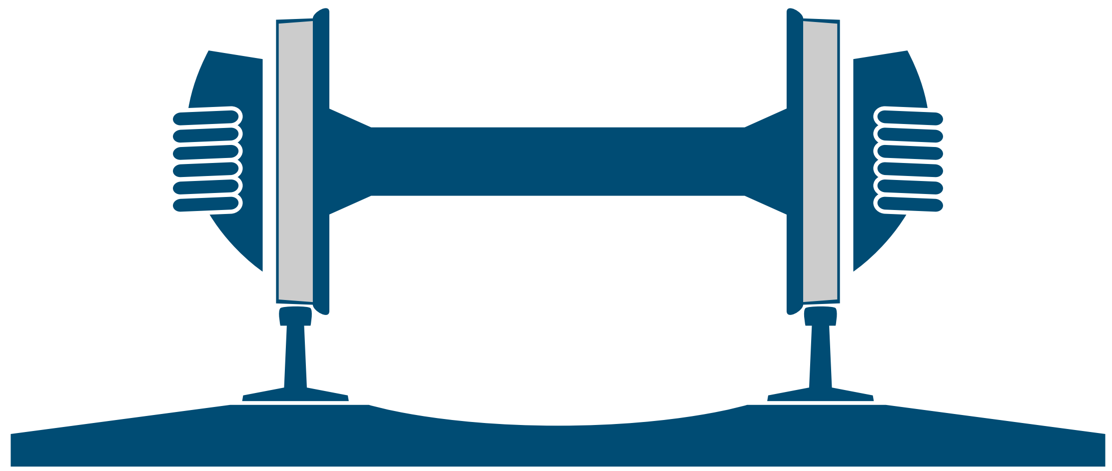
Innovative rail maintenance

Wheels are critical components of trains and TransNamib's operations. A comparison between the mechanical components of trains shows that wheel-set faults by 44.7% are the most important cause of train accidents.

Wheels condition monitoring systems are commonly used to assess the health status of the wheels. A fundamental part of any condition monitoring system is data acquisition. Meaningful estimation of the current condition and predicting the future behaviour of the wheels, strongly depends on the characteristic of the data measurement stage.

Transnamib operates a rolling stock fleet comprising of 41 active locomotives and more than 2000 various types of wagons. Currently, wheel profile measurement is done manually at Transnamib using a gauge and human judgement. This process does not allow for data capturing to help forecast the condition of the wheels. This process is time consuming and causes a lot of delays and leaves room for human error.

In an effort to streamline its processes, TransNamib has started the process of identifying innovative wheel condition measuring methods where the condition of the wheels can be checked without physical contact and eliminate any possible human error and also provide high quality measurement data and significant time saving. Using a prognostic method for predicting future failures and optimising the maintenance plan can lead to improvements in efficiency.



As the sole operator of the railway, TransNamib is also responsible for same maintenance of the railway line. Part of such maintenance is to repair and replace damaged or worn-out rails. Replacing of damaged rails requires physical effort due to its heaviness.

TransNamib's civil team utilises a group of people called gangs (usually 18 or more in a group) to carry out this maintenance procedure. However, due to the amount of human capital needed this method has become costly and time consuming especially when relaying rails for a longer section.

Nowadays, developed countries have come up with innovative mechanisms to do away with traditional methods to improve on time and cost by utilising machinery/equipment custom made for that specific rail track maintenance procedure.

In an effort to modernise TransNamib's infrastructure in order to improve service delivery, the company has explored innovative machinery used in developed countries and has identified a technically viable machine to reduce rail track maintenance costs and optimise possession time.

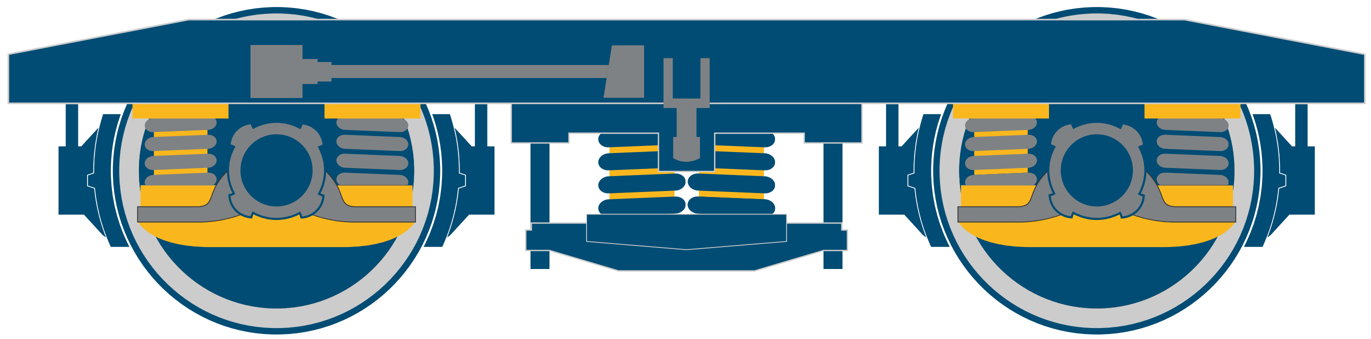
The technological equipment will carry rails to lay and reduce the needed manpower to two people. With the average age of employees in this section nearing retirement age, it is imperative that the company prepares for the future and implements measures that can be long-term and invest in machinery where the investment can be re-couped easily.

Additionally, one of TransNamib's major focus in modernising the company's infrastructure in order to improve operations, is in-motion rail weighbridges to collect data for production volumes as well as ensure that rail cars are evenly loaded to prevent overloading.

Transnamib currently has two operational static weighbridges located in Walvis-Bay and Windhoek respectively. However, these weighbridges have aged approximately 60 years, hence the weighing accuracy in not reliable, and maintenance and calibration has become costly to the company. Currently, trains are being operated without confirmed axle loads. This is evident by the continous burnout of traction motors as well as significant damage to the rail tracks just to mention a few, which is partly a result of overloading.

Furthermore, TransNamib also relies on unconfirmed data from client's weighbridges due to defective nature of the company's weighbridges, which is not good business practice.

The company's static weighbridges are archaic and negatively impact service delivery. Hence, TransNamib has investigated the feasibility of acquiring efficient in-motion weighbridge to protect its rail infrastructure and improve service delivery.



Our contribution to a greener business operation

Reducing Printing

Through the processing of digitising documents and implementing measures to control printing, the company has managed to significantly reduce its carbon footprint in addition to significant cost-saving.

	2019	2020	2021
PER MONTH (N$)	140 000	80 000	40 000
TOTAL COSTS/YEAR (N$)	1, 680 000	960 000	480 000

Servicing our internal stakeholders

The Helpdesk Ticketing Info Service

AVERAGE RESPONSE AND RESOLUTION TIMES FOR TICKETS
48HRS

NUMBER OF TECHNICIANS SERVICING THE HELP DESK
3 TECHNICIANS

NUMBER OF TICKETS PER DAY
RANGES FROM 5-10

THE AVERAGE NUMBER OF MONTHLY TICKETS RAISED
220

NUMBER OF END-USERS OF THE HELPDESK
OVER 1200 EMPLOYEES

LOOKING FORWARD

Digitisation is the buzzword for rail freight operators and one particular trend is to move towards tracking freight. TransNamib has launched its pilot project to track our fuel tankers and currently have tracking devices on 20 of our 275 fuel tankers as identified in the pilot project. These trackers on our tankers provide real-time updates on the status of our fuel wagons. Fuel, being one of the highest revenue earning commodities transported by the company, can push our revenue growth exponentially if we increase our market share. In being able to monitor our fuel wagons, we will have access to data that will help us improve our turnaround times, and provide customers with real-time information about their products.

The process of increasing our visibility will be extended to our wagons within the next financial period. The only challenge the company faces in the implementation identified innovative measures that will transform the way TransNamib operates is financial.

Looking forward, TransNamib will continue to find ways to implement these innovative solutions which will make a great impact on TransNamib's operations and ultimately the company's bottom line. In the coming financial year and beyond, we will continue to centre our business around technology and innovation.

Reliable Rolling Stock and Infrastructure

TransNamib's ability to deliver a consistently reliable service to our customers is dependent on many factors including our rail infrastructure and rolling stock. The rail infrastructure in Namibia is a total of 2687 kilometers in length across the country and is owned by the government of Namibia, while TransNamib is the sole operator.

In terms of connectivity to other countries, Namibia is only connected to South Africa in terms of rail infrastructure. Namibia also has developed its rail line to Oshikango, which can connect to the Angolan market should Angola match the investment by connecting its rail infrastructure up to the Namibian border.

Only about 48% of Namibia rail network meets the minimum SADC required standard which is 18.5 tons/axle load. The remaining sections are 16.5 or less tons per axle load.

This places the burden of speed restrictions on the company, where our rolling stock's speed is limited to ensure safe passage of our freight over those sections of the rail. While the speed restriction reduces the risk of derailment, it slows down TransNamib's operational efficiency and ability to move more products for clients.

GREEN **18.5** tons axle loading standards.
BLUE **16.5** tons per axle load; some sections have speed restrictions.
RED Between **11.5** and **15** tons/axle load) and speed restrictions.

AUS - LÜDERITZ RAILWAY LINE

CLOSED FOR 18 YEARS

REOPENED IN 2019

The railway line between Okahandja and Kranzberg can take 16.5 tons per axle load, however some curves have speed restrictions due to worn-out curve rails. On the Seeheim – Lüderitz line, only the Aus – Lüderitz section can take 18.5 tons per axle load

One of the most critical routes for TransNamib is the route in the south between Lüderitz and Ariamsvlei where we are moving over 15 000 tones of manganese per month, which is also one of the areas where a section of the line is in poor condition.

Previously closed for 18 years, the section between Aus and Lüderitz was reopened in 2019, and is proving to be a high revenue generating route for TransNamib, thus it is critical that going forward we focus our efforts on rehabilitating the line. This financial year continued to see significant investment in capital projects to upgrade the rail infrastructure.

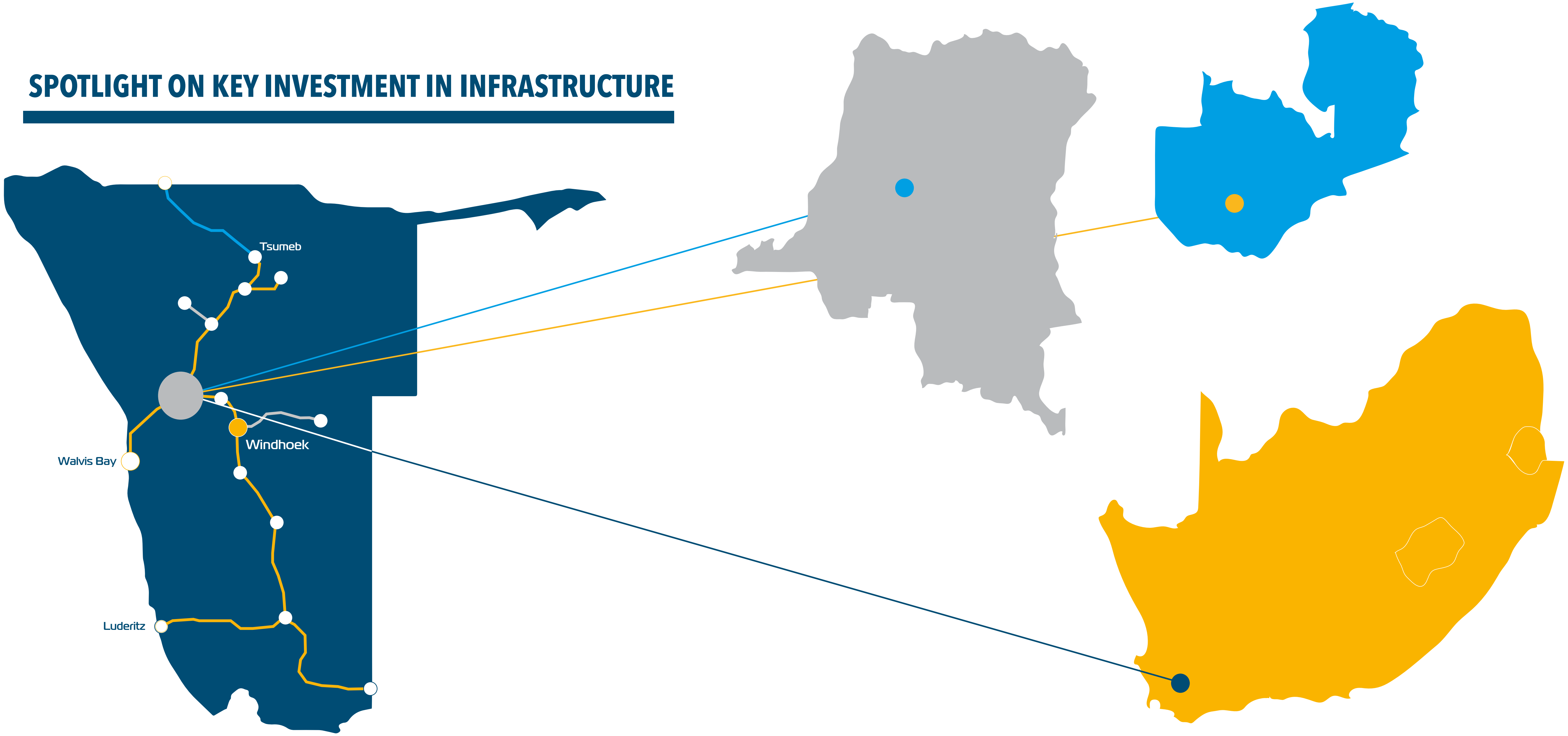
15 000 tons

MANGANESE /MONTH

18.5 tons /axle load

AUS – LÜDERITZ RAILWAY LINE

SPOTLIGHT ON KEY INVESTMENT IN INFRASTRUCTURE



The much-anticipated rehabilitation project of the Walvis Bay to Kranzberg (Usakos) railway line, stretching close to 200km, has commenced. The upgrade of the railway line between was officially launched by the Minister of Works and Transport, John Mutorwa in November.

The project was due to start at the beginning of 2020, but the Covid-19 pandemic brought the project to a total halt. The project which covers a total length of 107,5km is one of the key national development projects that the government is undertaking to develop Namibia into the preferred logistics hub for the SADC region.

Currently the railway line can only handle a low carriage axel load with some sections of the line in such a poor condition that the train travel speeds are dramatically reduced in order to prevent derailments from occurring. The rehabilitation project would ensure trains' traveling times would be increased by 30 % and axel loads can increase to around 18,5 tons per axel.

In his keynote address, Minister John Mutorwa explained the critical role of rail as an interconnecting hub for the SADC region and the importance of efficient cargo flows between the port of Walvis Bay and landlocked neighbouring countries in Southern Africa.

Several major shipping lines have made it a pre-requisite for an efficient railway line before including Walvis Bay in their schedules due to the economies of scale rail provides.The upgrading work is divided into two parts. Part 1 stretches from Walvis Bay to Arandis. Part 2 is from Arandis to Kranzberg, which is situated east of Usakos. Two separate contractors were appointed for the project, to ensure a fair distribution of work.

"The scope of work includes rails, sleepers, ballast and turnout replacement, foundation strengthening and widening at pre-determined segments", Motorway said.

Minister Mutorwa in his keynote explained only half of Namibia's railway network currently meets SADC quality requirements. Hence, more upgrade works to the rail network will be carried out towards the end of 2030. The project is funded by the government with 56% of its own funds and 44% coming as an African Development Bank loan. The construction period of the US$72,72 million project (estimated at N$1,029 billion) is expected to last 821 days. The Walvis Bay – Kranzberg line is one of the biggest lines for TransNamib since it feeds from the port to the hinterland. It is a strategically located route, allowing us to move bulk goods from the port to other areas in Namibia.

TransNamib is favourably positioned in terms of the amount of cargo it can move and its connectivity in its routes to strategic business hubs within and outside Namibia to countries such as South Africa, Zambia and the Democratic Republic of Congo.

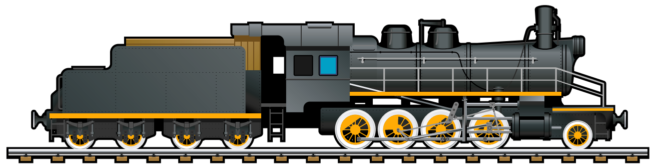
The three-year rail rehabilitation project will enable freight trains to run at up to 80 km/h and passenger trains at up to 100 km/h. The 1067 mm gauge line was last upgraded in the 1960s.

MAINTAINING THE RAIL

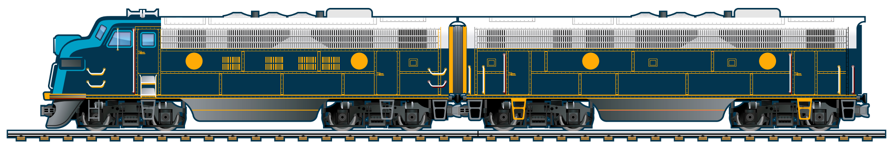
The amount currently being spent on rail maintenance is N$ 25 750 per kilometer versus the N$ 185 000 per kilometer, which should be spent on the railway infrastructure maintenance. Thus, we are only spending about 14% of the amount that we should on rail maintenance.

TransNamib's historical backlog and cash flow problems do pose a challenge in rail maintenance however, with the arrival of the more reliable rolling stock, we anticipate that in the upcoming financial year, the increased capacity will boost our revenue and we will be able to allocate more resources into rail maintenance.

A SNAPSHOT OF OUR LOCOMOTIVES

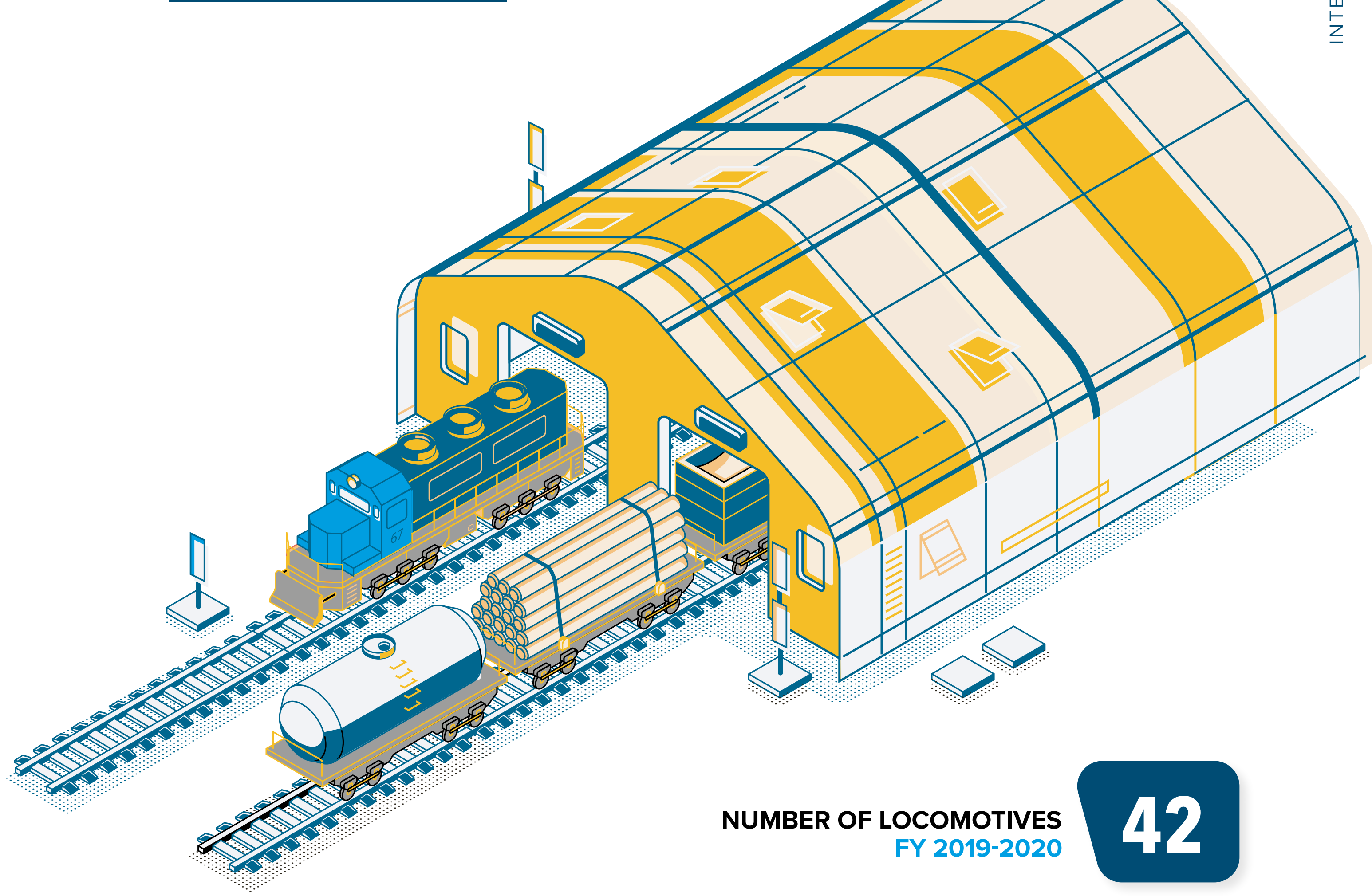


AVERAGE AGE OF LOCOMOTIVES **55 Years**



LIFESPAN OF A LOCOMOTIVE **25 Years**

Availability of Locomotives



NUMBER OF LOCOMOTIVES FY 2019-2020 **42**

37 NUMBER OF LOCOMOTIVES FY 2020-2021

1 635 557 KM NUMBER OF KILOMETERS TRAVELLED

A SNAPSHOT OF OUR WAGONS & CARRIAGES

NUMBER OF WAGONS & CARRIAGES
FY 2019-2020
1669

NUMBER OF WAGONS & CARRIAGES
FY 2020-2021
1631

WAGONS ANNUAL FAILURES RECORDED
FY 2019-2020
29

WAGONS ANNUAL FAILURES RECORDED
FY 2020-2021
43

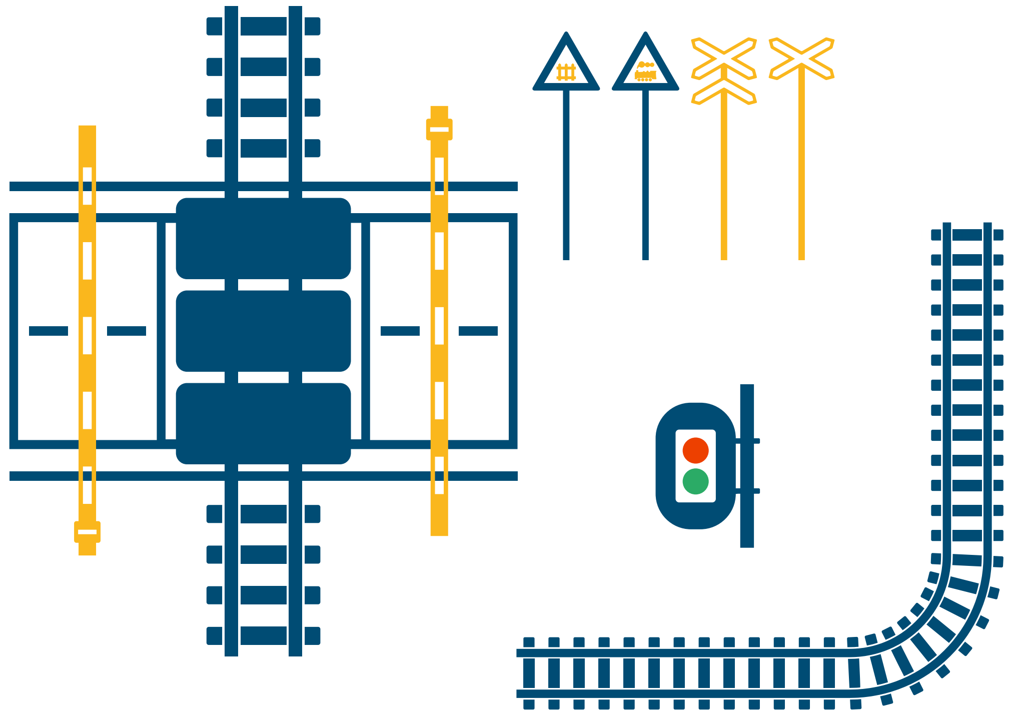
0.70

WAGONS ON-ROUTE FAILURES ANNUAL AVERAGE
FAILURES PER 1 MILLION KM IN 2020

A SNAPSHOT OF OUR RAIL INFRASTRUCTURE

It should be noted that there are different types of inspections done on the railway such as general inspections, motor trolley inspections, footplate inspections, patrolling, inspections for evaluation of track condition, inspections by track geometry measuring trolley/car, etc.

Due to a shortage of resources, only footplate inspection and foot patrolling were done on most of the railway sections during the period under review.



TARGETED KM OF INSPECTION OF RAIL INFRASTRUCTURE FOR 2020/2021
2271

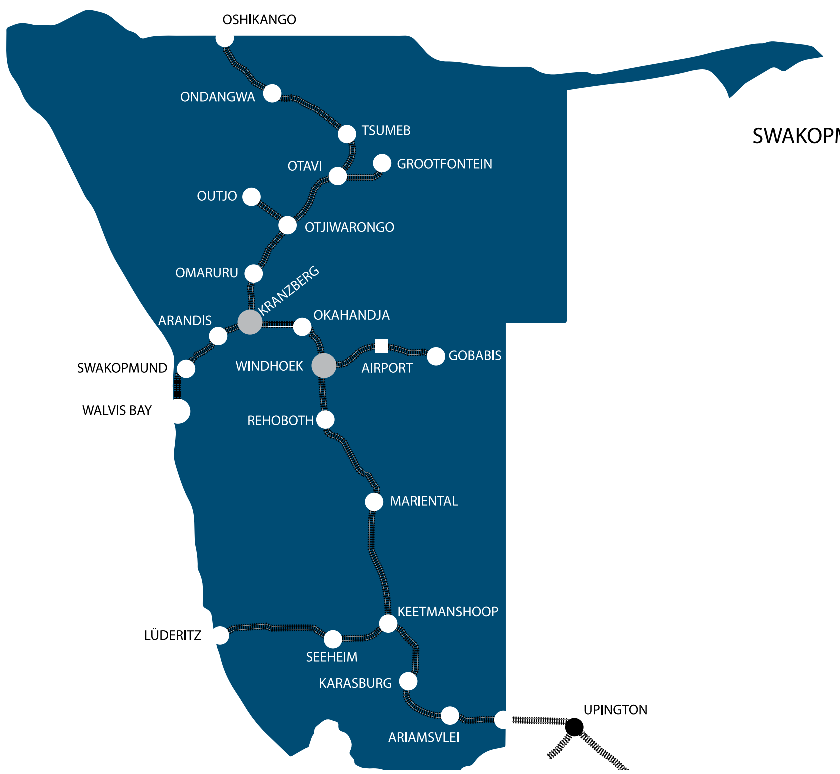
1039
ACTUAL KM OF INSPECTION OF RAIL INFRASTRUCTURE FOR 2020/2021

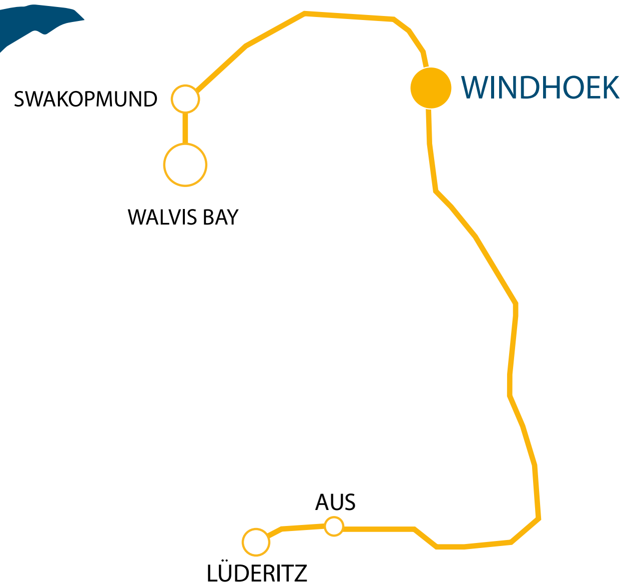
MAINTAINING OUR RAILWAY INFRASTRUCTURE

Maintenance of the railway infrastructure is a continuous process as long as there are trains running on such infrastructure. There are mainly two types of maintenance being carried out, i.e. planned or scheduled and non-scheduled (unplanned) maintenance.

Several permanent way maintenance works were carried out and several emergency defects such as slacks, broken rails and sleepers, dipped joints, kick-outs, etc. detected during railway inspections and reported by section patrolling, trolley and footplate inspections and/or train crews, were repaired by the permanent way maintenance teams during the period in review.

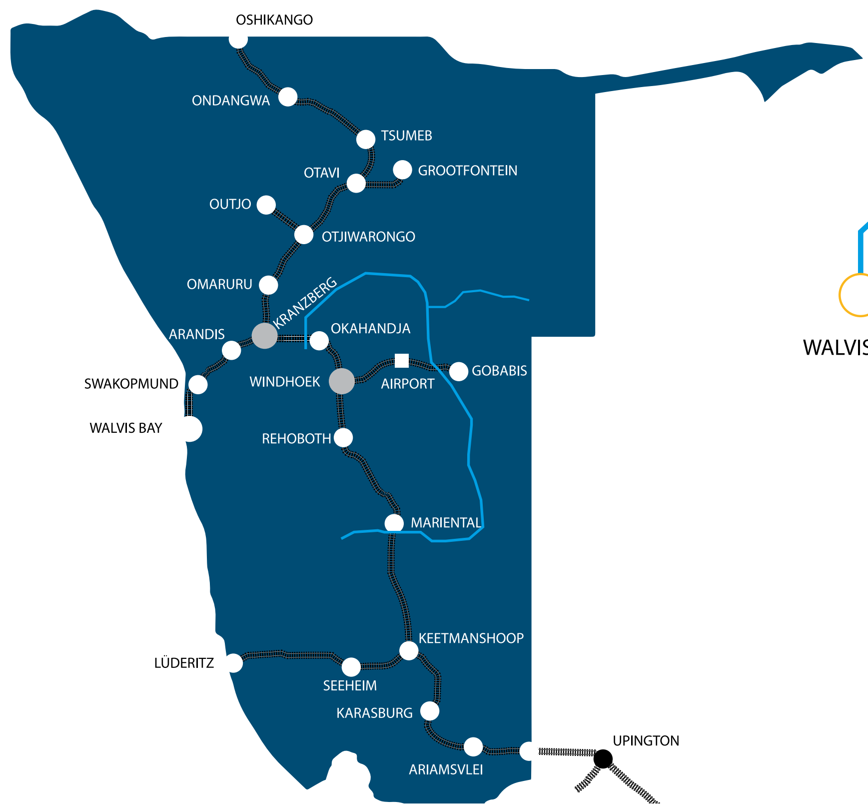
THE FOLLOWING MAINTENANCE WAS DONE IN CERTAIN SECTIONS DURING THE FINANCIAL YEAR

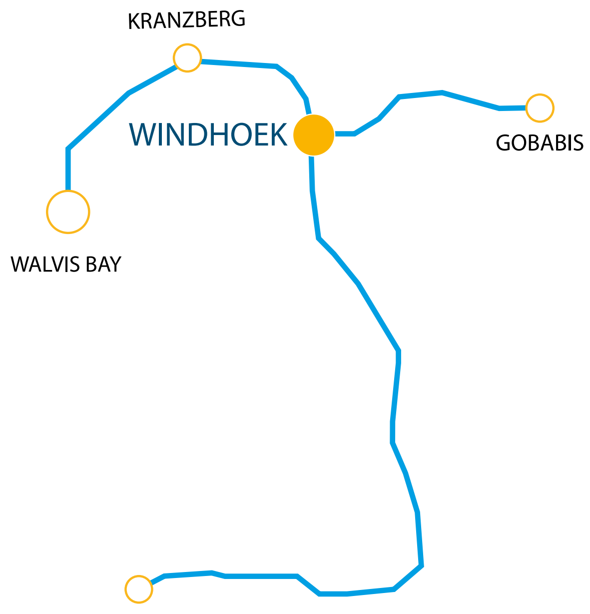




Walvisbay – Swakopmund and Aus - Lüderitz Sections

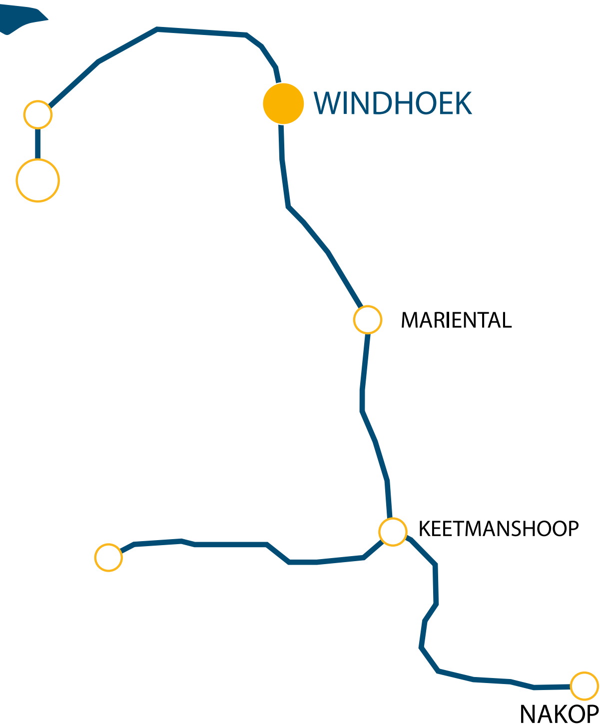
The teams on the Walvisbay – Swakopmund and Aus - Lüderitz Sections continuously cleared sand dunes from the rail line in order to minimise delays in the train service and to prevent track condition related derailments.





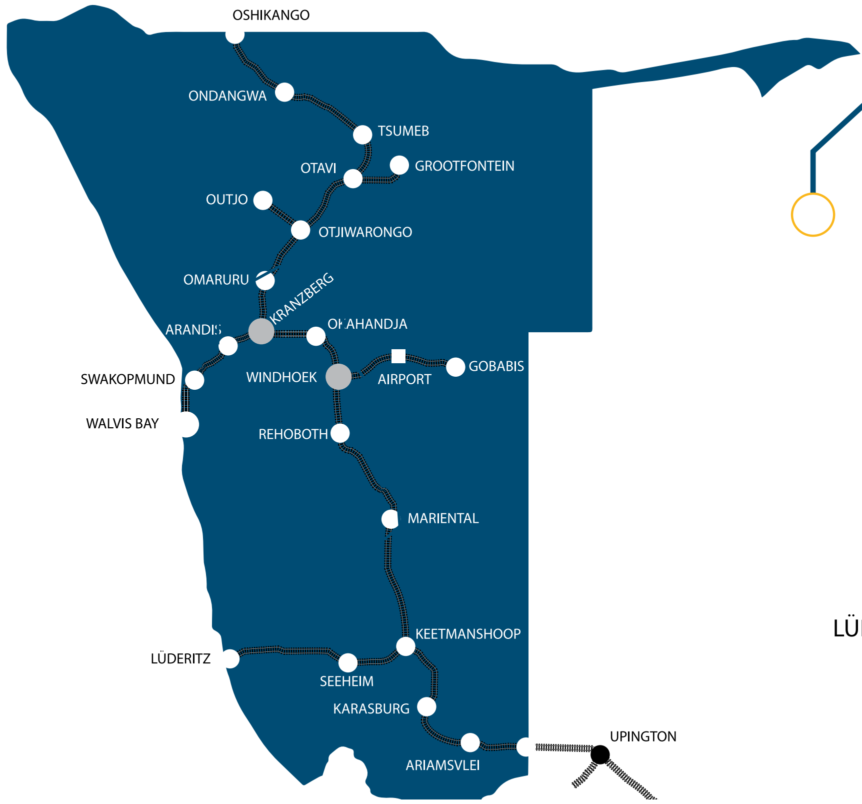
Mariental - Windhoek - Kranzberg – Walvis Bay and Gamams - Gobabis Sections

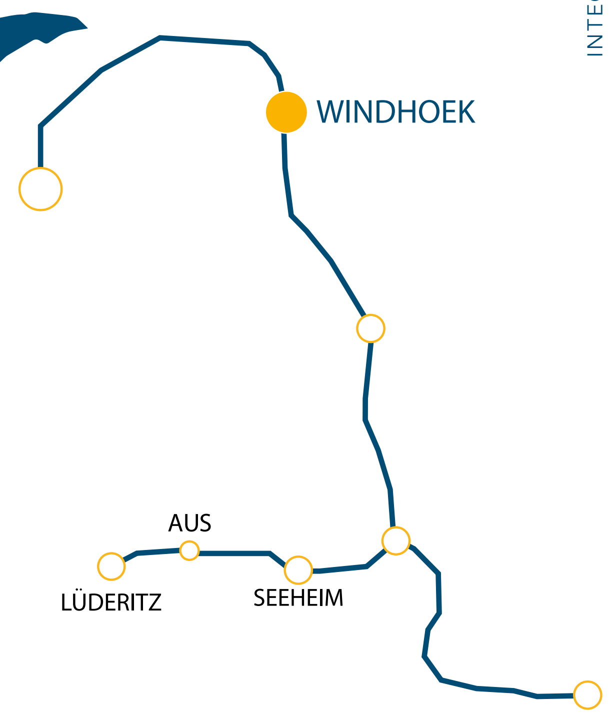
- **WALVIS BAY YARD:** Stock and switch rail, guard rails and wooden sleepers at point sets 54 & 57 were replaced, and the frog and mismatches were welded.
- **BRAKWATER – OTJIHAJAVARA (KM POINTS 24.0 – 29.0):** Cropping of 30 kg/m rails and removing of closure rails. Replacing and shifting of sleepers at the joints
- **CLEARING OF THE WHK - GOBABIS SECTION:** During the period in review, the clearing exercise commenced on the 28th of July 2020 and was completed on the 4th of October 2020. The de-bushing was done mainly on the formation and a total of about 170 km of track, from the Airport to Gobabis, has been cleared/trimmed of grass and encroaching bushes. Some trees close to the railway line were also trimmed. However, the repair work continued as the teams were busy attending to defects observed during the said exercise. They were also busy clearing the sand from some of level crossings along the route.
- **WORN-OUT AND CORRUGATED RAILS:** Rails with bad corrugation on the curve between Usakos and Aukas (from Kmp 10.5 to Kmp 11) were replaced. Rails with maximum side wears were replaced on the mainline in the Usakos station yard. Rails to replace the worn-out curve rails in were also offloaded from bolster between Usakos and Ebony station.



Nakop - Keetmanshoop - Mariental Section

- Repairs of side washes at km 55.2 by trimming of ballast was completed and bad slack on the curve at km 175.92 was repaired.
- Measuring, evaluating and correcting of the whole curve between Km 187 and Km 186.5 by aligning, lifting and tamping was done.
- Manual lifting, aligning and tamping of the mainline point sets were done at Gawachab order station. Cleaning and lubricating turn–outs and trimming ballast both sides of all lines were done at Karasburg station. Greasing of fishplates between Km point 68 and Km point 69 was carried out.
- Broken 30kg fishplates and 30kg/m rail (6 m) were replaced at km 191.25 and at km 186.7, respectively.
- A complete 30kg turn-out with new material at Ariamsvlei station was installed. Eight (8) broken fist springs on level crossing at Kmp 353.2 were replaced and trees along the track from Kmp 190 to Kmp 33 were trimmed.
- Clearance markers were painted white to make them more visible at Ariamsvlei and Karasburg stations, respectively.
- Damaged point blades and rods and T-bolts at derailment at the mainline point set in Keetmanshoop were replaced.
- Maintenance of level crossings between Nakop and Mariental was carried out.





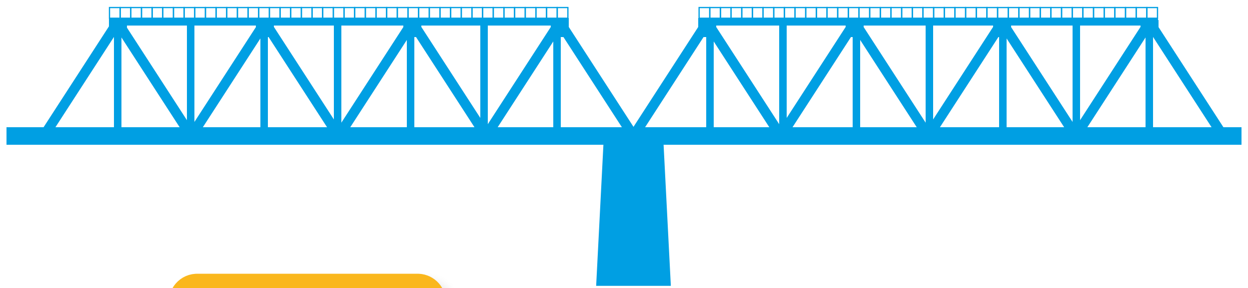
Seeheim Noord - Aus - Lüderitz Section

- Repairs to bad slacks between Km point 81.0 and Km point 81.5, and at Kmp 14.2 and Kmp 155.2, respectively and cross-slacks between Km point 76 and Km point 76.5 were carried out. Repair of defective turnout in Aus station yard. Repairs to kick-outs at km 11.750 and tightening of loose fish plate at km 17.1 were done.
- Trimming of ballast on both sides of the ballast formation between Km 5.0 and Km 5.5, from Km 7 to Km 7.5, km 16– km 16.5 and also between Km point 105 and Km point 105.5 and km 109 – km 109.5 was done.
- Several broken and worn-out steel sleepers near Km point 70.250 and missing and broken sleeper fastenings from Km 70 to Km 71 were replaced.
- Building of a wall with old concrete sleepers to protect the embankment at Km 66.2 was done
- Repair to a reverse cant (super elevation) on the curve between Km 18.1 and Km 18.2 was carried out.
- Off-loading of crusher dust at some pump spots between Sandverhaar and Bucholzbrunn was done, and three (3) AY wagons of ballast were offloaded at km 4.5, km 14 and km 19.3, respectively.
- Maintenance of level crossings between Seeheim and Aus was done, and the level crossings between Aus and Lüderitz were inspected.

Permanent way welding and earthworks

- Reconditioning by means of welding and grinding of 108 frogs in Walvis Bay, Windhoek, Tsumeb and Ondangwa stations, 1030 battered ends and 2268 skid marks in the sections was carried out.
- A total of 37 point blades in Walvis Bay, Otjiwarongo and Tsumeb station yards were repaired.
- A total of 190 joints were thermit welded between Usakos and Walvis Bay stations, between Kalkveld and Kranzberg, at Gwali ya Shiimbi on the Tsumeb-Ondangwa section and between Okahandja and Kranzberg; whilst three 6 frogs were repaired by means of welding and grinding in Omaruru and Kranzberg station yards, respectively.
- Five (5) stop-blocks were repaired by means of welding in Tsumeb (2), and Windhoek (3), respectively.
- Swakopmund Break Down: Flame cutting of accident damaged locos, wagons, containers and rails; welding of broken rail brackets and grinding off of all mismatches at the accident scene; and cutting of bolts and nuts on old rails to be replaced.
- Earthworks: The New Holland dozer D6 repaired the side-wash and embankments by dozing the soil material onto the embankment between Gobas and Seeheim Noord.

Bridges & Tamping activities



187 NUMBER OF BRIDGES

There was no bridge maintenance has taken place during the period in review because of a shortage of manpower and no recruitment having taken place for a long time, as well as a shortage of other resources.

The **08-16 Split Head Tamping machine** worked between Kalkfeld and Kranzberg during the period in review and a total of 102 kilometres were completed. The **Tamper 07 TK6198** is out of order due to mechanical problems since September 2017 and TransNamib is looking into refurbishing the machine.

TAMPING ACTIVITY DURING THE FINANCIAL YEAR

The **08-16 Split Head Tamping machine** worked between Kalkfeld and Kranzberg during the period in review and a total of 102 kilometres was completed.

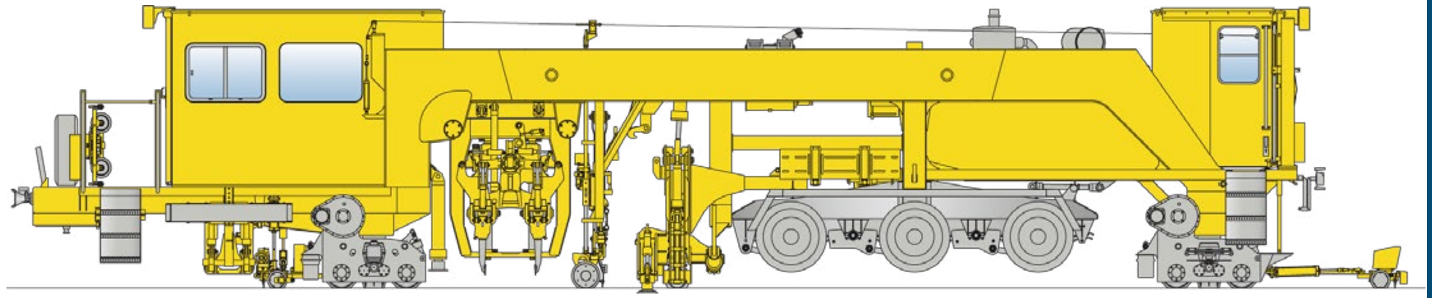


IMAGE - PLASSERTHEURER.COM

THE UPGRADING OF 42KM BETWEEN SANDVERHAAR AND BUCHHOLZBRUNN IN THE SOUTH OF THE COUNTRY:

The bidding document has been submitted to the Ministry of Works and Transport for consideration and approval. This railway line is crucial for TransNamib because over 15 000 tons of manganese per month is moved over this route and it is also vital to the economic development in the south of the country. It links the Lüderitz harbour to the Namibian and South African rail networks and the Namibian hinterland. It also serves the fuel, fishing and mining industry in the south of the country, especially the existing developments at Rosh Pinah and the Scorpion Mine as well as the mining industry in the Northern Cape.

Due to the growing demand for transit by rail, especially transportation of manganese from Northern Cape, South Africa, to the port of Lüderitz, TransNamib is working hard to address rail infrastructure that needs replacement. In order for this to become a reality, extensive investment is needed to boost the railway lines to comply with SADC standards concerning the 18.5-ton axle loading and ensure that the country has a well-functioning, high quality transport infrastructure connected to major local and regional markets.

LOOKING FORWARD

The company has availed 30 million Namibian dollars to revive five (5) locomotives from the current 17 staged locomotives. These funds will be earmarked for new spares for the (5) locomotives to increase the reliability of the locomotives. The revival of the the five locomotives will increase TransNamib's capacity. This will significantly increase our ability to operate more efficiently, increase our capacity to provide a more reliable service and move more products.

During the next financial year TransNamib is focused on facing our challenges of cash flow for spare parts and staff capacity shortages. While the project to refurbish 33 locomotives has been delayed and our financial situation has been impacted by COVID-19, we have implemented short term strategies to supplement our operational capacity with fit for purpose equipment.

TransNamib, as a short to medium term solution will be leasing four locomotives as well as explore the possibility of leasing an additional five locomotives. As a company, we understand we need to generate more income to address the legacy issues in terms of the maintenance backlog and outdated rolling stock and the short to medium term solution of leasing locomotives will provide us with the opportunity of having more reliable rolling stock to move more product and impact our revenue positively in a short span of time.

TransNamib has pushed as far as the company can with its current fleet but we need the procurement processes to move faster so we can lease and purchase new locomotives. This will make a significant difference in our ability to operate in a safe and sustainable manner and exponentially boost our ability to transform our company into a profit making organisation.

Much of our ability to implement the changes required also depends on TransNamib's ability to secure the funds needed for our business plan. We are in the final stages of that process. We are confident that despite the challenges posed and the impact of COVID-19 during this financial year, we will be able to significantly improve our capacity during the next financial year with the short to medium term plans TransNamib has put in place.

Inspiring and Accountable Leadership

The starting point of transformation at a company is cultivating a culture of change

OUR STRATEGIC INITIATIVES

- Develop and implement the TransNamib leadership model
- Develop succession and retention strategies
- Benchmark and participate in the best company to work for survey
- Implement a Performance Management System.

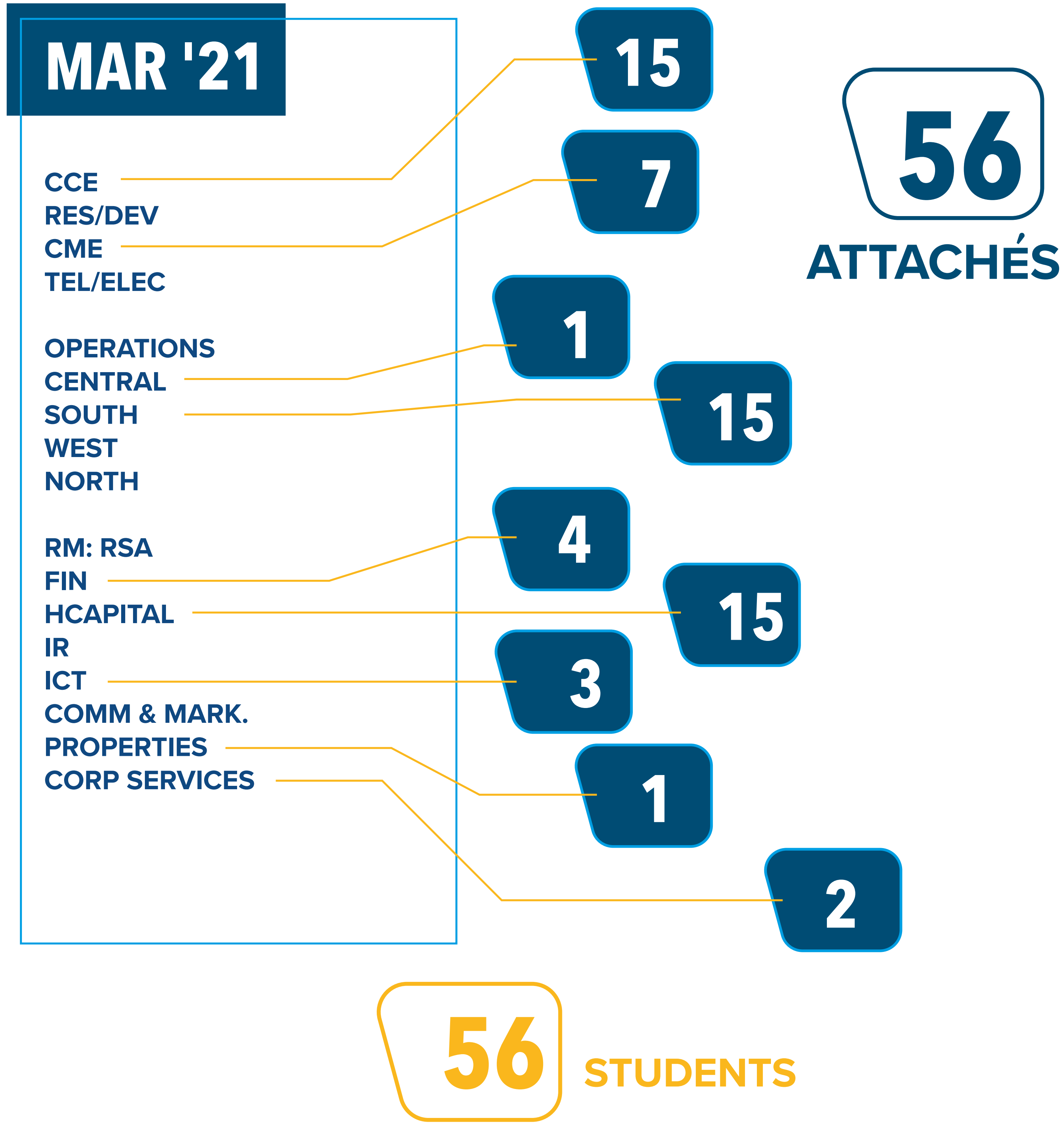
Training & Development

More than ever before, human capital and the quality of leadership, determines the success or failure of any organisation. Therefore, training and development at all levels within an organisation is a necessary component of change management within the organisation. For the first time in fifteen years TransNamib sponsored ten employees performing senior supervisory and managerial roles to be enrolled for a Certificate in Management Development (CMD) course at NUST from October 2009 until July 2020.

The fundamentals of creating a sustainable transformation within a company rests on designing and implementing a culture of excellence. Therefore, TransNamib's human capital plays an integral role in achieving our strategic objectives. The key to advancing rail as a competitor to be reckoned with in the transportation and logistics sector, lies in optimising our employees to compete and excel at industry level.

TransNamib faces many historical challenges in optimising our employee component. Establishing and improving internal communications, developing and building the capacity of our employees which for decades were areas which were not addressed as merely some of the inequities that has been addressed during our period of transformation. In our goal to build a staff component that is robust and innovative, TransNamib has utilised its limited resources to promote a conducive and positive working environment.

Job Attachés



Supervisors and managers are key contributors to organisational performance and a critical link between frontline employees and the management team, as they are the backbone and drivers of our business to perform optimally.

To align our human capital with our future requirements TransNamib has put in plans to prepare for the future. By 2023, TransNamib ought to have a rail portfolio of Rail Transport Agreements amounting to 3 million metric tonnes per annum, meaning that the company should have essentially doubled its volumes railed during a five-year period. To ensure that TransNamib is equipped for the future in terms of human capital, training and development in the operations sector is crucial.

To address this during the period of reporting, TransNamib has taken in a new pool of Trainee Platelayers and Track Welders as part of its resolve to create a pool of required skills in order to fill the void left by retiring employees and prepare for the future.

How have we developed our human capital in 2020/2021?

COURSE	TARGET GROUP	NO OF TRAINEES
Train Drivers Refresher Course (April-June 2021)	Train Drivers	25
Shed Man Course (September 2020)	Shed Man	5
Assistant Train Driver Refresher Course(April-June 2021)	Assistant Train Drivers	16
Shunter Refresher Course (April-June 2021)	Shunter	20
Train Controllers Course (2020)	Train Controllers	11
	TOTAL	77

A snapshot of our apprenticeship programme during 2020/2021:

TRADE AREA	APPRENTICESHIP/TRAINEESHIP	NUMBER
DIESEL ELECTRIC FITTER	APPRENTICE DE FITTERS	14
CARRIAGE & WAGONS	TRAINEE EXAMINER & REPAIRERS	13
PERMANENT WAY	TRAINEE PLATELAYERS	11
PERMANENT WAY	TRAINEE TRACK WELDERS	8
TELECOM & RADIO	TRAINEE ELECTRONIC TECHNICIANS	3
	TOTAL	49

A total of 10 Trainee Platelayers and 8 Trainee Track Welders were recruited on 16 February 2021 and 16 April 2021 respectively. The Trainee Platelayers will undergo a two-year training programme, while the training for Trainee Track Welders will last for three years. This is despite the company experiencing financial difficulties due to various factors during the financial year. This comes on the heel of TransNamib's investment of over 12 million Namibian dollars into capacity building since 2018, in providing apprenticeships/traineeship and internships through its various strategic partnerships with NTA, WVT, NIMT and NUST. Historically, TransNamib developed and produced various technical skills and HR capacity through its internal traineeships both for its own needs, but also for various industries.

As a long-term approach and strategy, the company has re- ignited its traineeship programmes at a smaller scale to build more inhouse capacity. During this financial year, the company has also headed to the call by our shareholder to provide the Namibian youth with work and development opportunities. TransNamib launched its Train Driver Trainee programme during 2020 calling on Namibian youth between the ages of 18 and 25 to be part of the programme which will develop the participants into full-fledged Train Drivers.

Train operations forms a critical function of the company's success hence the cruciality of such a programme. We require a highly-skilled workforce and due to the uniqueness of our company and its operations, TransNamib needs to continually create training opportunities.

2021
INTEGRATED ANNUAL REPORT

Creating a culture of performance

Effective performance is essential to any business. TransNamib recognises that formal processes of measuring performance is a necessary and advantageous component of successful operations as it helps the company align our employees to meet its strategic objectives. The implementation of a performance management system has not been without its challenges during this financial year. The impact of COVID-19 has not only been evident in terms of the company's revenue, but it has also severely affected our ability to continue to finalise the implementation of the Performance Management System.

In terms of execution the CEO plus all the members of the Executive Team as well as all Human Capital Employees have migrated to the Performance Management System. As the custodian of the system, it was prudent that the Human Capital department section set the tone to test and navigate through the system. It is expected by the end of the 2021/2022 financial year that all employees will be on the Performance Management System.

Focus areas going forward:

The overall impact of the COVID-19 pandemic continues to hamper TransNamib. The ongoing financial constraints also continues to influence our human capital interventions but the company remains focused on using our internal resources, knowledge and capacities to continue developing our human capital element. Our organisational culture embraces learning and development. With a highly technical operating environment, we recognise the importance of upskilling and ensuring our staff complement is trained in line with current trends and best practice.

Labour Relations

TransNamib's history of volatile labour relations shown significant improvement since 2018. The improvement in industrial relations is evident in the fact that the company last experienced industrial unrest in 2018.

During the past three years significant improvement has been made in employer-employee relations which can be attributed to a more concentrated effort by the management of the company to build stakeholder relations and improve internal communications. During this financial year, strategic internal communication initiatives were undertaken such as regular and timely internal publications, an interactive employee portal, company-wide meetings and active participatory meetings with the CEO countrywide.

OUR EMPLOYEE PROFILE

1,238
Employees

437 Unskilled

407	Male	428	African
30	Female	9	Coloured

23 Middle Mgt

14	Male	19	African
9	Female	3	Coloured
		1	White

8 Executive MGT

6	Male	5	African
2	Female	2	Coloured
		1	White

407 Semi Skilled

333	Male	364	African
74	Female	43	Coloured

Total Employees:	1238
Total Male Employees:	1067
Total Female Employees:	171
Number of African Employees:	1142
Number of Coloured Employees:	89
Number of White Employees:	7

1 CEO

1	Male	1	Coloured

309 Skilled

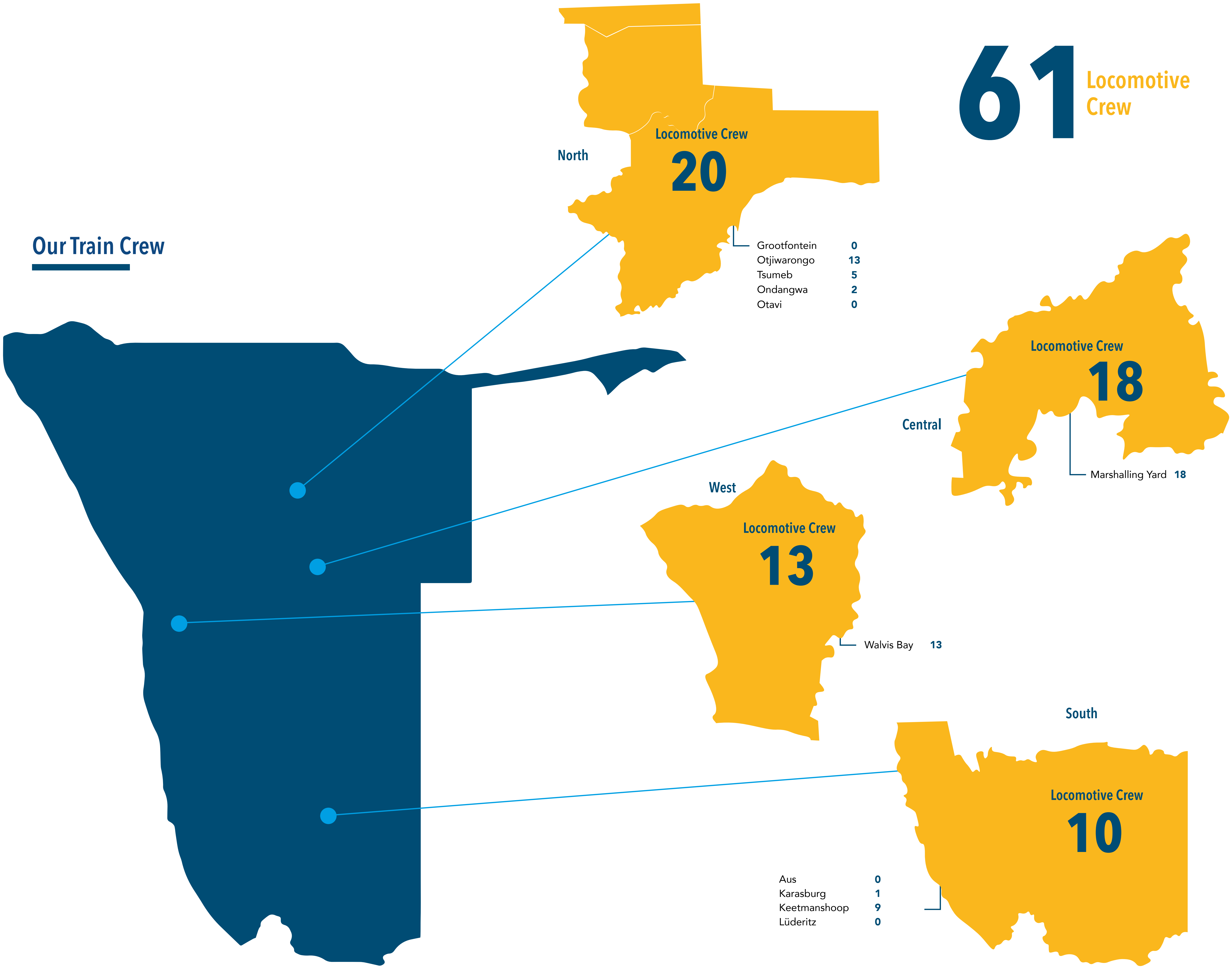
260	Male	273	African
49	Female	31	Coloured
		5	White

53 Apprentices

46	Male	53	African
7	Female		

Our Train Crew

61 Locomotive Crew



FOCUS AREAS GOING FORWARD

The overall impact of the COVID-19 pandemic continues to hamper TransNamib. The ongoing financial constraints also continues to influence our human capital interventions but the company remains focused on using our internal resources, knowledge and capacities to continue developing our human capital element. Our organisational culture embraces learning and development. With a highly technical operating environment we recognise the importance of upskilling and ensuring our staff complement is trained in line with current trends and best practice.

Optimising our business potential

Through offering our clients more than just a rail solution

TransNamib's property portfolio is the ideal vehicle to boost its balance sheet and support the company's growth. TransNamib currently manages a portfolio of commercial and residential properties with a book value of N$2.3 billion. The company's commercial portfolio consists of offices, warehouses, buildings and land. The residential properties include vacant stands and individual housing units.

Our property portfolio's capacity includes leasing and lease administration, facilities management and property administration which includes billing and collections and Property Development and Maintenance, which is dealing with new property developments, improvements, renovations and daily maintenance.

Having the second largest property portfolio in the country, TransNamib is uniquely positioned to provide additional capacity to our customers. In order to optimize our business, we offer potential customers more than transportation capacity but also warehousing for their products through our strategically located properties. Due to the prime locations of our properties, TransNamib has taken the strategic decision to link our properties offerings to transport activities, offering our top tier customers access to warehousing and land as an additional product solution. This is being done through our Integrated Business approach. This allows customers transporting with us to enjoy preferential to lease facilities in order to store their cargo.

TransNamib's properties section has a key role in achieving the objectives of our Integrated Strategic Business Plan. Our ability to offer warehousing, storage and property rental to complement our core business will help us towards self-sustainability and becoming a profitable organisation. There is enormous potential to generate revenue and produce sound returns for the company. In order to achieve same, an additional section for property development was established to develop our prime land and upgrade the existing one to be attractive and attract good customers.

Since the strategic decision was taken to discontinue outsourcing our properties portfolio, and conduct the management in-house, significant improvement has been seen in our property revenue. Our properties portfolio has exceeded its year-on-year revenue by more than 14%. Since incourcing the administration of the properties portfolio, we increased revenue with a total of 22% for 2019/2020 financial year.

LEVERAGING TRANSNAMIB'S VAST PROPERTY PORTFOLIO

TransNamib has been given the green light by its shareholder to sell off non-core properties to supplement the objectives of its ISBP. With TransNamib having to source its own funding to cover the costs of the N$205 million strategic business plan, properties have been identified for sale to fund the strategic business plan.

In addition, Properties Department intends to establish a Reserve Fund for improvement of Commercial properties. The condition of our properties is currently deplorable as the funds generated from properties go into revenue pool to fund other activities while neglecting properties where such funds are generated.

MARKET VALUE OF OUR PROPERTIES

TransNamib's cashflow restrictions continues to hamper the efforts of the company to carry out the necessary maintenance and improvements to our properties. While our properties are prime located and easily accessible for business activities, there is a historical backlog on improvements and maintenance which hinders the company from reaching the full market potential of the properties. Improving our property's portfolio to ensure fit for purpose buildings that are safe, environmentally sound and developed for the future is key to our success.

COMMERCIAL PROPERTIES REVENUE FOR 2020-2021

N$52 MILLION

DESCRIPTION	2017-2018	2018-2019	2019-2020	2020-2021
CORE-OPERATION PROPERTIES	1,220,410,000	1,280,667,712	1,210,801,000	1,168,610,733
COMMERCIAL/ INVESTMENT PROPERTIES	1,225,810,000	1,284,143,264	1,264,773,000	1,190,829,298

Return on investment

FINANCIAL YEAR	
2018-2019	1.9%
2019-2020	-
2020-2021	-

LOOKING FORWARD

Cabinet has approved that TransNamib may alienate non-core properties to generate needed cash in order to capacitate its rolling stock that will boost our operations. This project has already started and it is our focus for the next financial year. Additionally, the Property Department is mainstreaming it operational facilities namely offices, workshops and strategic open land for optimal utilisation while leasing out the surplus facility spaces.

We have started to empower our station masters in the regions to administer properties within their jurisdiction of control in order to ensure effective monitoring and control of our properties. This will reduce vandalism and encourage proper care of the our facilities by tenants.

On the Property Development's side we have identified properties with potential for improvement andor development. This process has already commenced in Windhoek where the necessary subdivisions and registration of new portions are being done. Our operational offices in the affected areas will be relocated to the alternative spaces.

With regard to maintenance, we will continue adjusting our maintenance plan per region in accordance with budget allocation. Due to staff limitation at this section, we will explore the possibility of outsourcing some maintenance services in the regions.

SECTION 6
FINANCIALS

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2021

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	Ms Helvi Haludilu- Appointment Date: 01 March 2022

Transnamib Holdings Limited
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Financial Statements for the year ended 31 March 2021

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Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2021

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 2022 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 71, were approved by the board on 2 April 2022 and were signed on their behalf by:

Approval of financial statements

L.J.Matthews

J. Shikongo

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2021

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Transnamib Holdings Limited for the year ended 31 March 2021.

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.

The company recorded a comprehensive loss after tax for the year ended 31 March 2021 of N$ 362 917000 compared to a prior year comprehensive loss of N$ 9 785 000 (Restated). Current year comprehensive loss includes an Actuarial Loss on defined Retirement Benefit Obligation remeasurement and Severance Pay Liability of N$ 28 108 000 (2020: N$ 232 661 000- Gain).

The loss for the year was N$334 809 000 compared to the prior year loss of N$ 242 446 000 (Restated) .

Company revenue decreased by 16% from N$456,072,000 in the prior year to N$542,784,000 for the year ended 31 March 2021

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	Deputy Chairperson: Effective date 04 February 2022	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
L. J. Matthews		Chairperson: Effective date - 04 February 2022	Non-executive Independent

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2021

Directors' Report

4. Events after the reporting period

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

An insurance pay out of N$ 39 million was received in September 2021 for loss of rolling stock in the two major accidents that occurred in December 2020 and 16 March 2021.

The cabinet has signed the approval to write of the loan of N$ 410.36 million. The approval was finalised 10 September 2021.

The company acquired the 50% additional shareholding in Swakopmund Station Hotel (Pty) Ltd during March 2022. This additional investment makes the company 100% shareholder of the hotel.

Apart from this, the directors are not aware of any matters or circumstances arising since the of the financial year up to the date of the 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$ 334 809 000. The net current liability position for the year ended 31 March 2021 was (N$ 364 582 000)

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 31 March 2021 year end the company has received N$ 35 million to utilise locomotive repairs and maintenance. At the end of March 2021 N$ 66.5 million was received for rail maintenance in the South. Subsequent to year-end N$ 30 million has been set aside for the company to utilise for the maintenance of rolling stock. This money was disbursed at the 04 August 2021, for the directors to assess the full conditions of the funding. A further N$ 40 million was disbursed 18 February 2022 for maintenance of rolling stock.

A budget of N$175 million was also allocated to the company for the year ended 2023. The first payment is due to be received in June 2022.

Transnamib Holdings Limited
(Registration number 99/114)
Financial Statements for the year ended 31 March 2021
Directors' Report

Subsequent to year-end 4 locomotives were leased to improve reliability and availability of pulling power within the company. The lease and maintenance cost is N$ 15 million over a period of 8 months.

The Development Bank of Southern Africa approved a loan facility of N$2.159 billion to the company during March 2022. The company is finalizing the plan to implement the conditions precedent for the funding. We believe the approval of the loan will go a long way to unlock the potential of the company by supporting the recapitalization and rolling stock renewal.

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 2021, Transnamib owes the Receiver of Revenue N$96 848 343.61 including penalties and interest (2020: N$ 41 072 431.23). 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 including penalties and interest as at 31 March 2021 is N$40 428 277.81 (2020: N$33 535 548.46- Restated). 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. Litigations

The company has a pending case of Leon Barnard Architects Inc. (Pty) Ltd the possible obligation is estimated to be N$ 10.5 million. The case emanates from 2014 claim for unpaid monies for architectural services.

8. Secretary

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

Mrs Lena Kangandjela- Appointment Date: 17 August 2020. Resignation date: 17 August 2021.

Ms Helvi Haludilu- Appointment Date: 01 March 2022 .

9. 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 2021, 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 2021, 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 32 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.

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.

9 Axali Doëseb Street
PO Box 24304
Windhoek
Namibia
Tel: +264 61 228 423
+264 61 255 263/4
Fax: +264 61 227 078
info@grandnamibia.com
www.grandnamibia.com

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
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: R. Theron - Partner
Windhoek
22 April 2022

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

Figures in Namibia Dollar thousand	Note(s)	2021	2020 Restated	2019 Restated
Assets				
Non-Current Assets				
Property, plant and equipment	2	1,955,790	2,044,730	2,147,489
Right-of-use assets	4	7,499	12,895	-
Investment property	3	1,190,829	1,264,773	1,264,773
Investments in joint ventures	5	13,239	14,866	15,834
		3,167,357	**3,337,264**	**3,428,096**
Current Assets				
Inventories	11	101,181	102,800	80,762
Loans to group companies	6	13,704	-	-
Trade and other receivables	10	58,872	61,199	104,450
Other financial assets	8	3,101	2,956	17,043
Cash and cash equivalents	16	78,309	32,768	65,696
		255,167	**199,723**	**267,951**
Total Assets		**3,422,524**	**3,536,987**	**3,696,047**
Equity and Liabilities				
Equity				
Share capital	12	277,266	277,266	277,266
Reserves		1,312,816	1,328,349	1,095,688
Retained income		(435,727)	(100,918)	141,597
		1,154,355	**1,504,697**	**1,514,551**
Liabilities				
Non-Current Liabilities				
Lease liabilities	4	2,884	7,802	-
Retirement benefit obligation	15	425,226	365,100	555,970
Legal Settlement-Liability	14	3,718	-	-
Deferred income	19	949,523	939,508	976,829
Loan from the Government of Namibia	18	325,432	325,432	325,432
		1,706,783	**1,637,842**	**1,858,231**
Current Liabilities				
Trade and other payables	9	399,146	284,392	216,492
Lease liabilities	4	5,020	5,316	-
Provisions	17	114,900	63,487	81,540
GRN Upgrade		7,359	7,358	7,095
Bank overdraft	16	34,961	33,895	18,138
		561,386	**394,448**	**323,265**
Total Liabilities		**2,268,169**	**2,032,290**	**2,181,496**
Total Equity and Liabilities		**3,422,524**	**3,536,987**	**3,696,047**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2021

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2021

Figures in Namibia Dollar thousand	Note(s)	2021	2020 Restated
Revenue	20	456,073	542,784
Other operating income	21	76,245	93,256
Other operating gains (losses)		(17,528)	13,080
Fuel, oil and lubricants		(119,975)	(173,813)
Employee costs		(386,783)	(410,896)
Repairs and maintenance		(22,931)	(65,497)
Operating lease charges		(8,629)	(1,970)
Depreciation, amortization and impairment		(82,521)	(103,272)
Other operating expenses		(108,089)	(134,695)
Operating loss	22	**(214,138)**	**(241,023)**
Investment income	23	756	2,765
Finance costs	24	(49,150)	(3,220)
Income from equity accounted investments		1,623	(968)
Fair value gains on investment properties		(73,900)	-
Loss before taxation		**(334,809)**	**(242,446)**
Taxation	25	-	-
Loss for the year		**(334,809)**	**(242,446)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (Loss)/Gains on net defined benefit liability/asset		(28,108)	232,661
Other comprehensive income for the year net of taxation		**(28,108)**	**232,661**
Total comprehensive loss for the year		**(362,917)**	**(9,785)**

Transnamib Holdings Limited

(Registration number 99/114)
Financial Statements for the year ended 31 March 2021

Statement of Changes in Equity for the year ended 31 March 2021

Figures in Namibia Dollar thousand	Share capital	Revaluation reserve	Reserve for remeasurement of Post retirement	Other NDR	Total reserves	Retained income	Total equity
Opening balance as previously reported	277,266	1,307,724	(252,036)	40,000	1,095,688	120,043	1,492,997
Adjustments							
Prior period error	-	-	-	-	-	(6,977)	(6,977)
Prior year adjustments	-	-	-	-	-	28,531	28,531
Balance at 1 April 2019 as restated	**277,266**	**1,307,724**	**(252,036)**	**40,000**	**1,095,688**	**141,597**	**1,514,551**
Loss for the year (restated)	-	-	-	-	-	(242,446)	(242,446)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**-**	**(242,446)**	**(242,446)**
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)
Balance at 1 April 2020 (Restated)	**277,266**	**1,307,724**	**(19,375)**	**40,000**	**1,328,349**	**(100,918)**	**1,504,697**
Loss for the year	-	-	-	-	-	(334,809)	(334,809)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**-**	**(334,809)**	**(334,809)**
Actuarial gain Post Retirement Medical Aid	-	-	(28,108)	-	(28,108)	-	(28,108)
Capital contribution	-	-	-	12,575	12,575	-	12,575
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(28,108)**	**12,575**	**(15,533)**	**-**	**(15,533)**
Balance at 31 March 2021	**277,266**	**1,307,724**	**(47,483)**	**52,575**	**1,312,816**	**(435,727)**	**1,154,355**
Note(s)	12	13					

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Statement of Cash Flows

Figures in Namibia Dollar thousand	Note(s)	2021	2020
Cash flows from operating activities			
Cash receipts from customers		443,106	625,401
Cash paid to suppliers and employees		(446,506)	(699,488)
Cash used in operations	26	(3,400)	(74,087)
Interest income		756	2,765
Finance costs		(49,150)	(3,220)
Net cash from operating activities		**(51,794)**	**(74,542)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(6,486)	(16,303)
Sale of property, plant and equipment	2	775	15,345
Loans advanced to group companies		(13,704)	-
Sale of financial assets		(145)	14,087
Dividend received		3,250	-
Net cash from investing activities		**(16,310)**	**13,129**
Cash flows from financing activities			
Movement in other liability- GRN Upgrade		-	263
Funds received from the Government		101,500	13,860
Movement in Lease Liability Settlement		3,718	-
Payment on lease liabilities		(5,214)	(1,395)
Capital Contribution		12,575	-
Net cash from financing activities		**112,579**	**12,728**
Total cash movement for the year		**44,475**	**(48,685)**
Cash at the beginning of the year		(1,127)	47,558
Total cash at end of the year	16	**43,348**	**(1,127)**

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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.

1.2 New Standards and Interpretations

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:

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

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Accounting Policies

1.3 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:

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

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Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

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 17.

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Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

1.4 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.

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.

1.5 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.

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Accounting Policies

1.5 Property, plant and equipment (continued)

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.

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.

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Accounting Policies

1.5 Property, plant and equipment (continued)

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.

1.6 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.

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Accounting Policies

1.7 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 31 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:

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Accounting Policies

1.7 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 10).

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 10.

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Accounting Policies

1.7 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 22).

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 10) and the financial instruments and risk management note (note 31).

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 24.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 31 for details of risk exposure and management thereof.

Accounting Policies

1.7 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 9), 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 24).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 31 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.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.8 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.

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Accounting Policies

1.9 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 22) 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 an extension option; and

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Accounting Policies

1.9 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 24).

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.

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1.9 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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 a right-of-use asset with a cost that is significant in relation to the total cost of the asset 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.

Company as lessor

The company leases out commercial and residential property. The leases are classified as operating leases as the term of lease do not transfer substantially all the risks and rewards of ownership to the lessee.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.11 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired in accordance with IAS 36. If any such indication exists, the company estimates the recoverable amount of the asset.

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1.11 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.

1.12 Share capital and equity

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

1.13 Employee benefits

Short-term employee benefits

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

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

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

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Accounting Policies

1.13 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.

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Accounting Policies

1.14 Provisions and contingencies

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

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 28.

1.15 Government grants

Government grants are recognised when there is reasonable assurance that:
- the company will comply with the conditions attaching to them; and
- the grants will be received.

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

Accounting Policies

1.15 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.

1.16 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.

1.17 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;

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Accounting Policies

1.17 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.

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Figures in Namibia Dollar thousand	2021	2019 Restated	2018 Restated

2. Property, plant and equipment

	2021			2020			2019		
	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	(99,759)	497,644	597,403	(84,783)	512,620	597,403	(69,866)	527,537
Furniture and fixtures	6,128	(5,035)	1,093	6,123	(4,774)	1,349	5,020	(4,545)	475
Motor vehicles	55,335	(36,573)	18,762	48,995	(32,436)	16,559	48,580	(39,183)	9,397
Office equipment	44,902	(19,448)	25,454	44,900	(17,597)	27,303	44,880	(15,729)	29,151
IT equipment	31,949	(24,524)	7,425	31,846	(23,475)	8,371	29,991	(22,537)	7,454
Perway and Works	82,496	(29,865)	52,631	82,460	(27,321)	55,139	82,460	(24,776)	57,684
Rolling stock	1,157,250	(488,640)	668,610	1,198,982	(459,764)	739,218	1,171,160	(338,633)	832,527
Capital - Work in progress	907	-	907	907	-	907	-	-	-
Total	**2,659,634**	**(703,844)**	**1,955,790**	**2,694,880**	**(650,150)**	**2,044,730**	**2,662,758**	**(515,269)**	**2,147,489**

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Figures in Namibia Dollar thousand	2021	2020	2019

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	683,264	-	-	-	-	683,264
Buildings	512,620	-	-	(14,976)	-	497,644
Furniture and fixtures	1,349	5	-	(261)	-	1,093
Motor vehicles	16,559	6,341	-	(4,138)	-	18,762
Cargo and Workshop equipment	27,303	2	-	(1,851)	-	25,454
IT equipment	8,371	103	-	(1,049)	-	7,425
Perway	55,139	35	-	(2,543)	-	52,631
Rolling stock	739,218	-	(18,302)	(41,210)	(11,096)	668,610
Capital under construction	907	-	-	-	-	907
	2,044,730	**6,486**	**(18,302)**	**(66,028)**	**(11,096)**	**1,955,790**

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**

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Figures in Namibia Dollar thousand	2021	2020

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	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	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**

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.

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3. Investment property

	2021			2020			2019		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1,190,829	-	1,190,829	1,264,77	-	1,264,773	1,264,773	-	1,264,773

Reconciliation of investment property - 2021

	Opening balance	Fair value adjustments	Total
Investment property	1,264,773	(73,944)	1,190,829

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

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Figures in Namibia Dollar thousand	2021	2020

3. Investment property (continued)

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.

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3. Investment property (continued)

Details of valuation

The effective date of the revaluations was 20 April 2021. 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.

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

	2021	2020	2019
Cumulative change in fair value recognised in profit (loss)	(73,944)	-	5,364

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:

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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 2021	7,499	-	**7,499**
	-	-	-
Depreciation expense for the year ended 31 March 2021	5,393	3	**5,396**

	2021	2020	2019
PPE subject to operating lease arrangements	7,499	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 22), as well as depreciation which has been capitalised to the cost of other assets.

	2021	2020	2019
PPE subject to operating lease arrangements	5,396	1,551	-

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2021	2020	2019
Within one year	5,020	5,316	-
Two to five years	2,884	7,802	-
	7,904	**13,118**	-
Non-current liabilities	2,884	7,802	-
Current liabilities	5,020	5,316	-
	7,904	**13,118**	-

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Figures in Namibia Dollar thousand	2021	2020	2019

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 2021	% ownership interest 2020	% ownership interest 2019	Carrying amount 2021	Carrying amount 2020	Carrying amount 2019
GPT-Transnamib Concrete Sleepers (PTY) Ltd		50.00 %	50.00 %	50.00 %	9,585	11,014	11,646
Namibia Rail Construction (PTY) Ltd		51.00 %	51.00 %	51.00 %	3,654	3,852	4,188
Swakopmund Station Hotel (PTY) Ltd		50.00 %	50.00 %	50.00 %	-	-	-
					13,239	14,866	15,834

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.

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Figures in Namibia Dollar thousand	2021	2020	2019

5. Investments in Joint Ventures (continued)

Summarised financial information of joint ventures

2021

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	605	(21,907)	-	-	(23,967)	(23,967)
Namibia Rail Construction (Pty) Ltd	6,740	-	8	309	(657)	(657)
	22,993	**(24,495)**	**8**	**(179)**	**(25,888)**	**(25,888)**

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**

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Figures in Namibia Dollar thousand	2021	2020	2019

5. Investments in Joint Ventures (continued)

*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 2021**	**Profit share**	**Dividends received from joint venture**	**Investment at end of 2021**
GPT-Transnamib Concrete Sleepers (Pty) Ltd	11,014	1,821	(3,250)	9,585
Namibia Rail Construction (Pty) Ltd	3,852	(198)	-	3,654
	14,866	**1,623**	**(3,250)**	**13,239**

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)**

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**

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5. Investments in Joint Ventures (continued)

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**

Reconciliation of movement in investments in joint ventures	Investment at beginning of 2020	Profit/(Loss) Share	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**

6. Loans to group companies

	2021	2020	2019
Joint ventures			
Swakopmund Station Hotel (Pty) Ltd Loan is interest free	13,704	-	-

During the year under review the company advance a loan to Swakopmund Station Hotel (Pty) Ltd to assist with salaries and general expenses. N$ 12.5 million was paid by the Ministry of Public Enterprises in November 2020

Split between non-current and current portions

	2021	2020	2019
Current assets	13,704	-	-

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6. Loans to group companies (continued)

Exposure to credit risk

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

7. Deferred tax

Deferred tax liability

	2021	2020	2019
Property plant and equipment	(240,098)	(266,174)	(230,162)
Revaluation	(168,812)	(168,812)	-
Other	-	-	(8)
Right-to-use-assets	(2,399)	(4,126)	-
Unrecognised deferred tax	(1,143,377)	(1,340,641)	(635,087)
Total deferred tax liability	**(1,554,686)**	**(1,779,753)**	**(865,257)**

Deferred tax asset

	2021	2020	2019
Liabilities for health care benefits accrued	127,078	115,313	154,836
Other provisions	8,805	13,773	10,754
Provisions for doubtful debts	27,937	19,539	8,782
Deferred tax balance from temporary differences other than unused tax losses	163,820	148,625	174,372
Tax losses available for set off against future taxable income	1,390,866	1,631,128	690,885
	1,554,686	1,779,753	865,257
Total deferred tax asset	**1,554,686**	**1,779,753**	**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:

	2021	2020	2019
Deferred tax liability	(1,554,686)	(1,779,753)	(865,257)
Deferred tax asset	1,554,686	1,779,753	865,257
Total net deferred tax asset	-	-	-

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8. Other financial assets

At fair value through profit or loss - designated			
Unit Trust - IJG Security (Pty) Ltd	3,101	2,956	17,043
Current assets			
Designated as at FV through profit (loss)	3,101	2,956	17,043

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	3,101	2,939	17,043

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.

9. Trade and other payables

Trade payables	305,465	215,497	166,243
Provision- Bonus	8,951	6,164	4,542
Other payables	-	-	(122)
Employee vendors	41	105	(39)
Accrued expenses	13,206	26,735	12,277
Provision- Leave	18,566	19,021	17,845
Outgoing cheques	-	4	4
Other deposits	2,109	1,877	1,780
VAT	50,808	14,989	13,962
	399,146	**284,392**	**216,492**

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	399,146	284,392	216,492

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9. Trade and other payables (continued)

Exposure to liquidity risk

Refer to note 31 Financial instruments and financial risk management for details of liquidity risk exposure and management.

10. Trade and other receivables

Financial instruments:			
Trade receivables	55,699	55,530	62,869
Trade receivables - Property debtors	74,447	68,257	47,975
Other Receivables	4,462	4,492	18,659
Loss allowance (ECL)	(95,751)	(79,081)	(82,331)
Trade receivables at amortised cost	38,857	49,198	47,172
Non-financial instruments:			
Other receivables- suspense	37,801	37,204	57,256
Provision bad debts other	(20,656)	(27,444)	-
Prepayments	-	-	22
RSA VAT Receivable	2,870	2,241	-
Total trade and other receivables	**58,872**	**61,199**	**104,450**

Split between non-current and current portions

Current assets	58,872	61,199	104,450

Categorisation of trade and other receivables

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

At amortised cost	38,857	49,200	47,172
Non-financial instruments	20,015	11,999	57,278
	58,872	**61,199**	**104,450**

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.

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Figures in Namibia Dollar thousand	2021	2020	2019

10. 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 2021:

	2021	2021	2019	2019	2019	2019
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: 5.76% (2020: 4.71%)	29,337	(2,930)	38,383	(2,190)	39,168	(2,370)
31 - 60 days past due: 17.56% (2020: 15.74%)	11,332	(3,161)	14,850	(2,921)	11,806	(2,566)
61 - 90 days past due: 72.36% (2020: 77.43%)	6,298	(5,735)	1,282	(1,270)	3,770	(3,476)
91 - 120 days past due: 97.02% (2020: 97%)	8,732	(7,715)	1,017	(1,017)	8,124	(7,865)

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10. Trade and other receivables (continued)

	55,699	**(19,541)**	**55,532**	**(7,398)**	**62,868**	**(16,277)**
Property Rental						
Current : 18.55% (2020: 25.19%)	4,844	(4,261)	4,836	(3,952)	3,003	(1,062)
31 - 60 days past due: 36.11% (2019: 56.46%)	2,303	(2,030)	2,750	(2,558)	3,979	(2,247)
61 - 90 days past due: 56.99% (2019: 88.57%)	1,368	(1,335)	3,245	(3,255)	2,134	(1,889)
91 - 120 days past due: 61.74% (2019: 97%)	65,932	(64,122)	57,426	(57,427)	38,859	(42,196)
	74,447	**(71,748)**	**68,257**	**(67,192)**	**47,975**	**(47,394)**
Other receivables						
More than 120 days past due: 100%	(4,462)	(4,462)	4,491	(4,491)	18,659	(18,659)
Total	**134,608**	**(95,751)**	**128,280**	**(79,081)**	**129,502**	**(82,330)**

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:

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	**(106,520)**	**(82,330)**	**(59,650)**
Bad debts written off	6,068	14,167	-
Provision raised on new trade receivables	(15,955)	(10,913)	(22,680)
Provision raised-general approach	-	(27,444)	-
Closing balance	**(116,407)**	**(106,520)**	**(82,330)**

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.

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10. Trade and other receivables (continued)

Namibia Dollar Amount			
Namibia Dollar	58,872	61,199	104,450

11. Inventories

Consumable stores	86,106	87,725	80,762
Cannibilized Locomotives	15,075	15,075	-
	101,181	**102,800**	**80,762**

12. Share capital

Authorised			
1 000 000 Ordinary shares of 1000 000 each or par value of N$ 1 each	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

13. 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 disposed of.

Opening balance	1,307,724	1,307,724	1,307,724

14. Legal Settlement-Liability

Summary of legal settlement liability

Legal Settlement	3,718	-	-

Legal settlement liability relates to the settlement agreement of the case against Central Gas. Transnamib is obligated to provide rental to the tenant for a period of three (3) years to compensate for loss of income.

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15. 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

Present value of the defined benefit obligation-wholly unfunded	(425,226)	(365,100)	(555,970)

Movements for the year

Opening balance	365,100	555,970	-
Benefits paid	(22,462)	(19,437)	(20,142)
Net expense recognised	82,587	(171,433)	61,227
	425,225	**365,100**	**41,085**

Net expense recognised

Current service cost	7,001	12,278	12,278
Interest cost	47,478	48,949	48,949
Actuarial (Gain)/Loss	28,108	(232,660)	-
	82,587	**(171,433)**	**61,227**

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15. Retirement benefits obligation (continued)

Key assumptions used

Assumptions used on last valuation.

Discount rates used	13.46 %	13.46 %	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	51,645	61,108	51,167

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16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	134	318	269
Bank balances	78,135	32,450	65,427
Bank overdraft	(34,961)	(33,895)	(18,138)
	43,308	**(1,127)**	**47,558**
Current assets	78,309	32,768	65,696
Current liabilities- Bank Overdraft	(34,961)	(33,895)	(18,138)
	43,348	**(1,127)**	**47,558**
Cash and cash equivalents held by the entity that are not available for use by the group.	472	7,358	7,095

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

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			
AAA	2,873	8,778	57
AA	360	321	321
A	74,469	15,940	57,949
Other	3,573	10,367	24,145
	81,275	**35,406**	**82,472**

Exposure to currency risk

Namibia Dollar amount			
Namibia Dollar	43,348	(1,127)	47,558

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17. Provisions

Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Total
Other provisions	3,544	1,448	(3,995)	997
Provision- VET Levy interest and penalties	14,919	3,607	-	18,526
Provision for interest and penalties on Import VAT	10,959	2,414	(10,528)	2,845
Provision for penalties and interest - PAYE and VAT	34,064	86,902	(28,434)	92,532
	63,486	**94,371**	**(42,957)**	**114,900**

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Other provisions	13,124	2,369	(7,001)	(4,947)	3,545
Provision- VET interest and penalties	10,670	4,249	-	-	14,919
Provisions 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
	81,540	**6,618**	**(19,724)**	**(4,947)**	**63,487**

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Other Provisions	9,979	3,336	(191)	13,124
Provision- VET levy interest and penalties	-	10,670	-	10,670
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	**33,481**	**(309)**	**81,540**

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17. 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 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.

Provision for VET Levy penalties and interest

The provision arose from the expected penalties and interest to be paid to Namibia Training Authority (NTA) for non payment of VET levy since 2014.

18. 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.

	2021	2020
Opening Balance	325,432	325,432
Total	**325,432**	**325,432**

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19. 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 lent 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.

During 2021 an amount of N$66 500 000 was received for a project to maintain the railway line in the South.

An amount of N$35 000 000 was also received of N$ 27 million was used for operational expenses and the balance remaining was allocated for capital projects which commenced beginning of the 2022 year-end.

During the year end 31 March 2021 and of N$ 66.5 million was received for the wash project in the South.

Figures in Namibia Dollar thousand	2021	2020	2019
Opening Balance	939,507	976,828	1,024,598
Release to Income Statement	(91,484)	(26,705)	(30,551)
Release to income statement- prior period error	-	(24,475)	(32,225)
Grants received	101,500	13,860	15,006
	949,523	**939,508**	**976,828**

- 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.

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20. Revenue		
Revenue from contracts with customers		
Freight Revenue	402,559	480,318
Passenger Revenue	1,162	16,477
	403,721	**496,795**
Revenue other than from contracts with customers		
Rental Income	52,352	45,989
	456,073	**542,784**
Disaggregation of revenue from contracts with customers		
The company disaggregates revenue from customers as follows:		
Rendering of services		
Freight Revenue	402,559	480,318
Passenger Revenue	1,162	16,477
	403,721	**496,795**
Other revenue		
Rental income	52,352	45,989
Total revenue from contracts with customers	**456,073**	**542,784**
Timing of revenue recognition		
Over time		
Sale of goods	(402,559)	(480,318)
Rendering of services	(1,162)	(16,477)
	(403,721)	**(496,795)**

21. Other operating income

Other recoveries- Insurance	2,102	-
10% Supervision Fee and Government Grants	123,422	79,264
Other sundry income	(15)	177
Fines and penalties	(50,354)	12,722
Other income	1,090	1,093
	76,245	**93,256**

22. Operating profit (loss)

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

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22. Operating profit (loss) (continued)		
Auditor's remuneration - external		
Audit fees	904	1,308
Remuneration, other than to employees		
Consulting and professional services	558	4,644
Employee costs		
Salaries, wages, bonuses and other benefits	386,295	409,969
Long term incentive scheme	488	927
Total employee costs	**386,783**	**410,896**
Depreciation and amortisation		
Depreciation of property, plant and equipment	66,028	89,959
Depreciation of right-of-use assets	5,396	1,551
Total depreciation and amortisation	**71,424**	**91,510**
Impairment losses		
Property, plant and equipment	11,096	11,762
Movement in credit loss allowances		
Bad Debts	15,951	38,356

23. Investment income

	2021	2020
Interest income		
Investments in financial assets:		
Investments	360	2,294
Trade debtors	396	471
Total interest income	**756**	**2,765**

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24. Finance costs		
Finance lease	788	416
Interest paid banking costs	2,650	2,804
Other interest paid	45,712	-
Total finance costs	**49,150**	**3,220**

25. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2021	2020
Accounting loss	(322,234)	(9,785)
Tax at the applicable tax rate of 32% (2020: 32%)	(97,735)	(3,132)
Tax effect of adjustments on taxable income		
Permanent difference	11,093	(86,758)
Deferred tax effect income	86,642	96,362
Prior period error	-	(6,472)
	-	-

The estimated tax loss available for set off against future taxable income is N$ 2 807 556 (2020: N$ 2 682 552)).

26. Cash used in operations

	2021	2020
Loss before taxation	(334,809)	(242,446)
Adjustments for:		
Depreciation and amortisation	71,424	91,510
Losses/(Gains) on disposal of assets	17,528	(13,080)
Income from equity accounted investments	(1,623)	968
Interest income	(756)	(2,765)
Finance costs	49,150	3,220
Fair value losses	73,944	-
Movements in retirement benefit assets and liabilities	32,018	41,790
Movements in provisions	51,413	(18,053)
Impairment loss	11,095	11,762
Changes in working capital:		
Inventories	1,619	(6,963)
Trade and other receivables	2,327	45,491
Trade and other payables	114,755	65,660
Deferred income	(91,485)	(51,181)
	(3,400)	**(74,087)**

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27. Commitments

Authorised capital expenditure

There is no committed capital expenditure.

28. 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.

29. Related parties

Relationships	
Joint ventures	Refer to note 5
Shareholder	The Government of the Republic of Namibia
Directors	Refer to Directors report

Related party balances

	2021	2020
Loan accounts - Owing by/(to) by related parties		
The Government of the Republic of Namibia	(325,432)	(325,432)
Swakopmund Station Hotel	13,205	-

Related party transactions

	2021	2020
Interest paid to (received from) related parties		
Funds Received from the Government of the Republic of Namibia	(101,500)	(13,860)
Compensation to directors and other key management		
Short-term employee benefits	1,617	1,892

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30. Directors' emoluments

Non-executive

2021

	Directors' fees	Total
Adv S. Tjijorokisa (Chairperson)	228	228
G. Michaels (Deputy Chairperson)	221	221
J. Shikongo	256	256
V. Mberema	256	256
Dr.M. Ochurub	256	256
O. Kaveru	236	236
I. N. Ikela	164	164
	1,617	**1,617**

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. Ikela	153	153
	1,893	**1,893**

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31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Amortised cost	Total
Loans to group companies	6	13,205	13,205
Trade and other receivables	10	58,872	58,872
Cash and cash equivalents	16	78,309	78,309
		150,386	**150,386**

2020

	Note(s)	Amortised cost	Total
Trade and other receivables	10	61,199	61,199
Cash and cash equivalents	16	32,768	32,768
		93,967	**93,967**

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31. Financial instruments and risk management (continued)

Categories of financial liabilities

2021

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	9	399,146	-	399,146
Finance lease obligations		-	7,904	7,904
Bank overdraft	16	34,961	-	34,961
		434,107	**7,904**	**442,011**

2020

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	9	284,392	-	284,392
Finance lease obligations		-	13,118	13,118
Bank overdraft	16	33,895	-	33,895
		318,287	**13,118**	**331,405**

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		7,904	13,118	-
Trade and other payables	9	399,146	284,392	216,493
Total borrowings		**407,050**	**297,510**	**216,493**
(Cash and cash equivalents) bank overdraft	16	(43,348)	1,127	(47,559)
Net borrowings		**363,702**	**298,637**	**168,934**
Equity		1,154,357	1,504,702	1,514,554

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31. Financial instruments and risk management (continued)

Gearing ratio	32 %	20 %	11 %

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.

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31. 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.

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31. 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:

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	6	13,704	-	13,704	-	-	-
Trade and other receivables	10	175,279	(116,407)	58,872	167,722	(106,523)	61,199
Cash and cash equivalents	16	78,309	-	78,309	32,768	-	32,768
		267,292	**(116,407)**	**150,885**	**200,490**	**(106,523)**	**93,967**

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.

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31. Financial instruments and risk management (continued)

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.

2021

Non- current liabilities	**Less than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Lease Liabilities	-	2,884	-	2,884
Government Loan	-	-	325,432	325,432
Other Financial Liabilities	-	-	7,359	7,359
	-	**2,884**	**332,791**	**335,675**
Current liabilities				**Total**
Trade and other payables	399,146	-	-	399,146
Bank overdraft	34,961	-	-	34,961
Lease Liabilities	5,020	-	-	5,020
	439,127	**-**	**-**	**439,127**

2020

		Less than 1 year	**1- 5 years**	**Over 5 years**	**Total**
Non-current liabilities					
Finance lease liabilities		-	7,802	-	7,802
Government Loan	27	-	-	325,432	325,432
Other liabilities		-	-	7,358	7,358
Current liabilities					
Trade and other payables	9	284,392	-	-	284,392
Bank overdraft	16	33,895	-	-	33,895
Lease Liabilities		5,316	-	-	5,316
Total		**323,603**	**7,802**	**332,790**	**664,195**

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Figures in Namibia Dollar thousand	2021	2020	2019

32. 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$322.2 million. The net current liability position for the year ended 31 March 2021 was (N$ 364.6) million)
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 31 March 2021 year end the company has received N$ 35 million to utilise locomotive repairs and maintenance. At the end of March 2021 N$ 66.5 million was received for rail maintenance in the South. Subsequent to year end N$ 30 million has been set aside for the company to utilise for the maintenance of rolling stock. This money was disbursed at the 04 August 2021, for the directors to assess the full conditions of the funding. A further N$ 40 million was disbursed 18 February 2022 for maintenance of rolling stock.

A budget of N$175 million was also allocated to the company for the year ended 2023. The first payment is due to be received in June 2022.

The Development Bank of Southern Africa approved a loan facility of N$2.159 billion to the company during March 2022. The company is finalizing the plan to implement the conditions precedent for the funding. We believe the approval of the loan will go a long way to unlock the potential of the company by supporting the recapitalization and rolling stock renewal.

Subsequent to year-end 4 locomotives was leased to improve reliability and availability of pulling power within the company.

33. 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.

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33. Fair value information (continued)

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)			
Investment property	3			
Investment property		1,190,830	1,264,773	1,264,773
Total		**1,190,830**	**1,264,773**	**1,264,773**

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.

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34. Restatement of prior year

There was a change in useful lives during the year ended 31 March 2019 for assets related to government grants and impairment losses recognized on assets related to government grants for the year ended 31 March 2020. The increase in depreciation as a result of change in useful lives that occurred during FY2019 and impairment losses for FY2020 were expensed in the statement of profit or loss during the correct accounting periods. However, the release from deferred income (SFP) to profit/loss related to the expensed amount was omitted in error

The penalties and interest charged on VET levies payable to Namibia Training Authority in terms of VET Act was omitted from the annual financial statements for the prior years in error.

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

Figures in Namibia Dollar thousand	2020	2019
Effect Statement of Financial Position		
Effect on Equity		
Retained Earnings	(20,228)	(21,554)
Effect on Liabilities		
Provision- VET Levy penalties and interest	(4,248)	(10,671)
Deferred Income	24,476	32,225
Effect on the Statement of Profit or Loss and Other Comprehensive Income		
Increase in VET penalties and interest	4,248	-
Increase in Sundry Income	(24,476)	-

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Detailed Income Statement

Figures in Namibia Dollar thousand	Note(s)	2021	2020
Revenue			
Freight Revenue		402,559	480,318
Rental income		52,352	45,989
Passenger Revenue		1,162	16,477
	20	**456,073**	**542,784**
Other operating income			
Other recoveries		2,102	-
Government grants		123,422	79,264
Scrap sales		(15)	177
Fines and penalties		(50,354)	12,722
Other income		1,090	1,093
	21	**76,245**	**93,256**
Other operating gains (losses)			
(Losses) gains on disposal of assets or settlement of liabilities		(17,528)	13,080
Expenses (Refer to page 71)		**(728,928)**	**(890,144)**
Operating loss	22	**(214,138)**	**(241,024)**
Investment income	23	756	2,765
Finance costs	24	(49,150)	(3,220)
Income from equity accounted investments		1,623	(968)
Other non-operating gains (losses)			
Fair value losses		(73,900)	-
Loss for the year		**(334,809)**	**(242,447)**

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

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Detailed Income Statement

Figures in Namibia Dollar thousand	Note(s)	2021	2020
Other operating expenses			
Advertising		(92)	(488)
Auditors remuneration - external auditors	22	(904)	(1,308)
Bad debts		(15,951)	(38,356)
Bank charges		(991)	(926)
Cleaning		-	(14)
Commission paid		-	(8)
Computer expenses		(8,897)	(4,005)
Consulting and professional fees		1,526	(936)
Full Maintenance Lease		(1,014)	(451)
Environmental Levy		(311)	(3)
Depreciation		(71,424)	(91,510)
Employee costs		(386,783)	(410,896)
Entertainment		(65)	(272)
Fuel, oil and lubricants		(119,975)	(173,813)
Impairment		(11,096)	(11,762)
Re-Engineering Costs		(316)	(1,995)
Lease rentals on operating lease		(8,630)	(1,971)
Legal expenses		(2,084)	(3,708)
Training Levy		(3,286)	(3,401)
Insurance		(6,817)	(8,494)
Licences		(1,714)	(1,284)
Loss on exchange rate		(354)	-
Medical expenses		(1,187)	-
Municipal expenses		(44,827)	(38,058)
Other expenses		415	(782)
Packaging		(2)	-
Pest control		(4,000)	-
Postage		(31)	(16)
Printing and stationery		(819)	(1,474)
Recruitement		(202)	(465)
Uniforms and Safety Wear		(5,505)	(5,438)
Repairs and maintenance		(22,934)	(65,483)
Security		(5,779)	(7,374)
Subscriptions		(217)	(369)
Telephone and fax		(1,243)	(1,184)
Training		(85)	(3,109)
Travel		(3,334)	(10,791)
		(728,928)	**(890,144)**

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