transnamib

TRANSNAMIB

INTEGRATED ANNUAL REPORT

2021 - 22

Contents

THE TRANSNAMIB STORY

SECTION 1

INTRODUCTION

SECTION 2

STRATEGIC OVERVIEW

SECTION 3

OUR OPERATING CONTEXT

SECTION 4

RAILING IN THE RIGHT DIRECTION

SECTION 5

FINANCIALS

SECTION 6

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 country to move goods, it all started with the construction of a small mining rail line at the 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.

Since its inception more than 120 years ago, rail has continued to grow and play a critical role in Namibia's economic development. This is in addition to providing landlocked neighbouring countries access to goods and services through our world-class and globally connected Walvis Bay Port. After Namibia's independence in 1990, TransNamib took control of the national rail network.

For decades, TransNamib has transported freight as well as people throughout Namibia. While the company weathered many storms over the years, TransNamib has remained resilient in the face of these challenges. The company also managed to keep reinventing itself in order to stay relevant and operational at a time when the rail industry markets were experiencing a severe decline nationally, regionally and internationally.

After a difficult ten years, TransNamib re-invented itself in 2019 by creating a new brand identity. Launching our new identity in April of that year signaled a new chapter for rail in Namibia. For us, the new chapter demonstrated the courage to change our direction and aim to claim a bigger market share through our road-to-rail business strategy. We believe that rail is an economic enabler worth pursuing. In comparison to our competitors, we are able to move more goods and people at a lower cost. This allows us to increase our market share and an opportunity to create sustainable development in our country.

About our theme

"Laying the tracks for a sustainable TransNamib"

As the business world slowly moves towards normalcy, the aftermath of the COVID-19 pandemic is still felt within the business community globally. However, despite the past several challenging years, TransNamib remained resilient throughout the crisis. The company remained focused on the future and committed to laying a sustainable foundation.

As an organisation that plays a key role in the transportation and logistics sector, TransNamib recognises the importance of sowing seeds for tomorrow's harvest. This report provides a picture of TransNamib's strategy to position itself as a leading force within the sector and to reclaim our future.

Over the past thirty years, significant investment in road infrastructure has had a negative effect and caused a decline in rail transportation. In positioning Namibia as a regional trade hub, TransNamib recognises that rail, in conjunction with the road, provides a significant intermodal transport option to the region. The investment made today will enable TransNamib to provide reliable rail service to Namibia and the region.

Thus, this report presents the immediate agenda to create a sustainable and transformed TransNamib. While the pandemic has created backlogs in the company's transformational goals, much headway has been made to lay the tracks for a sustainable TransNamib.

Vision

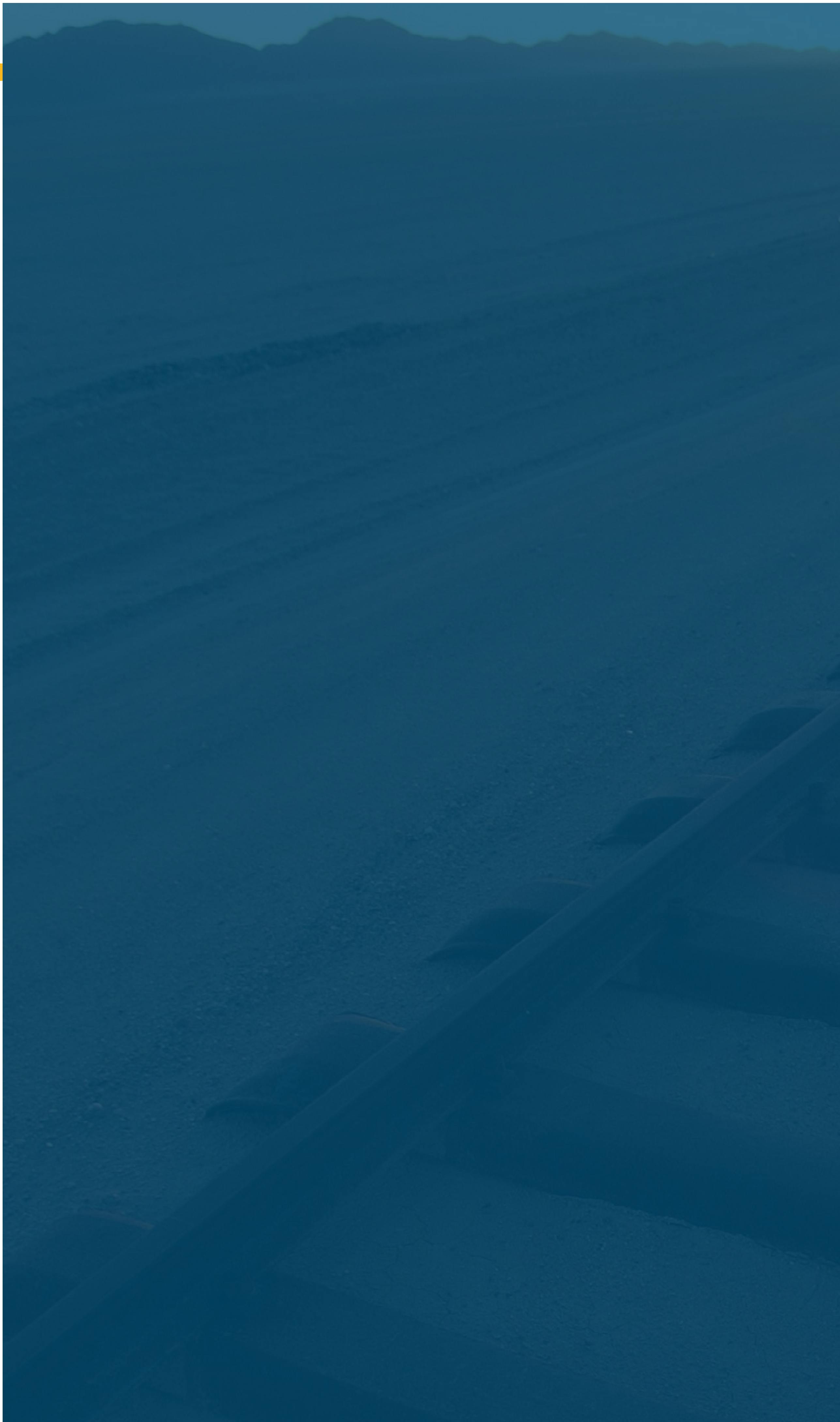
The preferred bulk transporter of Namibia.

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 launched its new brand identity in April 2019. The new logo depicts the company's focus on technology and innovation, and simplicity in its business model.

It also shows the company's boldness in changing its direction to claim a bigger market share through its road-to-rail business strategy. The new identity will serve as the new foundation for the company and allow all stakeholders such as employees, customers and shareholder to be realigned to the future growth and development of the country's preferred bulk transporter.

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

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 is obligated to prepare an integrated report every year that conveys a balanced and transparent account of how the company creates value through the 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 the activities of TransNamib from 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.

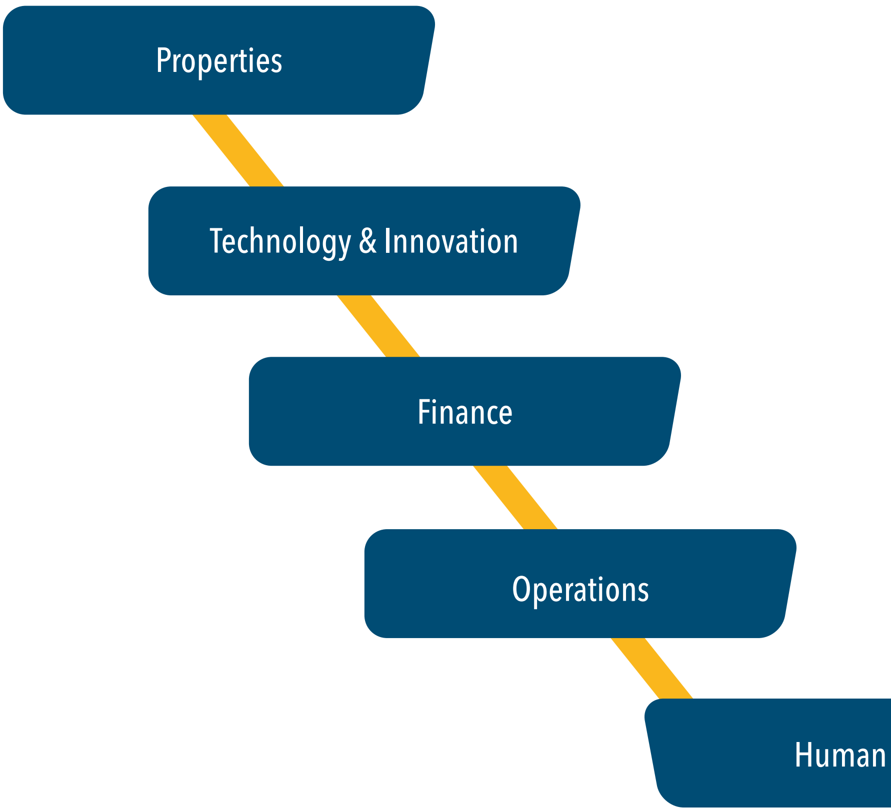
The Board approved the integrated report annual financial statements on 02 April 2022.

CHAIRPERSON

CHIEF EXECUTIVE OFFICER

SECTION 3
ABOUT TRANSNAMIB

About TransNamib
Our Corporate Structure



Ministry of Works & Transport

Ministry of Public Enterprises

TransNamib Board of Directors

Chief Executive Officer

Commercial & Marketing

Corporate Services

Engineering & Technical Services

Capital

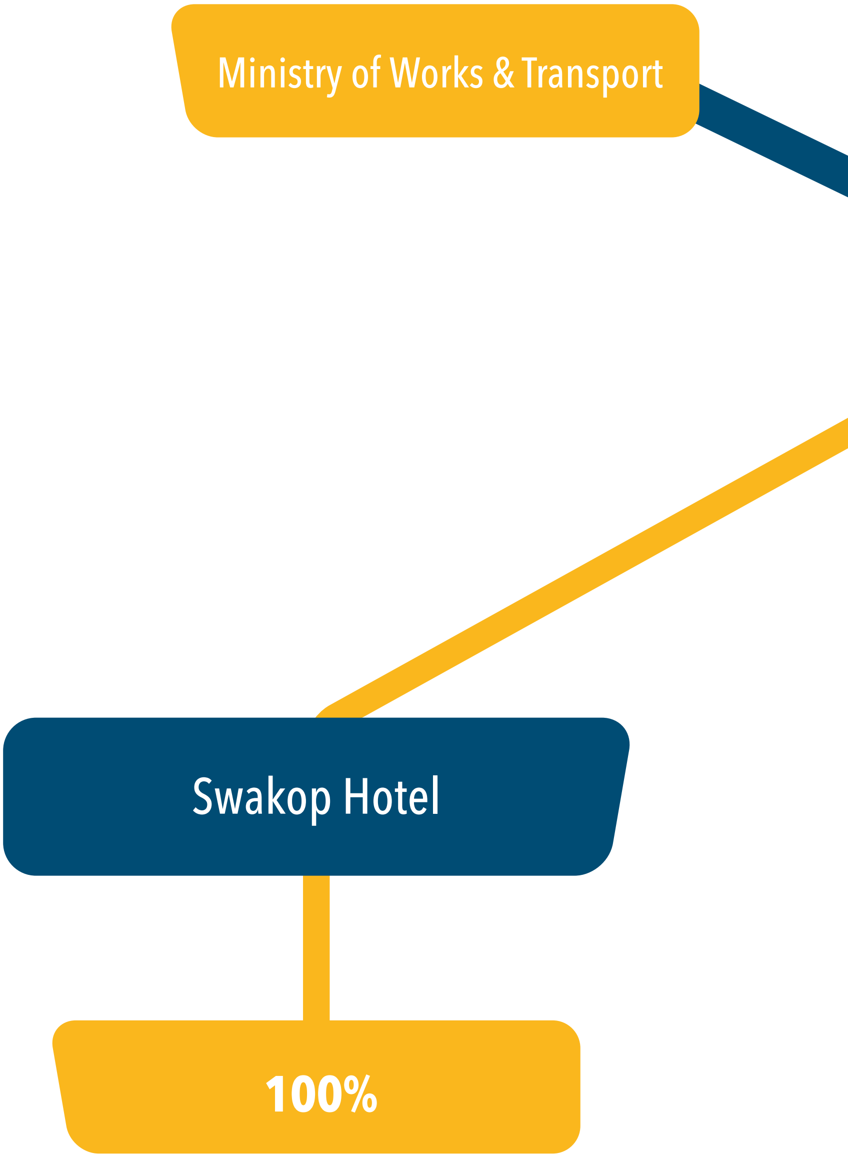
Audit & Risk Committee

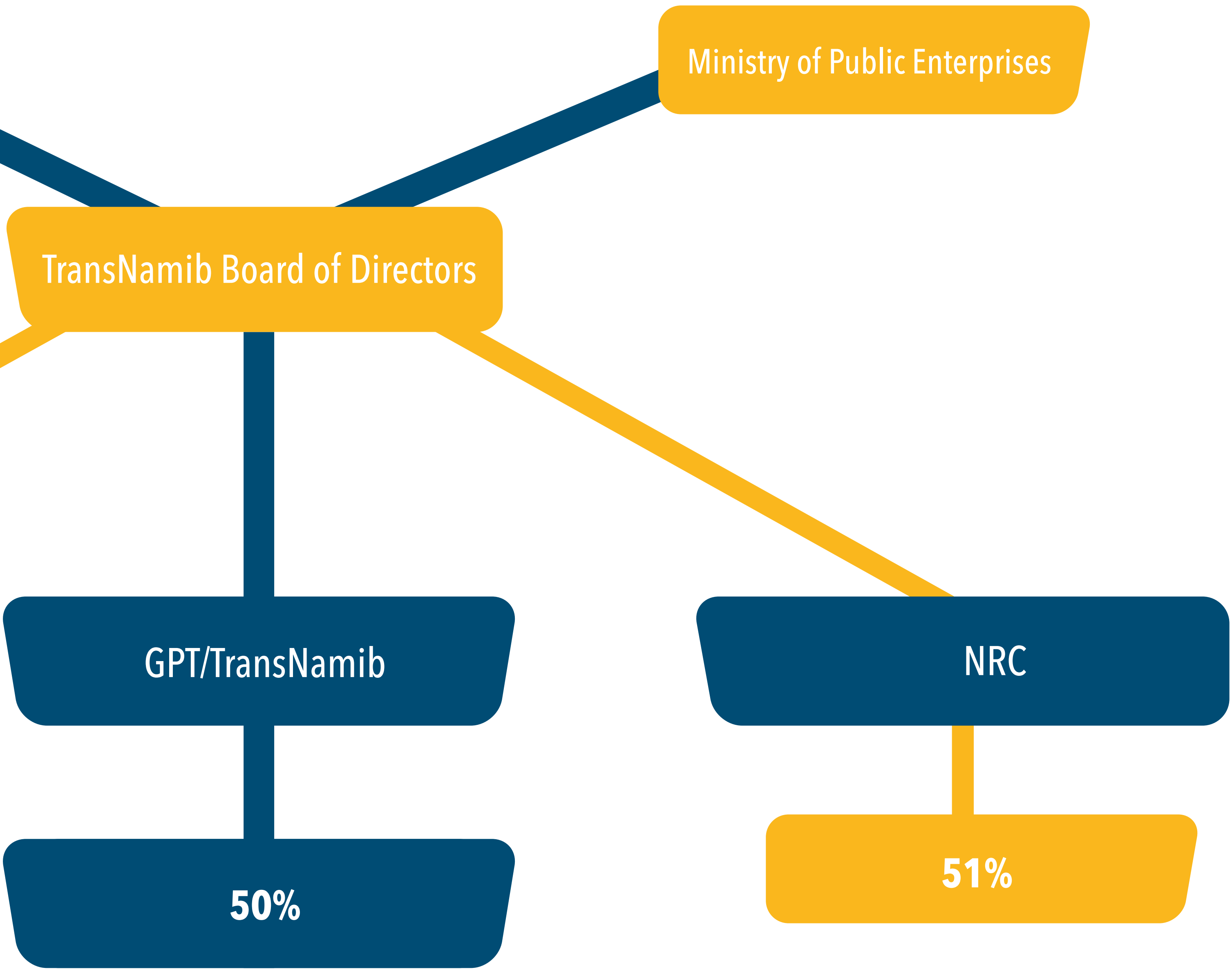
Property Committee

Remuneration/HR Committee

Technology & Innovation Committee

Our Partnership




Ministry of Public Enterprises
TransNamib Board of Directors
GPT/TransNamib
NRC
50%
51%

Strategy at a glance

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

The rail industry faces the challenge of a disparity in investment in comparison to other modes of transportation, and now more than ever it is imperative to lobby and drive the movement of goods via rail in order to ensure the sustainablity of the industry.

The benefits of rail are numerous. We can transport bulk loads more economically and with less negative impact on the environment. It is against this background that in February 2019 TransNamib launched its plan to transform and align the company's operations and culture to a cost-effective and customer-oriented business model. This aligns with our goal of being an enabler of Namibia's economic growth.

This plan, known as the Integrated Strategic Business Plan (ISBP) is a five-year strategy covering the period of 2019 to 2023. It is TransNamib's game plan to support the company's development towards providing integrated rail transport logistics service solutions.

We are committed to transforming the national rail logistics operator and realise our five-year Integrated Strategic Business Plan (ISBP). This journey will be immensely challenging due to the capital-intensive nature of the rail business. In order to accomplish the objectives set out in the ISBP, the company needs to secure funding of N$ 2.5 billion.

Exactly, a year after the ISBP was launched, the Covid-19 pandemic broke out. This sharp turn of events dramatically impacted our business because the rail business environment is heavily influenced by domestic and global economies. Any contraction in those economies impacts our business.

This scene-setting is important because as a state-owned enterprise, TransNamib is required by 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.

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.

Therefore, the entire TransNamib team; 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. This commitment is underpinned and driven by the four pillars of the ISBP namely; Breakthrough Financial Performance, Trustworthy Customer Experience, Organisational Excellence, and Inspiring and Accountable Leadership.

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

Reflecting back on the past financial year, TransNamib has made great strides towards its goal of transforming the company into a sustainable organisation that provides value to our shareholder and our country. Amidst a year afflicted with extreme challenges, both to the company as well as the nation at large, the company has continued to progress towards viability.

The impact of the COVID-19 pandemic continues to mark TransNamib's performance, with the lockdowns experienced countrywide at the beginning of the financial year. The significant restrictions in movement and surge of infections continued to influence the company's operations. This had a significant toll on TransNamib's operations and the ability to move freight and passengers as trains were delayed or even ceased in certain instances.

However, despite the micro and macro challenges faced by TransNamib, the board, management and employees remained focused on achieving our shared vision of transforming TransNamib into the preferred bulk transporter and becoming a leader in transporting commodities within Namibia and the region, fulfilling our vital role in the transportation and logistical environment to ensure the movement of goods in the most effective, affordable and efficient manner possible.

TransNamib's journey towards sustainability have not been without its obstacles. It is a well-known fact that the company has had faced many challenges since implementing its Integrated Strategic Business Plan (ISBP) which was launched in 2018. The main legacy issues that hampered TransNamib's progress in the past four years have been the condition of the rail infrastructure and the rolling stock.

Outdated rolling stock has been a dominant deterrent in the company's transformation. It is quite commendable that, despite encountering insurmountable challenges, the management and staff of TransNamib have managed to operate and achieve all it has since the launch of the company's ISBP.

Corporate Governance and Leadership

As per the Public enterprises Governance Act (PEGA) which brings into force the Hybrid Governance Model for Public Enterprises, TransNamib was classified as a Tier III Commercial enterprise. During this financial year, as a Board, we have continued to improve Corporate Governance and compliance at TransNamib by approving policies that focus on the Information Technology set up within the company as well as its business processes.

The Corrective Action Tracking System (CATS) that was developed is presented to the Audit and Risk committee every quarter to manage and mitigate the risks of the company. CATS is being implemented by the Executive team. As a board, through the various board committees, we continuously address specific matters which we see as critical to the long-term growth and development of the organisation.

Our Strategic Plan

Our capacity to meet our customer's expectations is directly dependent on our infrastructure and equipment. This highlights the significance of obtaining the confirmation of the funding for TransNamib's ISBP by the end of this financial year. The Development Bank of Namibia (DBN) and Development Bank of Southern Africa (DBSA) confirmed a loan of N$2.6 billion TransNamib.

The loan will be used to remanufacture rolling stock, acquire new rolling stock, modernise the TransNamib workshop and the upgrade of signalling equipment, including spares and associated equipment. This strategic partnership with the Development Bank of Southern Africa and the significance of this investment, is a testimony to the trust instilled in rail and its salient role in propelling Namibia forward as a key logistics hub in Africa. TransNamib's ability to invest in its rolling stock through this partnership with DBSA, will significantly boost its capacity and enable the company to tap into the existing market opportunities and rightfully expand its market share.

The need for rail infrastructure development

In addition to refocusing its strategies in terms of equipment, TransNamib has also simultaneously engaged its shareholder on the state of rail infrastructure in the country. Government has heeded the company's call for upgraded rail infrastructure with substantial investment to upgrade and rehabilitate the line between Walvis Bay and Kranzberg. The line, which stretches close to 200 kilometres is a critical line for TransNamib as it connects to the Port of Walvis Bay and serves as an interconnector between the port and the rest of Namibia and SADC. With that said, TransNamib's enormous potential to exponentially increase its market share and provide real value to the Namibian transport sector cannot be overlooked.

We are thankful that the government, through the Ministry of Works and Transport, plans to invest N$2,2 billion in the plans and upgrade of rail infrastructure for the 2022/23 to 2024/25 period. This investment will bring significant relief to TransNamib as the operator of the rail infrastructure in the country.

In January 2021, TransNamib sought financial assistance to reconstruct the railway and upgrade it to an acceptable standard at various wash-away sites. Historically, rail operations have been hampered by natural elements. Heat, rain and wind are all challenges that hinder rail operations daily. In the past two years alone, heavy rains have severely impacted TransNamib's ability to move freight, especially in the southern part of the country. The financial request was backed up by a detailed assessment of the condition of the railway line, which was used to derive a confident all-works-inclusive cost estimate.

In June 2021, The Ministry of Works and Transport responded favourably to the request and availed a budget of N$ 66 500 000.00. The budget was used for several repairs on the identified route of approximately 400km, stretching from Mariental to Keetmanshoop and from Keetmanshoop to Nakop. The repair work commenced the same month.

Building capacity

As a result of not being able to generate enough revenue, TransNamib continues to be affected by a lack of liquid cash. While the confirmed funding will bring much relief to the company in terms of its rolling stock, certain conditions have to be met first to access the funding, and TransNamib has been working closely with the Ministry of Public Enterprises to ensure the stipulated conditions are met. Once the funding is accessed, TransNamib will be able to implement various projects which will allow us to increase our capacity for growth and essentially increase our revenue. Revenue increase will also allow us to invest more in building the capacity of our human capital. For the past ten years, there was virtually no upskilling of our staff members.

Therefore, human capital capacity building will be one of the key areas that TransNamib will bring a major improvement. Having a skilled and empowered workforce will bring the organisation on par with our competitors and make TransNamib a major player in the transport and logistics sector.

Safety

The board has observed with serious concern that significant train accidents continue to occur on our rail network during this financial period, which has highlighted specific issues that need urgent intervention. More than 50% of the railway lines that the state-owned railway company currently operates on do not meet the minimum Southern African Development Community (SADC) stipulated standard of 18.5 tons/axle load.

In fact, the conditions of some of the national railways' critical sections are in such poor state that TransNamib is forced to dramatically reduce train speeds on these sections. The ageing infrastructure has led to a difficult period for TransNamib in terms of safety during this financial period. TransNamib's historical backlog and cash flow problems, also pose a formidable challenge in rail maintenance.

Compared to other Rail Operators in Southern Africa, TransNamib does not feature anywhere in the top categories of the 2020 SARA Railway Accidents & Incidents Statistical Report, but much still needs to be done in terms of safety at TransNamib to reduce the number of incidents. Thus safety is one of the priority areas for the board and management of TransNamib looking forward to the next financial year.

Focusing on the future

Whilst in the process of implementing our strategic plan, although not at 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. We are continuously exploring new markets and new trade routes 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 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 year of progress. I also want to express my deep gratitude to our shareholders, who have invested in us and in our future, and continue to support us in transforming TransNamib.

I want to thank all our employees, for their commitment and dedication. I would like to thank the commitment of our clients for their continued support and preference to move their goods via rail. A special thank you to the Management who has, despite a difficult two years, continued to remain focused on our vision and continue to lay the foundation for a sustainable TransNamib. I want to thank the rest of my colleagues on the Board for their availability and continuous deliberations during the course of the year and their contribution to advance the 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 the Minister of Works and Transport.

The next few years will be critical for TransNamib. Having taken the necessary steps for the past few years to increase TransNamib's capacity and improve its operational efficiencies, I am confident that while the next few years may still bring its own challenges, TransNamib will make great progress in the implantation of its business plan.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CEO's Report

The end of this financial year brought a light at the end of the tunnel for TransNamib's rolling stock funding by receiving a confirmation of the funding from the Development Bank of Southern Africa to the value of N$2.6 billion. This breakthrough came after a four-year search for a loan to fund the current ISBP for the company. This confirmed funding, however, can only be agreed to TransNamib after approval by the Ministry of Finance

Although various measures have been put in place to engage new customers, the current rail operations are failing to ensure the full optimisation of the existing rolling stock. This can be attributed to various deficiencies such as poor planning, poor communication and the initiatives to streamline the operations.

Our target is to achieve a maximum failure rate of four (4) failures per 100 000 km which is one (1) failure for every 25 000 locomotive km run. The average failure rate for the last quarter of the financial has decreased from 39.37 to an average of 20.13. Deferred maintenance, a shortage of skilled manpower and a lack of spare parts hamper our effort to achieve the target but the improvement in the quarter is motivating. The rail freight performance was severely affected during this period by a variety of micro and macro-environmental factors such as Covid-19 lockdowns, prolonged heavier rainfall, and continued major rail accidents that disrupted rail service delivery in the south, central, coastal and northern regions. Continued challenges in the management of the Operations department, ageing and unreliable rolling stock, continued major rail accidents that disrupted rail service delivery in the south and northern regions, as well as company closing during the festive season, also impacted the financial performance of the company.

In addition, the rehabilitation of the line between Walvis Bay and Kranzberg also has a major impact on our operations due to the 6-hour occupation daily and within this quarter there was also an occupation for 5 days where no trains could move during that period.

IMPLEMENTATION OF STRATEGIC PLAN

The lack of implementation of the business plan has been further impacted by the delay in the sourcing of funds for the business plan. Limited rolling stock capacity and a shortage of finances to plough back into the maintenance of rolling stock is providing a continuous delay in having more locomotives available for operations.

CORPORATE GOVERNANCE & COMPLIANCE

The Annual General Meeting session for TransNamib was held on 23 June 2022, hosted by the Desert Express team at the Windhoek station with the Deputy Minister of Finance, Ministry of Public Enterprises, Ministry of Works & Transport, Board of Directors and the Executive team to approve the financial statements for the financial year 2020/2021.

A Corrective Action Tracks list is being utilised by the Internal Audit Department to determine the progress on outstanding matters to improve Corporate Governance. But the majority of the outstanding actions are contributing to the financial challenges that the organization is experiencing. The corrective action track list is presented and monitored by the Audit committee on a quarterly basis.

Our approved Risk management (ERM) framework aligns our strategy, processes, people and technology with the purpose of evaluating and managing the uncertainties we could face in the operation of our business. Our risk governance processes, which include monitoring and oversight of each risk identified, is based on our defined methodology as per the COSO framework.

More safety awareness and good housekeeping rules are being encouraged in the workplace. Our objective is to have no injuries and the Health and Safety Section promotes daily "Safety Briefs" to raise awareness and reduce injuries.

A total of 26 rail accidents were reported during the period under review. Most accidents were operational and of an internal nature. To prevent these injuries from happening in future, the Safety Health Environment Section has developed training material to focus on the TransNamib Rules and Regulations for Safe Train Operations, also referred to as the "Rule Book". The objective of this training is to provide guidance and to promote safe rail operations to ensure compliance with industry rules and rail safety standards. Various training workshops have been conducted in all the regions of Namibia and a Rail Safety Plan has also been developed to conduct other activities during the next financial year.

The continued challenges with the company's cashflows also put a higher risk on the security of the company's business concerning the transport, storage and maintenance of TransNamib property and goods.

FINANCIAL PERSPECTIVE

The company's cash crunch continued for the period under review. The company sustained its operations by utilising the cash injection from the Government, creditor management, and vigorous actions to collect outstanding payments from customers. The funding secured from the Government was utilised for critical repairs to rolling stock, but thus far no funding has been secured to resolve the cash flow crisis faced by the company.

TransNamib recorded a net profit of N$48 million for the period under review. A total of N$469 million revenue was generated from the company's operations, while N$294 million was generated from other income including funds from government.

The company's fixed assets additions for the year amounted to N$17 million and payments to the Swakopmund Hotel and Entertainment Centre amounted to N$118 million for the year under review.

The company is not able to meet its obligations for the current financial period. Drastic steps are required to increase income and to reduce payroll expenditure. Priority areas to improve the cash flow include the following:

- Reduction of payroll expenditure
- Reduction of the leasing costs for locomotives.
- Implementation of an operational turnaround to increase revenue (volume and pricing, turnaround efficiencies, length of trains etc)
- Recovery of municipal accounts from tenants

The collection period has continued to

grow over the financial period. This is mainly influenced by the properties debtors.
The company continued trading at a loss during the period. The poor results occurred at the back of the following:

- The freight venue collected was below budget by N$250 million.
- There is a slight increase in freight revenue for the 2022 financial period.
- Property revenue was slightly below budget, and N$5 million above the prior period.
- Other income was N$218 million above budget, and N$187 million above prior period. This was mainly due to the wash away project done in the current year, which was funded by the MWT, as well as support for working capital funded by the MPE.

The balance sheet has strengthed by N$48 million. This increase in equity, was supported by an increase in loan Receivables to the Subsidiary, as well as increased inventory holding for Government funded investment in rolling stock spares. Based on normal trading, the balance sheet weakened by N$132 million during the current trading period.

The investment in associates increased to N$150 million during the quarter. This was mainly attributed to the funding that was paid to SSH and the funds received for redeeming the loans from Legacy Resorts.

The lack in rolling stock capacity and deferred maintenance due to the unavailability of funds has led to a loss of more freight business because the rail service deteriorated. This has also limited the company to regenerate its operational income to pre-COVID levels.

ROLLING STOCK & OPERATIONS

To complement the inadequate capacity of the rolling stock, TNHL has signed a lease agreement with Traxtion Sheltam, a South African-based locomotive company that specialises in locomotive leasing, to lease 4 locomotives for a period of eight months. The lack of human resources in supervisory and middle management has been a major challenge to support the improvement and structural processes within the Operations department. During this period under review, the much-delayed recruitment of substantive supervisors for the 4 regions has been completed. In addition, the middle management has been complimented with contracts of retired senior rail personnel to support the various administrative and operations functions. The current complement sees the majority of senior positions on rail operations being filled, and thus the focus will now turn to the filling of inspectors, planners, drivers and assistants' positions. The operational command centre has been implemented, having a 24-hour office for operational oversight and control.

For the past 2 years, the Industrial Relations cases within the department have not been attended to and this has led to a backlog of cases that have not been resolved or finalised. This has put enormous pressure on the discipline within the department. The department has, thus with additional capacity, set up a schedule for the remainder of the year to address the outstanding cases.

Compared to the previous financial year when we were operating with an average of 28 locomotives per day, this financial year we only had an average of 20 to 23 locomotives. This means that we are continuously improving our train planning efficiency. Operating with such few locomotives is not conducive and makes it very difficult for the operational staff to deliver the service that is expected from them. The reasons why the locomotives were not available were due to long maintenance periods in workshops, accidents, and poorly maintained /serviced locomotives that fails en route.

The in-house Railways Transport Management system is being used, together with SAP and TRACCS to capture data from all working documents through the entire company. However, there is still room for improvement. There is still a lot of work to be done to enable additional Information such as orders, order execution, travelled kilometres and so forth to be recorded and extracted. The system also lacks sufficient reports, such as wagon turnaround and rail-related accident reports.

Wagon turnarounds remain a challenge on most routes. The long turnaround times leads to poor service delivery, and the inconsistencies disrupt the supply chain. Fuel tanker turnarounds remain staggeringly high for all destinations, and needs to be addressed to ensure capacity is utilized to capture a bigger share of the market. The majority of the reasons cited for late arrivals and departures included locomotive release, failures, shunting along route, and crew relief.

The operations department have been focusing on:

- The management and coordination of operations activities to ensure operational efficiencies are achieved in the shortest possible timeframe for key customers
- Provide, direct and implement a standard schedule of trains for a 24-hour cycle while re-assigning rolling stock as needed;
- Staff restructuring and recruitment requirements within the departments to implement the proposed operational plans;
- Prioritise high earning and volume customers as part of its proposed operational plan
- Control staff and overtime requirements to realise the proposed operational plans
- Report all operational challenges faced by the organisation to the management on time.
- Improve on Operational Performance Statistics
- Manage the deployment of leased locomotives and recommend best business case for their utilisation
- Improve availability of locomotives and turnaround of wagons and tankers
- Implement operational safety measures in collaboration with the Corporate Services Department

HUMAN CAPITAL DEVELOPMENT

The company continues to do very well with its apprenticeship programs. Since the programmes were restarted in 2018, 116 apprentices have gone through the programmes. With great progress made in this area, the critical shortage of technical staff is posed well to support the business growth of the company. In the critical area of DE Fitters trainees, TransNamib can now proudly confirm 32 trainees in the pipeline. Producing 6 DE Fitter graduates in one calendar year is the highest number of DE Fitter graduates the company produced in one year for more than two decades.

Equally significant, TransNamib recruited 147 temporary workers in this period. All temporary workers were on short-term fixed-term contracts and comprise 138 who were recruited for the Government funded Washaway Programme in the South of the country. This project was completed during the period under review. In this reporting period, after two years of developing the electronic Performance Management System for TransNamib, the project has now been officially handed over to the company.

This means that it is now completely up to the company and especially each Executive member of management to drive and ensure the full implementation of this system right throughout their department to ensure ownership of the process in the company. Each Head of Department is now fully charged with the cascading of the scorecards to all employees and will have the assistance of the Human Capital Performance Management section in this regard. The PMS system (PAMS) has been fully automated and has been issued to all users with a User-Friendly Manual.

PERMANENT WAY

The railway infrastructure upgrade between Kranzberg and Walvis Bay has been going well during this financial period and the target is to have the project completed in April 2023. The finalisation of this project will provide more capacity to TransNamib and ensure better safety for the rolling stock.

With the several wash-aways that happened to the railways in the South of the country after heavy rains between December 2020 and January 2021, a lot of time was spent repairing the damage and eventually re-opening the lines. With the support from the Ministry of Works and Transport, this project, which cost approximately N$66 million, has allowed the company to continue moving manganese from Ariamsvlei to Lüderitz after the line was damaged and closed for three months.

The work on heavy repairs of the Kranzberg-Tsumeb railway section is still in progress. The heavy repairs and track relaying works are currently taking place on the section between Kalkfeld and Omaruru and is being done through the contract between DM Rail and the Ministry of Works & Transport. No section has officially been handed over to TransNamib during the period in review.

Overall progress, a total of 304,24 km (77.69%) has either been fully upgraded or partially upgraded up to date and a total of 88,39 km (22.31%) still need to be upgraded or partially upgraded.

SYSTEMS AND PROCESSES

Attention and focus have been shifted to improved measures of rail safety and security with revised guidelines for all employees within the Operations Department. This is achieved through updated training of train crew on the Operations Rule Book and Standard Operating Procedures.

The implementation of the Transport management system (TMS) and replacing the TRACCS system by TMS and SAP is now being utilised as new business tool for information and statistics to improve the company's operations.

The automation of the application, and leave and overtime processes were completed and this project was delivered successfully. This adds significant value to the company as well contributing to a reduction in cost for the company.

PROPERTY PORTFOLIO

Despite a downturn in terms of the economy and the TransNamib core business, there has been a 11% increase in the revenue earnings from the Property portfolio compared to the previous year. As the lack of cashflow continues, the inability to provide the much needed maintenance to some of the company's property has further deteriorated the condition of most of TransNamib property countrywide.

As part of the implementation of the ISBP, we have continued with the alienation project and the disposal of properties which is supposed to amount to N$150 million for the first phase. The Terms of Reference for the auctioning of the unencumbered non-core properties were approved by the Board on 8 July 2021 and have been communicated with the staff members. The public auctions will take place within the next financial year covering the public interest after TransNamib staff has been given the opportunity to provide their bids for the residential property.

Some of the main challenges impacting the management of the property includes:

- Human resource constraints hampering further increase of the efficiency.
- financial constraints hamper all areas of operations.
- The poor condition of our properties does not allow us to increase the rental rates.
- The prevailing property rental market also hampers the increase on ROI.
- The optimization of our properties is also delayed by the legal processes, delaying the repossession process.

Despite COVID-19 challenges, the Department managed to engage telephonically with most customers during this period under review. This, however, has negatively impacted the management and the relationships with our tenants countrywide.

STRATEGIC STAKEHOLDER ENGAGEMENT

Although we have managed to sign some rail transport agreements with customers during the past financial year, the financial challenge remains as the majority of the customers have not signed because they lack confidence in the service levels of TransNamib. This uphill battle requires more rolling stock capacity to ensure a more reliable rail service between stations and the customer premises.

Our weekly and monthly bulletins to the staff provide updated information about the company at their level and other levels as well. At the same time, a proactive strategy has been developed to engage the media to update them on various matters of TransNamib.

During this period, I have also served as the SARA (Southern African Railways Association) President from June 2021-June 2022 representing TransNamib. SARA is an association of railway companies and other stakeholders in the SADC region that promotes and lobbies rail transport. Some members of SARA include railway companies from Angola, Botswana, Democratic Republic of Congo, Eswatini, Mozambique, Namibia, South Africa, Tanzania, Zambia and Zimbabwe. The current SARA strategy addresses five strategic focus areas of advocacy and lobbying, infrastructure development, railway operations, resource mobilisation, marketing and publicity and safety.

MOVING FORWARD

The time lost in sourcing funds for the Integrated Business Plan for TransNamib, coupled with the impact of the COVID-19 pandemic has delayed the progress and development of TransNamib as a business entity. For the company to rebound and move forward, substantial support is needed from its shareholder as the company is not in a position to cover its required financial obligations.

It is, therefore, important that short to medium-term support is provided to TransNamib as a state-owned entity whilst the funding approved by the Development Bank of Southern Africa at the end of this financial year is being supported by the Government of Namibia.
With the increase of freight volumes by road, the Government must take a long-term approach to the recovery of TransNamib. And also support the shift of freight from road to rail, showing more support to rail infrastructure maintenance and rail operations.

Furthermore, I want to appreciate our loyal customers who have demonstrated their commitment towards TransNamib during this difficult period, our employees for their dedication and the Board for their support to the Executive team.

Lastly, I want to acknowledge the continued strategic and operational support from the Ministry of Public Enterprises and the Ministry of Works and Transport for ensuring that TransNamib continues to deliver rail services within Namibia.

Corporate Governance

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

Creating long-term value for our shareholder and creating a sustainable company requires a strong and solid governance foundation.

The TransNamib Board of Directors, established committees at the helm of setting the agenda for effective leadership and ethical practices.

By following the principles and guidelines specified in the NamCode and applying best practices in governance, the Board has committed to transforming TransNamib from a company with historical governance challenges to a leading business entity widely recognised for its active drive in good governance. In accordance with the Public Enterprises Governance Act (2019), the Board is the custodian of TransNamib's corporate governance, tasked with the responsibility 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.

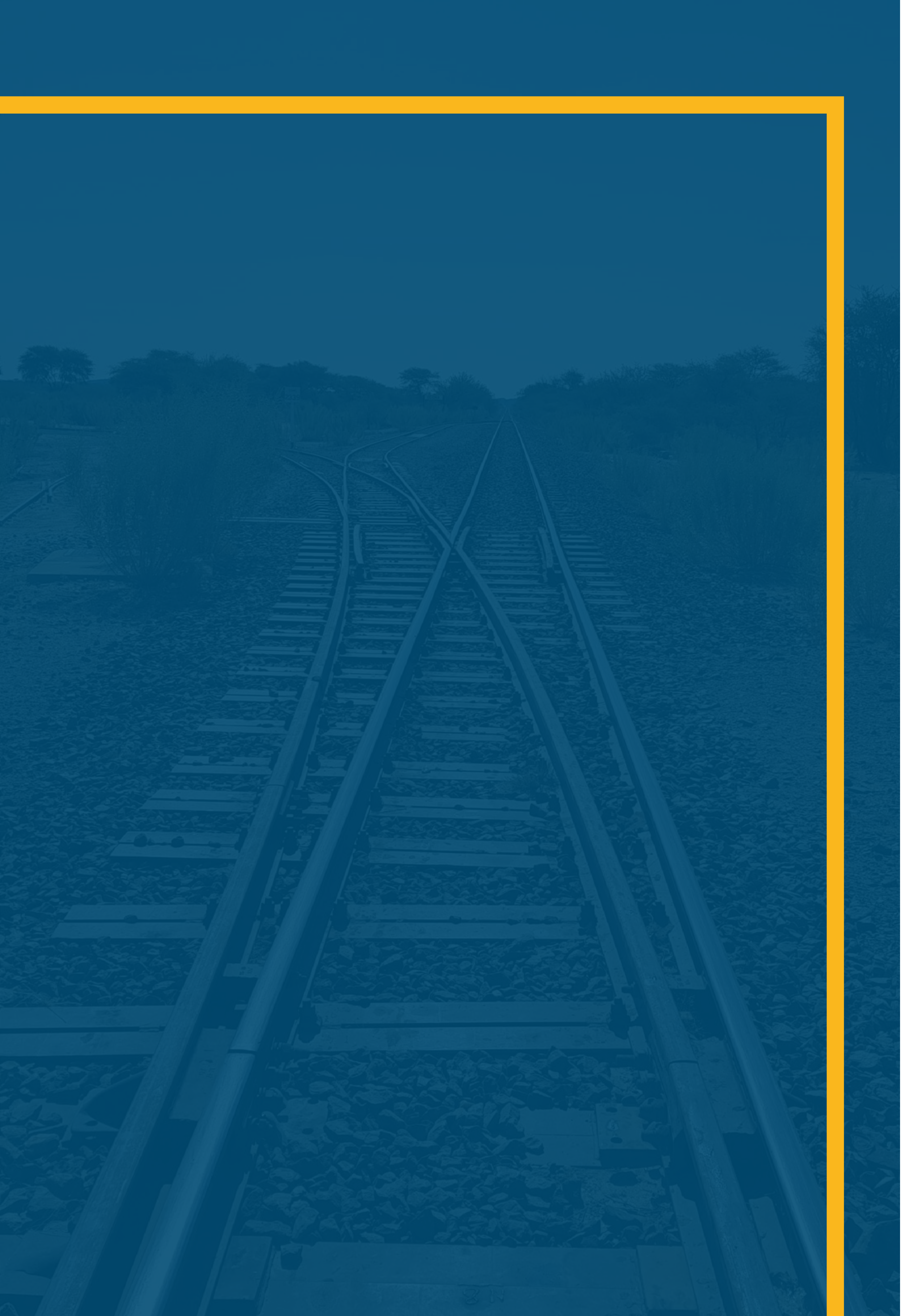
By publishing timely and accurate financial reports, the Board ensures that transparency is promoted at the company. With the re-organisation of the company being one of its goals, the Board has also committed to updating the company's policies to make them relevant and aligned with the industry's standards. Further, the Board is committed to ensuring that the policy information is easily accessible.

THE BOARD OF DIRECTORS

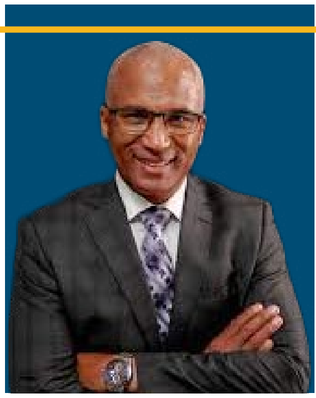
The Board of Directors are responsible for the control, supervision and direction of TransNamib.

The TransNamib Board of Directors embraces the corporate governance principles as inscribed in the National Transportation Services Act (No. 28 of 1998), the Public Enterprises Governance Act, 2019 and the best practices stipulated in the Corporate Governance Code for Namibia (NamCode).

The adoption of these governance principles is underpinned by a sound ethical foundation through effective leadership, oversight and management accountability.



Board Members



MR. LIONEL MATTHEWS (CHAIRPERSON)
Age: 58
Appointed: January 2022

Qualifications & Credentials:
Hons B.Compt, CA (Namibia), CA(SA), Executive MBA

ADV. SIGRID TJIJOROKISA (VICE-CHAIRPERSON)
Age: 55
Appointed: February 2019

Committee(s)
Engineering, Technology and Innovation (ETICOM)
Human Resources and Remuneration

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

MS. GAENOR C MICHAELS
Age: 46
Appointed: February 2019

Committee(s)
Audit
Properties, Commercial and Operations
Human Resources and Remuneration

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

MR. ERASTUS N IKELA (ENG)
Age: 58
Appointed: June 2019

Committee(s)
Properties, Commercial and Operations
Engineering, Technology and Innovation

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

DR. MICHAEL OCHURUB (PHD)
Age: 60
Appointed: February 2019

Committee(s)
Engineering, Technology and Innovation
Human Resources and Remuneration

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

MS. JOSEPHINE SHIKONGO
Age: 39
Appointed: February 2019

Committee(s)
Audit
Engineering, Technology and Innovation

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

MR. VINCENT K MBEREMA
Age: 64
Appointed: February 2019

Committee(s)
Audit
Engineering, Technology and Innovation

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

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.

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.
PROPERTIES, COMMERCIAL AND OPERATIONS (PROPCO) COMMITTEE	The Committee is responsible for overseeing the management and administration of the Company's immovable properties portfolio and provide guidance on the Marketing & Commercial Strategy and Operational Strategy of the Company.
HR COMMITTEE	The committee's main responsibilities lie in overseeing the human resources management as well as remuneration and performance related framework.
ENGINEERING, TECHNOLOGY AND INNOVATION (ETI) COMMITTEE	The committee oversees the company's overall strategic direction and investment in research and development, and technology initiatives. It also reviews and identifies specific technology and innovation matters that could significantly impact the company. The Committee is also responsible for facilitating the Board's oversight of the company's overall strategic direction and investment in research and development, railway infrastructure, rolling stock and technology initiatives that could have a significant impact on Company operations.

AUDIT COMMITTEE (AUDITCO)

NAME	TITLE
MS. J SHIKONGO	CHAIR
MS. G MICHAELS	MEMBER
MR. V MBEREMA	MEMBER

HR COMMITTEE (HR COM)

NAME	TITLE
DR. M OCHURUB	CHAIR
MS. G MICHAELS	MEMBER
ADV. S TJIJOROKISA	MEMBER

PROPERTIES, COMMERCIAL AND OPERATIONS COMMITTEE (PROPCO COM)

NAME	TITLE
MR. E IKELA	CHAIR
MS. G MICHAELS	MEMBER
MS. J SHIKONGO	MEMBER

ENGINEERING, TECHNOLOGY AND INNOVATION COMMITTEE (ETICOM)

NAME	TITLE
MR. V. MBEREMA	CHAIR
DR. M. OCHURUB	MEMBER
MR. E IKELA	MEMBER
ADV. S TJIJOROKISA	MEMBER

BOARD ATTENDANCE: (BOARD, COMMITTEE AND SPECIAL MEETINGS)

NAME	BM	SMB	AUDIT	ETI	HR	PROPCO COM
ADV. S TJIJOROKISA	4	1	-	4	4	-
MS. MICHAELS	4	1	3	-	3	4
MR. L MATTHEWS	-	1	-	-	-	
MS. SHIKONGO	4	1	4	-	-	4
MR. MBEREMA	4	1	4	4	-	-
DR. OCHURUB	4	1	-	4	4	-
MR. IKELA	4	1	-	1	-	4

BOARD ATTENDANCE: (BOARD, COMMITTEE AND SPECIAL MEETINGS)

NAME	BOARD RETAINERS	SITTING FEES	PAYE
ADV. S TJIJOROKISA	166,211.42	103,718.11	49,725.38
MS. MICHAELS	182,953.56	83,500.98	50,651.90
MR. L MATTHEWS	17,154.28	14,372.65	7,435.58
MS. SHIKONGO	168,278.04	87,602.55	46,058.80
MR. MBEREMA	168,278.04	87,602.55	46,058.80
DR. OCHURUB	168,278.04	87,602.55	46,871.57
MR. IKELA	138,365.52	73,315.14	38,102.67
TOTAL	1 009 518.90	537 714.53	

COMPANY SECRETARIAT FUNCTION

The Company Secretary, Ms. Helvi Haludilu, is the primary point of contact between the Board of Directors and the company, and advices 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 their functions efficiently and effectively. The Company Secretary also prepares Annual Work Plans for the board of directors and its committees in conjunction 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' decision-making and that the Board resolutions are communicated throughout the company in a timely and appropriate manner.

SECTION 4
OUR OPERATING CONTEXT

Highlights of the year

June 2021

TRANSNAMIB CEO ASSUMES ROLE AS PRESIDENT OF THE SOUTHERN AFRICAN RAILWAYS ASSOCIATION (SARA)

On the 29th of June 2021, during the first annual board meeting for the Southern African Railways Association (SARA) , TransNamib's Chief Executive Officer John Smith accepted the nomination to become the association's president for the next (12) months.

SARA is an association of railway companies and other stakeholders in the SADC region that promotes and lobbies rail transport. Some members of SARA include railway companies from Angola, Botswana, Democratic Republic of Congo, Eswatini, Mozambique, Namibia, South Africa, Tanzania, Zambia and Zimbabwe. The current SARA strategy addresses five strategic focus areas of advocacy and lobbying, infrastructure development, railway operations, resource mobilisation, marketing and publicity and safety.

September 2021

NAMCOR AND TRANSNAMIB SIGN A HISTORIC AGREEMENT TO MOVE MORE PETROLEUM PRODUCTS BY RAIL

On Monday, the 6th of September, TransNamib and the National Petroleum Corporation of Namibia (NAMCOR) signed a Rail Transport agreement for TransNamib to transport more petroleum products by rail. The Rail Transport agreement comes after the two companies recently signed a Memorandum of Understanding (MoU) to promote a strategic partnership that will strengthen capacities for rail transport and distribution of fuel commodities.

The Rail Transport Agreement will enable TransNamib to transport over 3,600 tonnes of petroleum products per month for NAMCOR for a period of five years. The rail transport agreement between the two entities is a milestone for TransNamib. It is the first time TransNamib signs a rail transport agreement with a fuel company since it was established.

Highlights of the year

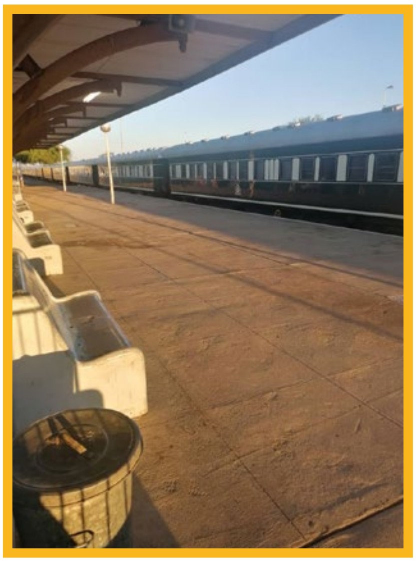
November 2021

FUEL TRANSPORTATION BY RAIL BOOSTED

In a span of a few months, TransNamib signed its second Rail Transport Agreement with a petroleum company to move more petroleum products by rail.

On Thursday, the 4th of November 2021, Puma Energy Namibia and TransNamib signed a 5-year agreement to move more than 4,800 tonnes of petroleum products per month for the petroleum giant. The agreement, which also includes key performance indicators, will allow TransNamib to provide a more reliable transport service for the petroleum company and ensure an increase in the volumes of fuel being transported by rail at the same time.

March 2022



TRANSNAMIB GROWS THE RAIL TOURISM BUSINESS

TransNamib experienced a revival of rail tourism after the sector was massively hit by the COVID-19 epidemic. The sector was heavily impacted by the pandemic as the restrictions of movement saw fewer tourists visiting Namibia. As a result, TransNamib's ability to run tourist rail passenger services was heavily influenced and negatively affected.

In March 2022, Rovos Rail embarked on its first ten-day bi-annual Namibian safari roundtrip. This is an around-the-country roundtrip and the the last one took place in 2019. The 18-coach vintage train is considered the pride of Africa on wheels. The Society of International Railway Travellers (IRT) has consistently rated Rovos among the top five luxury trains in the world. The train is owned by Rohan Vos and its headquarters is at the Capital Park Station in Pretoria, South Africa. That is where the ten-day journey starts.

March 2022

TRANSNAMIB RECEIVES CONFIRMATION OF FUNDING

Development Bank of Namibia (DBN) and Development Bank of Southern Africa (DBSA) have confirmed a loan of about N$2.6 billion finance for TransNamib.

The loan will be used for remanufacturing of rolling stock, acquisition of new rolling stock, modernisation of the TransNamib Workshop, and the upgrading of signalling equipment, including spares and associated equipment.

December 2022

TRANSNAMIB IMPROVES IN PUBLIC ENTERPRISE RANKING

TransNamib has improved its public enterprise ranking. The company has moved from 15th place to 13th place. The improved score was a result of increased and improved communication by TransNamib.

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 constant communications. 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 consistent and quality service is how we will achieve our Integrated Strategic Business Plan's objectives.

Our strategy for maintaining customer relationships is to offer them the right solutions for their businesses and provide them with relevant and timely information. As our clients evolve, and their needs evolve so TransNamib must also evolve. Our primary tool in managing relationships with our clients is to provide prompt and effective communication.

Our business approach is collaborative, so we are constantly engaging our customers. Our customers need to be aware of the issues that affect our business at all times.

OUR COMMUNITIES

Our operations directly impact the communities we operate in and 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 an ongoing process that aims to help build up an understanding of the company's position. Creating public confidence in TransNamib once again is a process that involves various stakeholders as well. Through the media, we hope to have a greater reach and a greater audience. We also hope to give them access to information that will help them understand how TransNamib operates, our achievements and challenges as well.

BUSINESS COMMUNITY

Building our reputation involves getting the business community we operate in to trust our brand. Therefore, we are driven to build, maintain and enhance the business community's confidence in our company.

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.

KEEPING TRANSNAMIB ON TRACK BY MANAGING OUR RISKS

Risk is an inherent part of conducting business. While it is impossible to identify, anticipate and eliminate every risk, TransNamib has put control measures in place to proactively and continually identify and prepare for risks.

We rely on internal controls and mitigation strategies to reduce inherent risks to an acceptable level.

Annually, TransNamib conducts a detailed risk analysis across business units to identify and assess factors that could negatively affect the success of the operations.

Risk awareness involves raising understanding within the company of what risks exist and their potential impact. By having a greater understanding of specific risks, leaders, managers, supervisors, and staff will be able to understand their accountability.

The company's approved Risk management (ERM) framework aligns our strategy, processes, people and technology with the purpose of evaluating and managing the uncertainties we could face in the operation of our business.

Our risk governance processes, which include monitoring and oversight of each risk identified is based on our defined methodology as per the COSO framework. The current process of monitoring the current risks is ongoing.

TRANSNAMIB'S TOP 10 RISKS ARE:

RISK NO	RISK TITLE	FINAL RATING	RISK MOVEMENT
1	LACK OF SPARES	16	↓
2	LACK OF EQUIPMENT	16	↓
3	INADEQUATE SECURITY AT ALL WORKSHOPS	16	↓
4	AGING HARDWARE	25	→
5	LOSS OF TOP BUSINESS CLIENTS	25	→
6	UNCOMPETITIVE REMUNERATION STRUCTURES	25	→
7	OVERSTAFFING	25	→
8	RELUCTANCE TO CHANGE ORGANISATION CULTURE	25	→
9	REGULATORY COMPLIANCE	25	→
10	UNAVAILABILITY OF WORKING CAPITAL	25	→

SUSTAINABLY DRIVEN

Sustainability is central to our purpose of creating a strong rail network that complements the government's objectives of being an interconnector in the movement of products in the region.

TransNamib plays a critical role in the country's transport system and Namibia's ability to become a key logistics hub. As the guardians of the rail corridor, TransNamib has a responsibility to protect the company and the communities we operate in.

Since independence thirty years ago, rail has taken a backseat to the road in terms of getting infrastructural investment. The impact of this is presently felt throughout TransNamib, causing safety-related challenges and concerns. The company has been transparent about the difficulties it faces with outdated rolling stock and the poor condition of the railway infrastructure. Ultimately, this all plays into the safety challenges faced by TransNamib in its operations.

As an income-generating company, TransNamib utilises its resources as optimally as possible. However, the company continuously faces the challenges that come with the deteriorating rail infrastructure and the rolling stock.

In addition, TransNamib also faces challenges caused by natural elements such as sand, heat and rain. These elements all affect the railway infrastructure in various ways. This highlights the fact that are many moving parts to ensuring that our operations run smoothly. However with its current safety challenges, when compared to other Rail Operators in Southern Africa, TransNamib does not feature anywhere in the top categories of the 2020 SARA Railway Accidents & Incidents Statistical Report.

The main contributing factor to rail accidents is the condition of the company's rolling stock and the railway line. Some of the rolling stock is over 50 years old. Such aged rolling stock is likely to cause breakdowns and cause derailments.

Some sections of the railway line are so old that speed restrictions go down to as slow as 10-15 kilometres per hour. Unfortunately, there has been a delay in the company procuring newer rolling stock due to delays in the process of sourcing funds. TransNamib has also experienced a drastic reduction in funding from the government for the past few years which has contributed to the poor state of the rolling stock. With a shortage of funds, the rolling stock has not been well maintained.

Additionally, the lack of a Railway Safety Regulator to oversee and promote safe railway operations through appropriate support, monitoring and enforcement, guided by an enabling regulatory framework is also contributing to the current state of affairs. In the absence of a Safety Regulator, TransNamib is forced to play a dual role of overseeing the safety of railway transport while at the same time being responsible for managing the safety of its operations as a Rail Operator.

SPEED RESTRICTION INDICATIONS

SPEED RESTRICTIONS VARY BETWEEN
15 KM/HR
& 40 KM/HR

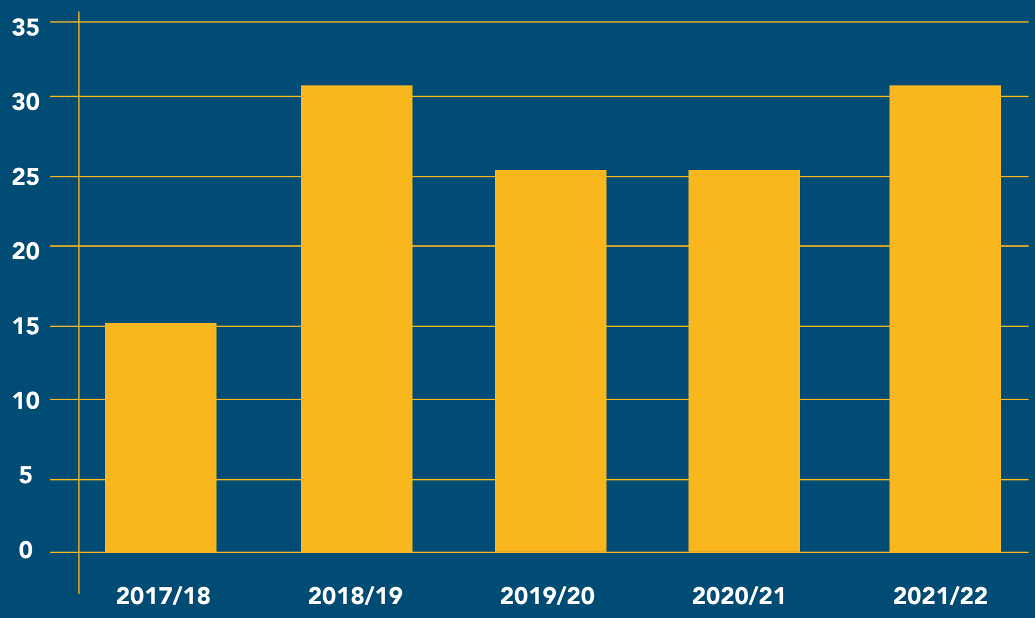
8 SECTIONS
UNDER SPEED RESTRICTION

KEY

- 18.5 TONS AXLE LOADING STANDARDS
- 16.5 TONS PER AXLE LOAD; SOME SECTIONS HAVE SPEED RESTRICTIONS
- (BETWEEN 11.5 AND 15 TONS/AXLE LOAD) AND SPEED RESTRICTIONS

LOST TIME INJURIES

MONTH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER REGION
CENTRAL	4	1	2	3	3	0	0	1	2	1	2	1	20
NORTH	0	0	0	0	0	0	1	0	0	0	0	0	1
WEST	0	0	1	1	0	2	0	1	0	0	0	0	5
SOUTH	0	1	0	0	0	1	0	1	0	2	0	0	5
TOTAL	4	2	3	4	3	3	1	3	2	3	2	1	31



	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	16	31	27	27	31

VEHICLE ACCIDENTS

The majority of incidents related to vehicles were windscreen damages caused by flying stones caused by passing vehicles.

MONTH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER REGION
CENTRAL	0	0	0	0	1	0	0	3	1	0	0	1	6
NORTH	1	0	0	0	0	0	0	0	0	0	1	1	3
WEST	2	0	2	0	0	2	0	1	1	0	0	1	9
SOUTH	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	3	0	2	0	1	2	0	4	2	0	1	3	18

VEHICLE ACCIDENTS

2021/2022	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER REGION
MAINLINE ACCIDENTS	0	2	1	2	1	1	1	2	1	3	2	0	16
YARD ACCIDENTS	1	2	3	4	1	6	2	4	0	1	0	6	30
LEVEL CROSSING	2	0	1	0	1	1	0	2	0	0	2	2	11
MAINLINE COLLISION	0	1	0	0	0	0	0	0	0	0	0	0	1
YARD COLLISION	0	0	0	0	0	0	0	0	0	0	0	0	0
RUN-AWAY WAGONS	1	2	2	1	0	0	0	1	0	1	0	0	8
PUBLIC INJURED	2	0	1	0	1	0	0	0	0	0	1	3	8
PUBLIC FATAL	0	0	0	0	0	0	0	0	0	0	0	0	0
DAMAGED INFRASTRUCTURE	1	1	2	0	3	0	1	0	0	1	1	0	10
TOTAL	7	8	10	7	8	8	4	9	1	6	6	11	85

A total of 85 rail accidents were reported during the period under review. Most accidents are operational and of an internal nature. Thus the SHE Section has developed training material to focus on the TransNamib Rules and Regulations for Safe Train Operations, also referred to as the "Rule Book".

The objective of this training is to provide guidance and promote safe rail operations to ensure compliance to Industry rules and rail safety standards. This training was conducted in all the regions and a Rail Safety Plan has also been developed to conduct other activities during the 2022/23 financial year.

The Train Operations Department continue to provide Refresher Training for Drivers and their Assistants. A serious drive on safety included implementing some initiatives on the Annual Rail Safety Awareness Campaigns Plan. Apart from the Rule Book Training and Refresher training for drivers and their assistants, the plan also contains amongst others; the revision/ establishment of Safety Committees; Internal Safety Training, Safety Audit Inspections; Wellness Sessions; Rail Safety Talks on various platforms; Strategic Partnership to promote Rail Safety; Ensuring Regular Inspection of the Railway line; Activities on National Radio /Television and Promoting Level Crossing Day and Rail Safety Week.

The table below presents a list of major accidents during the period under review. Most of the accidents were caused by either the poor condition of the rail infrastructure or worn-out state of our rolling stock.

The Management has been engaging the Ministry of Works and Transport, and there are ongoing projects such as the Walvis Bay-Kransberg project, to rehabilitate the network.

DATE	ACCIDENT/INCIDENT	IMMEDIATE CAUSE
17 APRIL 2020	Mainline Derailment – Platveld/Okaputa	Broken Rail.
07 DECEMBER 2020	Mainline Derailment – Paresis/Otjiwarongo	Broken Rail
25 MAY 2021	Run-Away & Mainline Derailment – Brakwater	No Adherence to The Rules & Regulations of Securing Cargo.
28 MAY 2021	Train Collision and Derailment – Kransberg	No Adherence to The Rules & Regulations of Admitting Trains at A Station.
25 JULY 2021	Mainline Derailment – Okomukandi/Platveld	Broken Rail
10 SEPTEMBER 2021	Mainline Derailment - Buchholzbrunne And Guibes	Speed & Fatigue
19 DECEMBER 2021	Run-Away Locomotive and Derailment – Swakopmund	Non-Operational Vigilance Device.
14 JANUARY 2022	Mainline Derailment Guibes – Schakkalskuppe	Wash-Away.
20 JANUARY 2022	Mainline Derailment - Kilo 67 – Wortel	Wash-Away.
01 FEBRUARY 2022	Mainline Derailment - Kombat – Uchab	Wash-Away.

TYPE OF ACCIDENT	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL	%
Damaged infrastructure (Mainline)	3	3	0	3	6	15	58%
Human Error / Negligence	2	2	4	1	2	11	42%
Mainline accidents	5	5	4	4	8	26	100%

2022 AUDITS

Q1 2022 AUDITS

ACCIDENT/INCIDENT	STATUS	DUE DATE	COMMENTS
Debt Collection Management		Q1 2022	• Discrepancies between fuel transactions captured and fuel revenue reported • Volumes moved not corresponding with Volumes Reported • Fuel transactions captured incorrectly
Business Development Management		Q1 2022	• No approved guidelines for discounted rates • No annual escalation in Standard Rates • Lack of Coordination between Commercial & Marketing and Operations

Q2 2022 AUDITS

ACCIDENT/INCIDENT	STATUS	DUE DATE	COMMENTS
Carriage, Wagons, and Locomotives Management Audit		Q2 2022	• Locomotives not availed on time for Scheduled Maintenance • Locomotive Spare parts not managed effectively • No Annual Maintenance Plan for Carriage and Wagons

Q3 2022 AUDITS

ACCIDENT/INCIDENT	STATUS	DUE DATE	COMMENTS
Industrial Relations Audit		Q3 2022	• Cases dismissed due to insufficient evidence gathered • Long outstanding and Delayed Disciplinary Cases • No awareness training for new employees
Fleet Management Audit			• Delayed Maintenance on Transnamib Fleet • Ineffective Supervision on Log books • No effective controls around fuel cards

Q4 2022 AUDITS

ACCIDENT/INCIDENT	STATUS	DUE DATE	COMMENTS
Sales & Marketing Audit		Q4 2022	• No Approved Policies and Procedures for Sales and Marketing Activities • No documents to support Sales Targets and Forecasting • No Contracts with Major Transnamib Clients
Walvis Bay – Kranzberg Operations Audit		Q4 2022	• Delayed Turnaround times of Locomotives • Shortage of Train Drivers • Lack of capacity at Walvisbay Operations

HEALTH AND SAFETY

The reporting of the health & safety performance of the company intends to provide insight into the organisation's initiatives towards providing a safe and healthy environment. These guidelines are upheld despite the cashflow, infrastructural and operational challenges that TransNamib faces.

COVID-19 STATISTICS

COVID-19 Measures Adopted
The following measures were adopted to manage the spread of COVID-19 at the organisation and across the country:

- Daily Checklist:
- Wearing of Masks
- Essential COVID-19 Personal Protective Equipment (PPE)
- Staff were urged to have all metings online, where possible.
- Where possible and practical, staff were encouraged to work from home. HODs were also urged to consider adopting a shift-based system to reduce exposure.
- For non-office staff, HODs are requested to adopt appropriate work schedules to reduce exposure and ensure business continuity.

REGION	POSITIVE	DEATHS
CENTRAL	64	7
NORTH	7	1
WEST	20	1
SOUTH	10	4
TOTAL	101	13

LOOKING FORWARD

Safety for our people and the communities we operate in is our top priority. In order to enable safe passage of our customers' goods, it is imperative to consider the condition of the rail. Just like road surfaces, track gets worn from constant daily use.

A track that is too worn risks failing under the stress of trains passing over It. So services can sometimes be slowed down until the railway can be rehabilitated. While speed restrictions severely curtail the company's ability to operate efficiently, it is a necessary safety measure. More than 50% of the railway lines that TransNamib currently operate on do not meet the minimum Southern African Development Community (SADC) stipulated standard of 18.5 tons/axle load.

TransNamib continues to closely engage the government, the owner of the national rail infrastructure and TransNamib's sole shareholder, to lobby and advocate for essential investments in rail infrastructure. Simultaneously, the company has put the spotlight on safety to create an internal culture focused on safety in terms of operating equipment.

SECTION 5
RAILING IN THE RIGHT DIRECTION

Executive Management Team

JOHNY M. SMITH
CHIEF EXECUTIVE OFFICER (CEO)
Date appointed - February 2018

CORNWELL CHADYA
EXECUTIVE: FINANCE
Date appointed – February 2020

MBERIPURA HIFITIKEKO
EXECUTIVE: CORPORATE SERVICES
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

ZEBBY MUKUNGU
(ACT) EXECUTIVE:
COMMERCIAL AND MARKETING

IGNATIUS ENDJALA
(ACT) EXECUTIVE: ENGINEERING
& TECHNICAL SERVICES

BREAKTHROUGH FINANCIAL PERFORMANCE

Managing our financial capital

Despite challenging operational challenges, TransNamib's revenue increased by N$13 million to a total of N$469 million. This was mainly driven by an increase in freight revenue, which increased by N$9 million. Operating costs increased by N$83 million to N$812 million as a result of increased fuel prices, and locomotive lease rentals.

Other income also increased from N$ 317 million to N$394 million. The increase in other income was due to the loan written back of N$ 166 million, funding received from the shareholder, released to the Income Statement, and adjustments to record the benefit in the purchase of the remainder of the shares in the Swakopmund Hotel. The company also received N$39 million in insurance proceeds for derailed rolling stock during the period. As a result of the above, a total comprehensive profit of N$88 million was released compared to the loss of N$ 334 million in the prior period.

The company's cash flow situation continues to be critical, with no new credit lines secured during the period. TransNamib heavily relied on internally generated cash flows, and support from the shareholder to sustain its operations. Spending on critical repairs and maintenance increased during the period, at the back of the funding from the Government. Both the debtors and creditors periods deteriorated during the period, further worsening the credit credit score of the company.

OPERATING RESULTS

An operating profit of N$48 million (2021: operating loss of N$214 million) was generated during the accounting period. This profit was underpinned by a 2% increase in freight income. Government grants increased by 10% to N$135 million (2021: N$123 million).

Operating costs increased by 11% to N$812 million. The increase in operating costs was mainly due to higher fuel prices and consumption which resulted in fuel and lubricants increasing by a 22% increase to N$146 million during the year. Repairs and maintenance was spurred by the funding received to purchase spare parts resulting in a 88% increase to N$43 million.

Cash flow from operations worsened with 55% to N$80 million. Financing cash flows was boosted by shareholder support. This resulted in cash flows from financing increasing by 96% to N$219 million.

Overall, the balance sheet size increased by N$48 million. This was driven by increase in investment properties of N$40 million. Creditors increased by N$151 million to N$550 million (2021: N$399 million).

The company consolidated the results of Swakopmund Station Hotel for the first time during the current financial year. This transaction resulted in gains being recognised on this transactions of N$50 million in total, due to the fair value of the underlying assets acquired, as well as claims sold to Transnamib by the previous shareholders.

THE WAY FORWARD

The Government has made provision of N$523 million in the 2023-2025 MTEF period, commencing with N$175 million in the 2023 financial period. In the short term, shareholder support will be required to address the critical rolling stock spares. A plan to revive 14 staged locomotives was approved by the board after the end of the year, whilst funding for railway infrastructure and wagons was also availed from the secured government funding. These interventions will sustain Transnamib operations until 2026 when the first long term funded new locomotives are forecasted to be received.

Transnamib has signed the loan agreement with the Development Bank of Southern Africa to the tune of N$2.159 billion. A term sheet was also concluded with the Development Bank of Namibia for an additional N$500 million long-term loan.

With this funding secured, urgent steps will be taken to improve operational efficiencies, especially in the operations and engineering departments by availing rolling stock spare parts and some limited repairs and maintenance on the permanent way.

Efforts to secure customers through rail transport agreements improved after year-end, with a number of customers signing contracts with the company for the first time in its operating history.

The company is pursuing close cooperation with the Central Procurement Board and the Ministry of Finance after year-end. This will smoothen the procurement of several planned capital projects which are to be funded from the long-term loans secured by the company after the end of the year.

Trustworthy Customer Experience

During the year under review, TransNamib continued to experience unprecedented micro and macro environmental challenges that severely impacted its operations. The COVID-19 pandemic which arrived on Namibian shores in 2020, continued to wreak havoc on businesses locally and globally.

The company's continued cash flow challenges and its limited resources in terms of rolling stock significantly impacted TransNamib's ability to move the freight as needed in order to transform the business. In order to build a 'trustworthy customer experience', TransNamib needs to fulfill customers' daily requirements by constantly anticipating their evolving rail transport logistical demands and needs in a highly volatile and competitive business environment.

Impediments, such as outdated rolling stock and rail infrastructure continue to interfere with TransNamib's business operations. However, the company has continued to prioritise utilising its limited resources to build and maintain a trustworthy customer experience.

PASSENGER SERVICES

During the year under review, TransNamib's capacity to provide passenger services was heavily influenced by COVID-19 as well as its challenges with equipment.

Unable to provide reliable passenger services due to compromised railway infrastructure and equipment, TransNamib strategically decided to reduce its passenger services to key periods of the year.

The people of Namibia have a legitimate expectation of public rail services. Hence the company is focused on increasing its rolling stock capacity to provide a safe, affordable, and reliable transport service to Namibians.

TN F22: STARLINE PASSENGER SERVICE (RAIL): NO OF PASSENGERS

MONTH	F22
APRIL	-
MAY	-
JUNE	-
JULY	-
AUG	-
SEPT	-
OCT	-
NOV	-
DEC	163
JAN	-
FEB	-
MAR	-
TOTAL	163

FREIGHT SERVICES

TransNamib's core business is to provide rail transportation of break bulk commodities from station to station. The company's logistical capability to move bulk freight goods over long and uninterrupted safe distances throughout the country gives our business its distinctive competitive and collaborative advantage.

Our rail transport services are spread across many industries including Bulk Fuel, Bulk Liquid, Agriculture, Building Materials, Mining, Containerised Business and General Cargo.

Namibia's geographically strategic location on the southwest 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 year was a difficult for TransNamib, which was preceded by an even more challenging financial year the year prior.

The adverse effect of COVID-19 continues to be evident in our commercial performance. Additionally, a varied number of micro and macro environmental factors such as COVID-19 lockdowns, prolonged heavier rainfall, major rail accidents and disrupted rail service delivery in the south, central, coastal and northern regions.

While the company was inundated with financial and operational challenges for much of the year, TransNamib continued to focus on laying the tracks for the future by implementing crucial projects that would significantly boost the company's freight volumes and revenue in the next financial period.

We continued to operate with a clear understanding that while organisational resources are limited, the re-alignment of those resources was key for the company's continued survival and transformation.

To boost the company's road-to-rail strategy, TransNamib identified key stakeholders in the road sector to drive engagement on combined logistics solutions.

A collaborative network and synergies with value chain partners remain crucial in providing a one-stop competitive rail transport logistics solution.

Pivotal to the transformation of TransNamib is the strengthening of its customer engagement to drive a robust customer experience. During this financial period, TransNamib continued to promote customer engagement with the continued flow of information.

Understanding our customer's need to have 24/7 service accessibility, availability and visibility, it is critical that TransNamib continuously communicates with its key stakeholder – it's customer base with its customers.

Despite the operational challenges that plague TransNamib, it is essential that we continuously engage with our customers about our challenges as well as opportunities to move their bulk freight throughout the country.

ACTUAL VS BUDGET: REVENUE

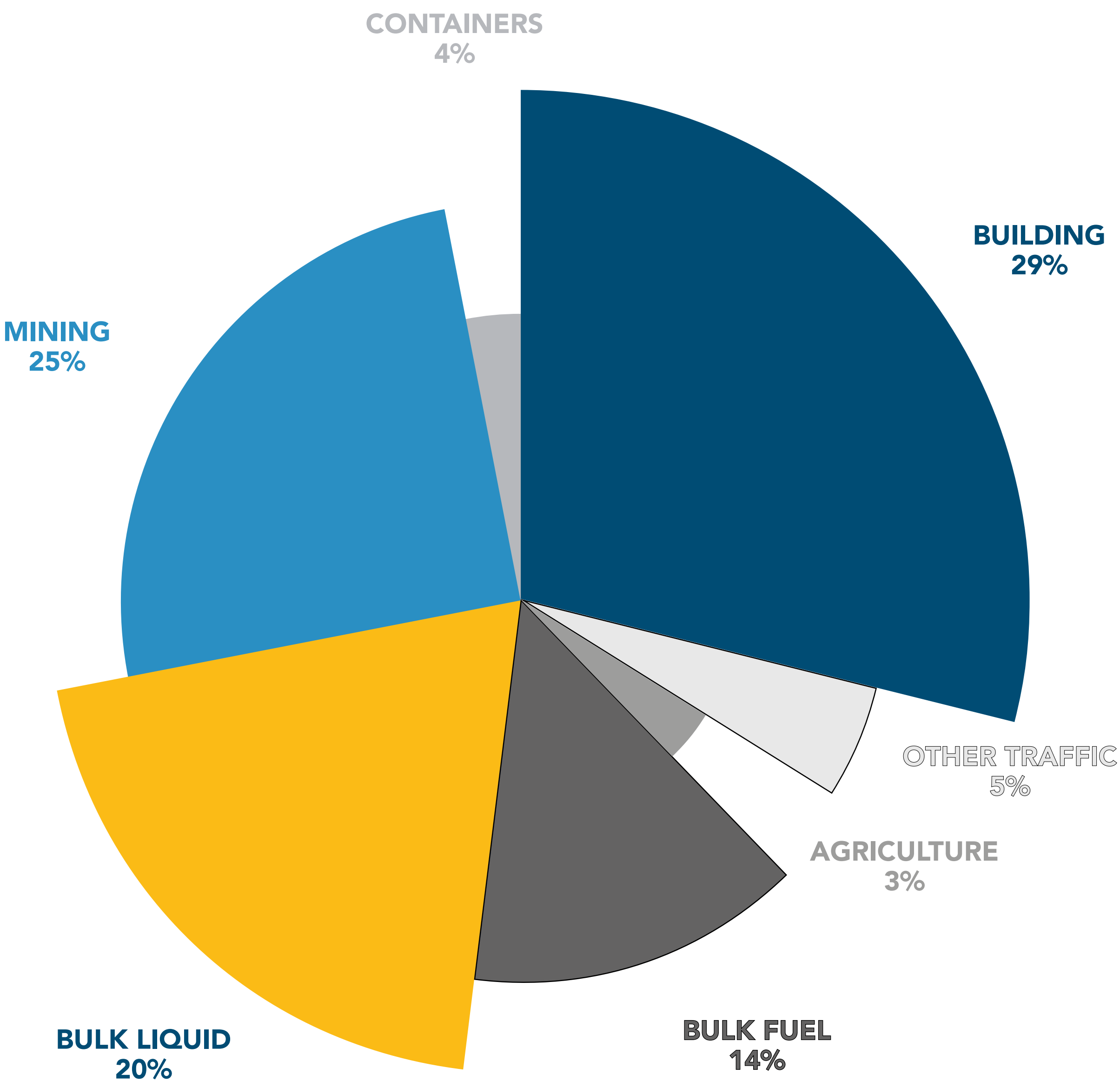
SECTOR	ACTUAL F22	BUDGET F22	% DEV F22 ACTUAL VS BUDGET
MINING	100,640,476	220,839,645	-54%
AGRICULTURAL	10,136,498	23,400,233	-57%
BUILDING	57,202,882	48,246,782	19%
OTHER TRAFFIC	22,779,667	49,565,486	-54%
CONTAINERS	17,116,009	29,611,822	-42%
BULK FUEL	113,696,938	213,699,231	-47%
BULK LIQUID	88,626,479	100,000,581	-11%
FREIGHT REVENUE	**410,198,949**	**685,363,779**	**-40%**
STARLINE PASSENGERS	23,747	-	0%
DESERT EXPRESS	-	3,034,000	-100%
SPECIAL TRAINS	1,725,052	3,850,000	-55%
PASSENGER SERVICE REVENUE	**1,748,799**	**6,884,000**	**-75%**
PROPERTIES	52,934,659	57,714,565	-8%
PROPERTIES REVENUE	**52,934,659**	**57,714,565**	**-8%**
TOTAL OPERATING REVENUE	**464,882,407**	**749,962,344**	**-38%**

REVENUE: YEAR ON YEAR COMPARISON

SECTOR	F21	F22	% DEV F22 VS F21
MINING	94,371,464	100,640,476	7%
AGRICULTURAL	14,875,380	10,136,498	-32%
BUILDING	67,095,997	57,202,882	-15%
OTHER TRAFFIC	8,314,884	22,779,667	174%
CONTAINERS	24,273,023	17,116,009	-29%
BULK FUEL	125,443,601	113,696,938	-9%
BULK LIQUID	71,342,276	88,626,479	24%
FREIGHT REVENUE	**405,716,625**	**410,198,949**	**1%**
STARLINE PASSENGERS	693,879	23,747	-97%
DESERT EXPRESS	929,957	-	-100%
SPECIAL TRAINS	-	1,725,052	0%
PASSENGER SERVICE REVENUE	**1,623,836**	**1,748,799**	**8%**
PROPERTIES	49,964,374	52,934,659	6%
PROPERTIES REVENUE	**49,964,374**	**52,934,659**	**6%**
TOTAL OPERATING REVENUE	**457,304,835**	**464,882,407**	**2%**

Despite ongoing operating challenges, TransNamib has managed to slightly increase its operating revenue. While still not at the required level, the consistency is the evidence of TransNamib's resilience during challenging local and global market conditions.

DISTRIBUTION OF RAIL TONNAGE

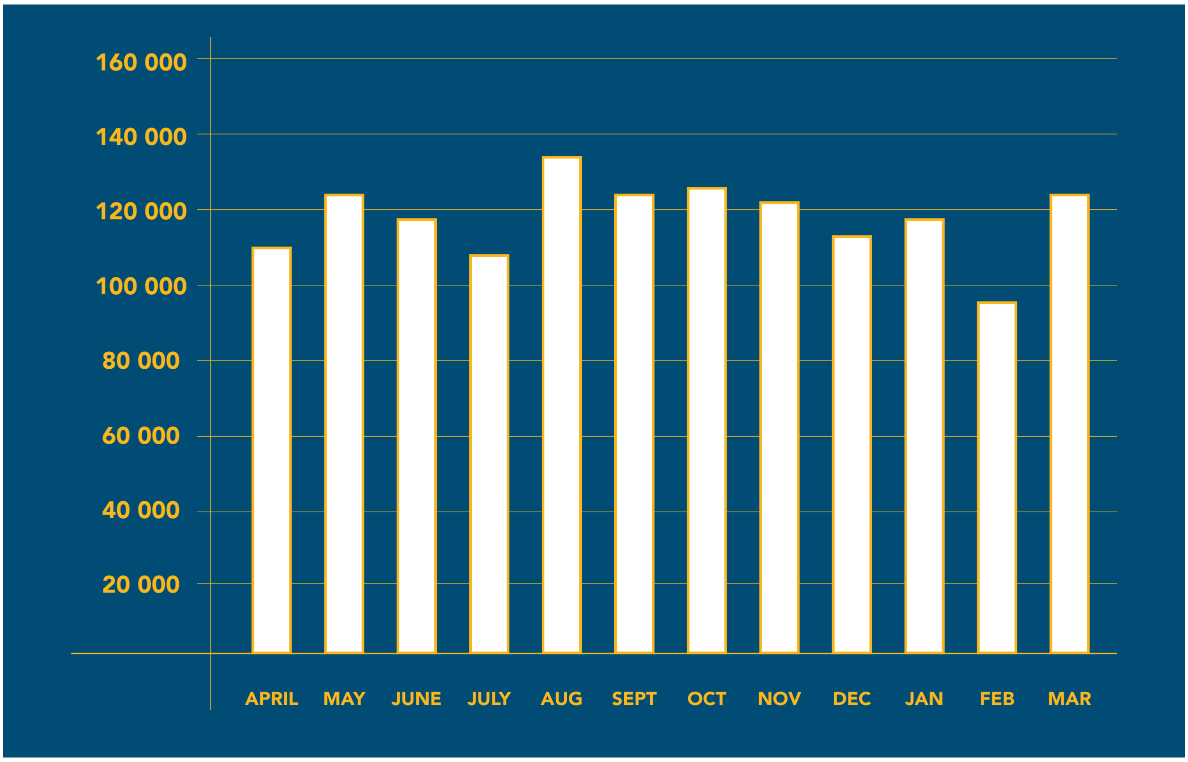


SECTOR	F21	F22	% DEV F22 VS F21
BUILDING	416,015	373,843	11%
MINING	354,411	964,071	-63%
BULK LIQUID	276,990	348,041	-20%
BULK FUEL	202,442	364,059	-44%
OTHER TRAFFIC	62,760	83,125	-24%
CONTAINERS	61,361	100,577	-39%
AGRICULTURAL	41,374	88,197	-53%
TOTAL FREIGHT	**1,415,353**	**2,321,913**	**-39%**

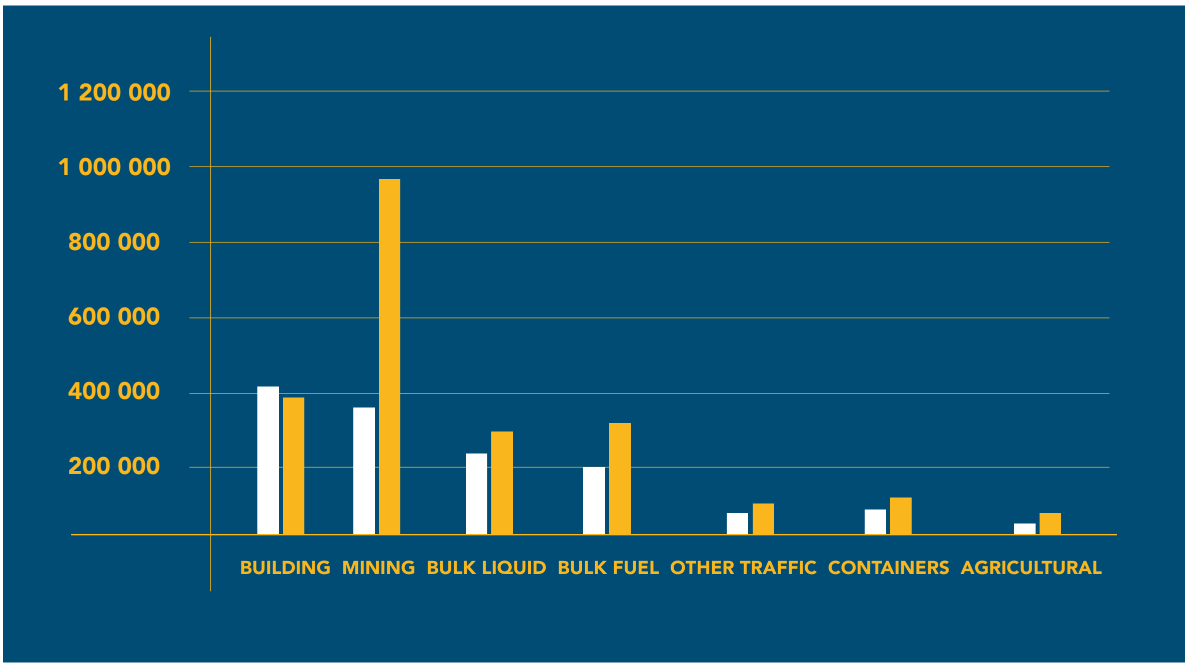
VOLUME (NET TON)

MONTH	VOLUME (NET TON)
APRIL	112,231
MAY	123,098
JUNE	117,829
JULY	110,889
AUG	134,100
SEPT	123,279
OCT	124,581
NOV	122,938
DEC	111,165
JAN	116,315
FEB	95,348
MAR	123,575
TOTAL FREIGHT	1,415,348

MONTHLY TONNAGES MOVED



RAIL FREIGHT TON PERFORMANCE



IMPROVING EFFICIENCIES:

During the period under review, the average trip times variance was less than a day. Locomotives were utilised to their full ability during the period under review. However, ability does not equate to reliability.

TransNamib continues to struggle with the breakdown of locomotives. On average, a portion of the locomotives that are available per day break down. The wagons are placed at the customer's site for loading and offloading. This loading and offloading method, however, is not efficient and causes delays, increasing the company’s turnaround days.

TransNamib has allocated specific wagons to the respective customers and has launched a project to install tracking devices on wagons to improve the wagons' turnaround times as well as enforce prompt loading and offloading of our wagons based on the orders placed.

AVERAGE NUMBER OF LOCOMOTIVES AVAILABLE PER WEEK

2020-2021

30

2021-2022

37

	AVERAGE LOCOS AVAILABILITY	NUMBER OF LOCOS REQUIRED	AVERAGE RELIABILBITY %
APRIL - JUNE	31		65%
JULY - SEPTEMBER	31	55	
OCTOBER - DECEMBER	25	55	55%
JANUARY - MARCH	27	55	55%

The number of available locomotives continues to affect TransNamib's ability to deliver the volumes needed to ensure the sustainability of the company. The company's current capacity is less than half of what is required to deliver the amount of volumes needed. In addition, the reliability of the locomotives also hampers TransNamib's availability to provide a reliable service to our customers. A reliability rate of only 55%, defective locomotives, heavily influences the company's ability to deliver the right products at the right time, and the consistent breakdown of our rolling stock causes late departures and safety incidents.

NUMBER OF KILOMETRES TRAVELLED

2020-2021

1 635 557

KM

LOOKING AHEAD

TransNamib has identified over 40 strategic projects with the potential to bring in new business for the company to a tune of over 5 million tons.


EK STATION

ORGANISATIONAL EXCELLENCE

Spotlight on infrastructure investment

A robust rail connection is a necessary component of the plan to turn Namibia into a logistics hub and will result in improved cargo transportation, increased trade, and more revenue for Namibia.

The Ministry of Works & Transport has invested heavily by upgrading the railway line between Walvis Bay and Kranzberg. This service provided to the transport value chain is critical to achieving the government's objectives of capturing a large share of transit volumes to the SADC region and making Namibia a gateway and connector to global markets.

The Walvis bay Kranzberg project is divided into two parts. The first one is from Walvis Bay to Arandis called Works Package "C001" and the second one is from Kranzberg to Arandis – Works Package "C002".

Below are the activity updates of the Walvis Bay – Swakopmund project.

DESCRIPTION	DISTANCE COVERED (M)
UPLIFTING OF EXISTING TRACK	13 510
LAYING OF NEW SLEEPERS AND RAILS	13 510
FLASH BUTT WELDING OF RAIL JOINT INTO CWR	13 446
OFFLOADING OF BALLAST IN AYS	537 AY WAGONS
OFFLOADING OF RAIL IN BOLSTERS	13 BOLSTERS
DESTRESSING OF TRACK	13 400

Before the track will be handed over to TransNamib, all work must be constructed according to the project specs and must be inspected by TransNamib, BigenKuumba, and the Contractor. This process will take place once the Contractor has reached Arandis and has indicated that the track can be handed over.

A project of this magnitude requires high-level expertise and intensive work that will ensure that the railway meets the SADC stipulated standards of 18.5 tons of axle load, speed of 80 km/h for freight and 100 km/h for passengers, and minimum size of rails is SAR 48 kg/m, continuous welded.

The various role-players in the upgrading of the railway line between Walvis Bay and Kranzberg are as follows;

1	CONTRACT CLIENT	MINISTRY OF WORKS AND TRANSPORT
2	ENGINEER	BIGEN KUUMBA INFRASTRUCTURE SERVICES
3	CONTRACTOR	CNQC/UNIK JOINT VENTURE (QINGJIAN GROUP C. LTD, CHINA AND UNIK CONSTRUCTION ENGINEERING (PTY) LTD, BOTSWANA
4	SUBCONTRACTOR	LENNINGS RAIL FOR RAILWAY TRACK WORKS
5	SUBCONTRACTOR	NORTHERNLAND FOR CONCRETE WORKS FOR CULVERTS & BRIDGES AND STONE PITCHING (GABIONS)
6	SUBCONTRACTOR	METALLUM FOR STRUCTURAL STEEL WORKS ON STEEL TRUSS AND GIRDER RAIL BRIDGES

The government's investment in rehabilitating the country's ageing rail network is especially critical for achieving Namibia's transport infrastructure development targets set out in the NDP5 and the Harambee Prosperity Plan. The upgrade of the railway line between Walvis Bay and Kranzberg at Arandis was officially launched in November 2020 by the Minister of Works and Transport, John Mutorwa.

This project is one main projects that the government is undertaking to turn Namibia into the preferred logistics hub for the SADC region. The project is partially funded, with the government contributing 56%, and a loan from the African Development Bank to cover the remaining 46% of the total cost. Minister Mutorwa said that continuous investment in infrastructure development is a key priority for the Namibian government as this will stimulate economic growth and improve the country's competitiveness in the international logistics arena.

The Minister also encouraged industry representatives to form strategic alliances to successfully realise national development plans and goals. The Chief Executive Officer of TransNamib, Johny Smith, noted that TransNamib supports and welcomes the upgrading of the railway line. "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," said Smith.

The three-year rail rehabilitation project will enable freight trains to run 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. Its current condition imposes speed restrictions and increases the cost of transporting goods inland from the port. The railway line upgrade will induce and stimulate demand for a modal shift towards rail and improve our economies of scale, and in so doing, enhance the competitiveness of our corridor.

UPDATE: RAILWAY WASH-AWAY REPAIR WORKS ON TRACK

The Government of Namibia, as the owner of the railway infrastructure, is a strategic business partner. Therefore, the national rail network must be safe and reliable for the transportation of bulk freight. Following the washaways that affected the rail network due to heavy rains in 2020 and 2021, TransNamib's Southern Per Way maintenance team carried out several temporary repair works which included the rebuilding of washed-away track formation and the re-construction of the track. Such repairs were necessary as it was crucial to resume rail operations in the South as soon as possible. However, the repairs were simply temporary.

The affected sections were as follows;

SECTION BETWEEN KEETMANSHOOP AND MARIENTAL (BRUKKAROS AND GRUNDOMER)

SECTION BETWEEN KEETMANSHOOP AND ARIAMSVLEI

SECTION BETWEEN SEEHEIM NOORDER AND AUS

In January 2021, TransNamib sought financial assistance to reconstruct the railway to an acceptable standard at various wash-away sites. The request was backed up by a detailed assessment of the condition of the railway line, which was used to derive a confident cost estimate for all works included.

The Ministry responded favorably in June 2021, availing a budget of N$ 66 500 000. When the money was available, the repair work commenced right away. The money was used for several repairs on the identified route of approximately 400km long, stretching from Mariental to Keetmanshoop and Keetmanshoop to Nakop.

Repairs needed to be done because Namibia had been experiencing long spells of dry conditions followed by unexpected heavy rains within the southern region. The drought causes a loss of vegetation which normally helps in minimising and preventing flash floods. Given these climate change dynamics, the originally designed culvert sizes are not sufficient to effectively control flash floods.

The situation was further exaggerated by washed away banks and dykes which have been eroded over the years and had not been properly maintained due to a lack of resources.

The idea was to conduct minor repairs to the railway substructure and construct culverts to improve the integrity of the per way. The aim was to reduce and eliminate speed restrictions which would improve the travel times and as a result, more cargo could be delivered in a given period. As a part of the upgrade, bigger and new culverts had been installed to improve safely and effectively channel the water under the railway line. Having these controls in place will provide a safe railway network that will protect our assets and infrastructure.

In terms of growth opportunities, lifting the speed restrictions will improve the transit times on these sections and the rehabilitation of the rail track will increase the volume of cargo. This provides significant growth opportunities for the company. In addition, the project created an opportunity for better trade in the southern region. For instance, the flood damages are controlled better after the project upgrade. The Lüderitz harbour is strategically located for exports to the global market.

This has created opportunities for the transport of bulk cargo for mining products in particular. For example, having the green hydrogen close to Lüderitz and green schemes from the potential developments of the Neckartel Dam provide significant long-term opportunities in the future.

According to Chief Engineer Andreas Niipare, four teams based at Ariamsvlei, Karasburg, Grunau, and Keetmanshoop have deployed since the project commenced. Overall, the project is currently 90% complete.

The total length of the railway line rehabilitated is 9.5 km of the 80 km that was provisionally made in the bill of quantities. It is estimated that the project maintenance cost varies between N$ 185 000.00 and N$ 250 000.00, depending on the condition of sections of the railway network.

This rail line is important as it has the potential to drive volume growth and increased revenue; especially from the manganese imports from the Northern Cape of South Africa. The plan is to move at least 360,000 tons per annum or 30,000 tons per month. Presently, approximately ±15,000 – 20,000 tons are transported monthly.

As TransNamib is responsible for the upkeep of Namibia's railway network under the National Transport Services Holding Company Act, 28 of 1998, it is consequently vital for TransNamib's economic model to execute both maintenances, rehabilitation, and upgrade functions on Namibia's railway network.


NEW HOLLAND

INSPIRING AND ACCOUNTABLE LEADERSHIP

During the past two years of upheaval in the local and international business community, it has become more pertinent than ever for organisations to realign their workforce to the strategic objectives of the company, and position the organisation for the future.

Having re-aligned its strategic business objectives to its core services which is rail, TransNamib is proactively ensuring that its human capital needs as such are aligned to the core business and the objectives of its integrated strategic business plan.

As part of its rightsizing strategy, TransNamib started letting staff voluntarily exit the organisation in 2021.

Rightsizing became necessary because TransNamib Holdings Limited was experiencing a substantial decline in cargo volumes. Also, some positions became redundant after certain services like Road Operations were discontinued.

As a result, it became necessary to reduce the staff to complement the size of the organisation and to match its present business pattern and structure. This exercise forms part of the company's Integrated Strategic Business Plan (ISBP) which was approved by our shareholder in 2018.

In addition to focusing on rightsizing the organisation, the element of performance management remains critical to the success of TransNamib.

While the company is experiencing significant challenges in terms of the pandemic restrictions on travelling and gathering, the implementation of the performance management system is lagging.

The need for the organisation to optimize individual performance and align it to the company's strategic objectives remains a key focus area.

TransNamib's aging workforce also poses a credible threat to the continuity of the organisation and as such, the company has to leverage the pool of knowledge and skills currently within the organisation to create an incoming pool of workers, specifically in the technical and operational fields.

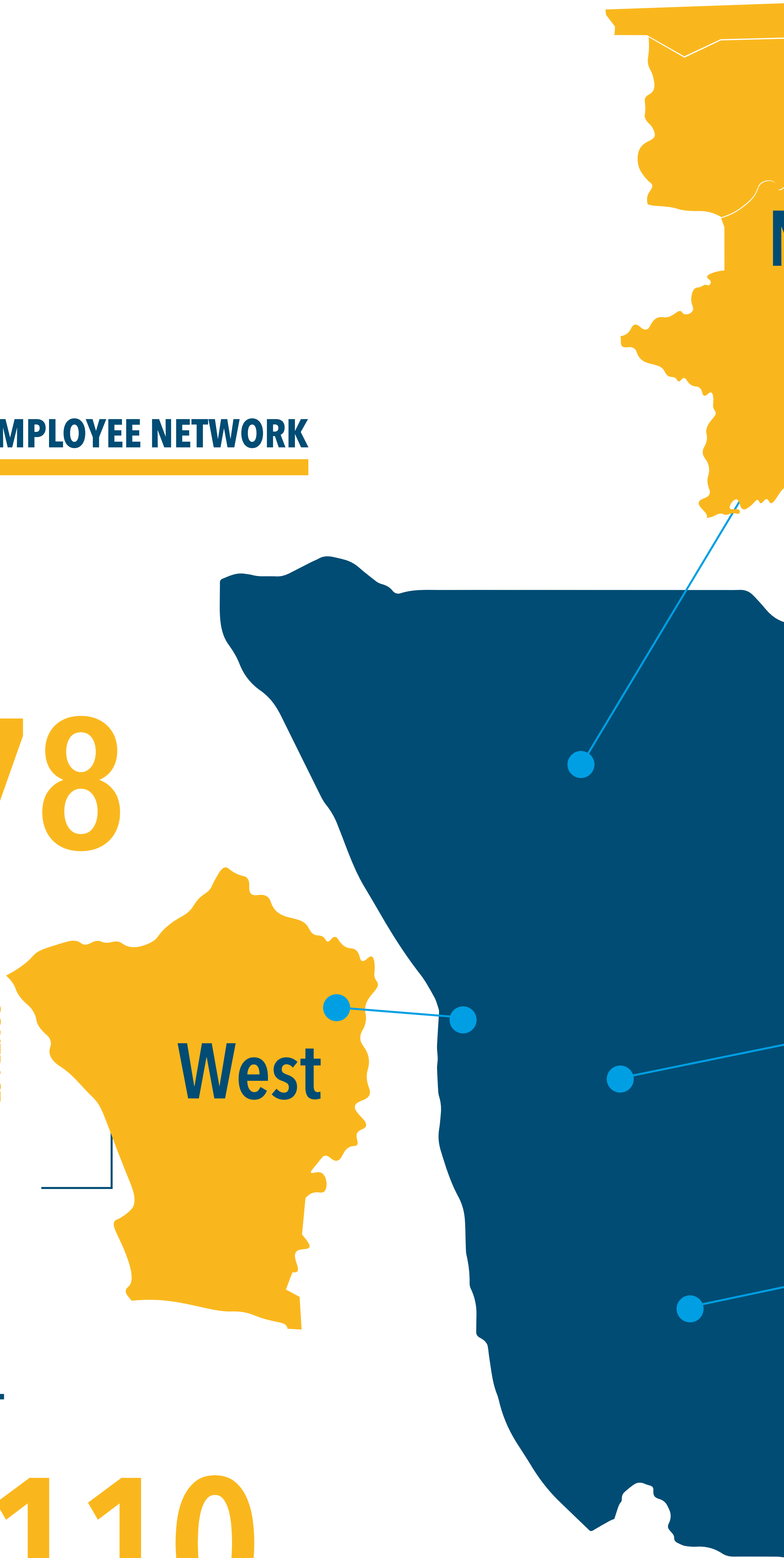
A SNAPSHOT OF OUR HUMAN CAPITAL: TOTAL NUMBER OF EMPLOYEES = 1100

EMPLOYMENT CATEGORY	MALE	FEMALE	
CHIEF EXECUTIVE OFFICER	1	-	
EXECUTIVES	4	2	
MIDDLE MANAGEMENT	13	8	
SKILLED/SUPERVISORY	248	47	
ADMINISTRATION	275	62	
GENERAL STAFF	363	30	
TRAINEES	48	9	
TEMPORARY/FIXED TERMS	71	7	Contract employees
TOTAL	**952**	**158**	PERMANENT: **1110**

PREVIOUSLY ADVANTAGED (PAG) PREVIOUSLY DISADVANTAGED (PDG)

GENDER	'21 APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	'22 JAN	FEB	MAR
PAG MALE	5	4	4	4	4	4	4	4	4	3	3	3
PDG MALE	1055	1053	1048	1038	1034	1024	1019	1017	1014	993	970	949
PAG FEMALE	2	2	2	2	2	2	2	2	21	2	2	2
PDG FEMALE	170	169	169	168	168	166	165	165	166	161	161	156
TOTAL	1232	1228	1223	1212	1208	1196	1190	1188	1186	1159	1136	1110

MAP OF OUR EMPLOYEE NETWORK



CONTRACT MARCH 2022

78

	PERMANENT MARCH 2022	CONTRACT MARCH 2022
Karibib	9	-
Omaruru	6	-
Swakopmund	4	-
Kransberg	2	-

PERMANENT MARCH 2022

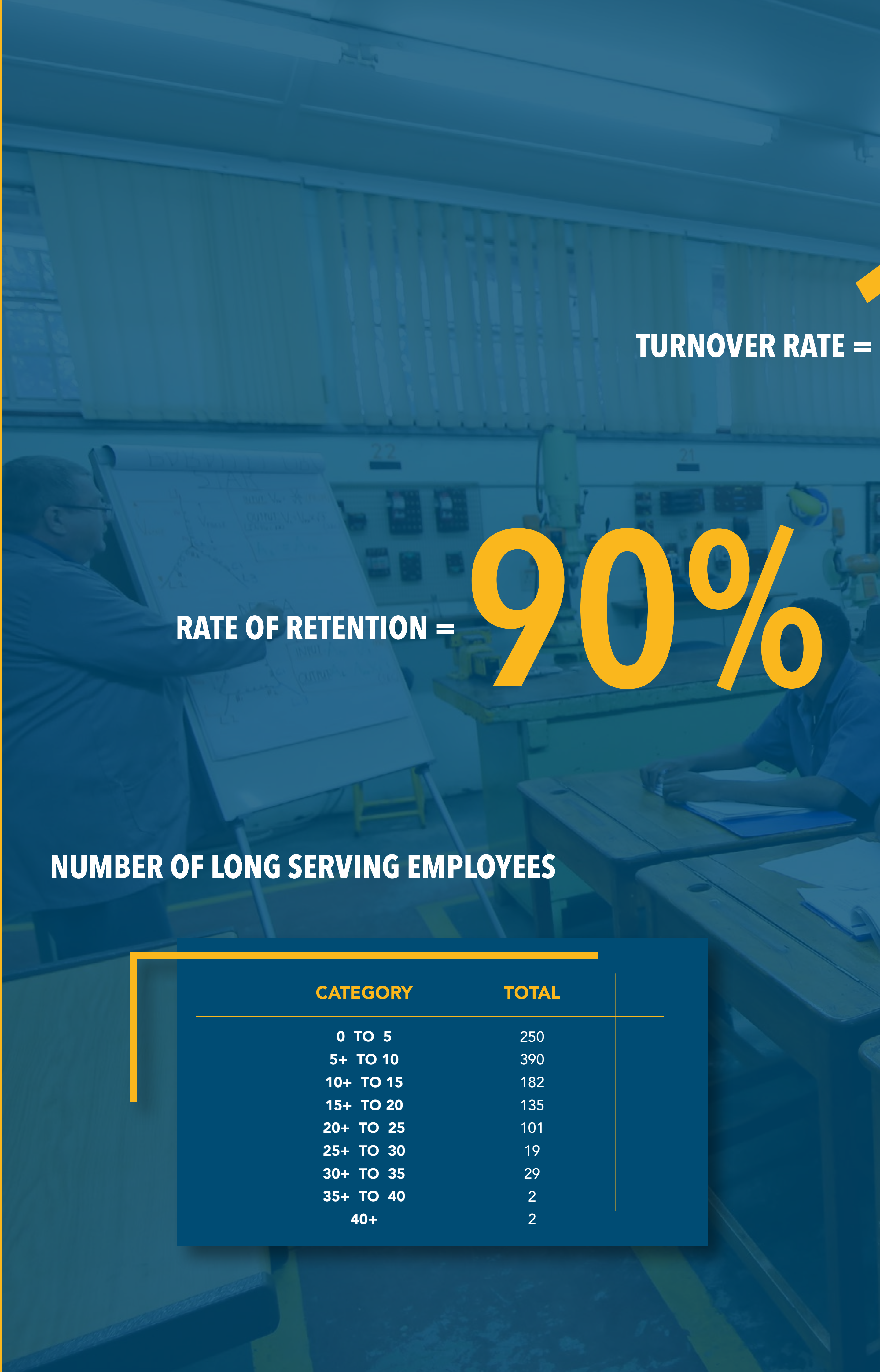
1110

	PERMANENT MARCH 2022	CONTRACT MARCH 2022
Grootfontein	13	-
Okahandja	21	1
Otjiwarongo	92	1
Tsumeb	76	2
Ondangwa	41	1
Otavi	5	-
Kombat	6	-
Oshikango	9	-

	PERMANENT MARCH 2022	CONTRACT MARCH 2022
Gobabis	11	-

	PERMANENT MARCH 2022	CONTRACT MARCH 2022
Windhoek	465	46
Windhoek-East	6	-

	PERMANENT MARCH 2022	CONTRACT MARCH 2022
Rehoboth	8	-
Mariental	23	-
Aus	15	-
Bethanie	17	-
Holoog	10	-
Karasburg	26	2
Keetmanshoop	118	16
Lüderitz	36	6
Ariamsvlei	-	1
Upington	2	-

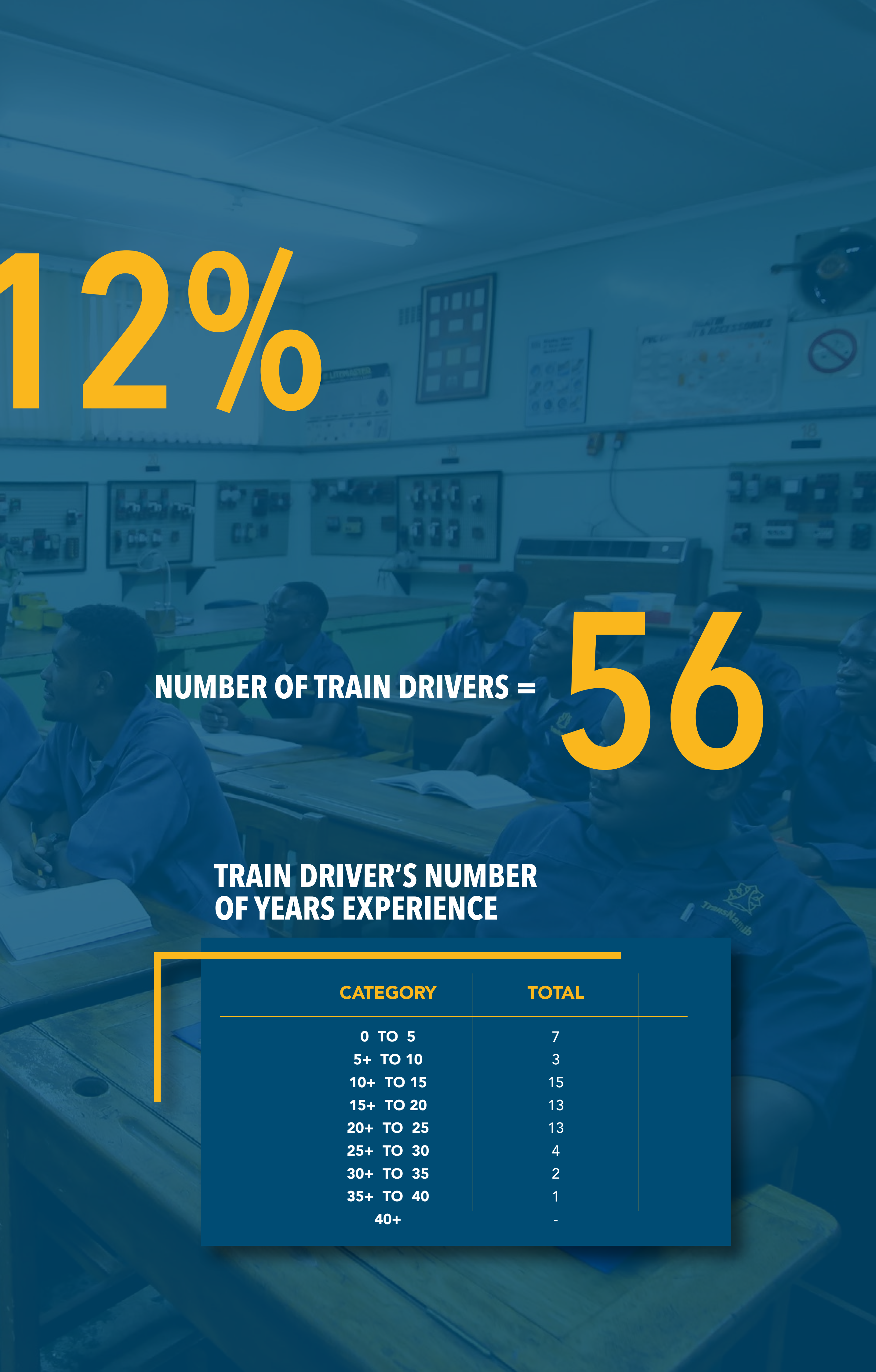


TURNOVER RATE =

RATE OF RETENTION = 90%

NUMBER OF LONG SERVING EMPLOYEES

CATEGORY	TOTAL
0 TO 5	250
5+ TO 10	390
10+ TO 15	182
15+ TO 20	135
20+ TO 25	101
25+ TO 30	19
30+ TO 35	29
35+ TO 40	2
40+	2



12%

NUMBER OF TRAIN DRIVERS = 56

TRAIN DRIVER'S NUMBER OF YEARS EXPERIENCE

CATEGORY	TOTAL
0 TO 5	7
5+ TO 10	3
10+ TO 15	15
15+ TO 20	13
20+ TO 25	13
25+ TO 30	4
30+ TO 35	2
35+ TO 40	1
40+	-

LABOUR RELATIONS

TransNamib continues to build relationships with its employees despite having a history of volatile labour relations. The effects of the pandemic have not helped this situation either as the harsh economic conditions made it impossible for the company to offer salary increments during this financial year.

However, the management made efforts to engage the union as well as the employees directly to convey the financial hardships the company was enduring due to the pandemic and to address matters of mutual concern. The improvement in industrial relations is evident because the last time the company experienced industrial action was in 2018. During this financial year, strategic internal communication initiatives were undertaken. The communications included regular and timely internal publications, an interactive employee portal, company-wide meetings and active participatory meetings with the CEO countrywide.

The company and the union also held a joint engagement session with the supervisors and managers countrywide to create a platform to address human capital issues within the organisation and boost productivity and revenue.

TRAINING AND DEVELOPMENT

Operating in a highly technical field, TransNamib more so than most organisation needs intensive resources allocated to the training and development of the company's human capital. Training and development at all levels within an organisation is a necessary component of change management within the organisation. Despite its restriction in terms of resources, TransNamib has managed to upskill its employees using internal training resources.

COURSE	TARGET GROUP	NO OF TRAINEES
TRAIN DRIVERS REFRESHER COURSE	TRAIN DRIVERS	31
ASSISTANT TRAIN DRIVER COURSE	ASSISTANT TRAIN DRIVERS	20
SHUNTING TRAINING	SHUNTING STAFF	45
TOTAL		96

**All training was conducted by TransNamib trainers in-house/at local depots, there was thus no financial implication involved.*

NUMBER OF APPRENTICES THAT JOINED TRANSNAMIB DURING THE FINANCIAL PERIOD = 57

	'21									'22		
	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
VOLUNTARY EARY RETIREMENT										13	14	5
VOLUNTARY EXIT										7	6	13
TOTAL	0	0	0	0	0	0	0	0	0	20	20	18

VOLUNTARY EARY RETIREMENT	32
VOLUNTARY EXIT	26
	58
TOTAL SAVINGS PER ANNUM	15, 092, 963.98

To align our human capital with our future requirements, TransNamib has put plans in place to prepare for its anticipated future human capital needs by launching a youth programme to recruit train drivers. This programme was interrupted by the COVID-19 pandemic and put on hold.

However, the programme is running again and TransNamib has made progress and will be targeting up to 30 youths between the ages of 23 and 28 to go through the three-year traineeship programme. This programme will potentially change the trajectory of their careers and steer them towards becoming train drivers. The company currently faces the human capital challenge of ageing Train Drivers. A majority of the Train Drivers are set to retire within the coming 3-5 years. It is, therefore, imperative that the company creates capacity for the future by training and recruiting the youth. This development will allow the company to play a substantial role in contributing towards the government's efforts to develop and boost youth employability, while also contributing to transforming the company.

TransNamib needs to continually create training opportunities because due to the uniqueness of our company and its operations, we require a highly-skilled and specialised workforce. Therefore, the company simultaneously had an internal drive to identify individuals to become train drivers.

FOCUS AREAS GOING FORWARD

The overall impact of the COVID-19 pandemic and the company's lack of liquid cashflow continues to severely challenge the company's human capital interventions. However, we have remained focused on using our internal resources, knowledge and capacities to continue developing TransNamib's performance culture. Recognising that there is still much to be done, we have remained focused on the implementation of the company's performance system to boost accountability and discipline amongst employees, while simultaneously using certain tools to identify areas needing intervention.

SPOTLIGHT ON TRANSNAMIB'S PROPERTIES

Second only to the government's properties portfolio, TransNamib's properties play a significant role in the organisation's goal of becoming a self-sustaining and profitable organisation.

TransNamib has a massive property portfolio across the country traversing through the major towns of Namibia. These properties offer scope, synergies and opportunities for rentals, warehousing, storage and transhipment of cargo at railheads, stations, sidings and or at any other ancillary facilities.

The company's current portfolio of commercial and residential properties has a book value of N$2.6 billion compared to the previous financial year's book value of N$2.4 billion.

Since the strategic decision was taken in 2018 to discontinue outsourcing our properties portfolio management and handle the task in-house, exceptional improvement has been noted in the property's portfolio aspect of the business, with more than 100% increase over the past 4 years. TransNamib has focused on improving administration and aligning contracts to current market rates to ensure that the interests of the company are protected. While improvements have been realised in the portfolio, there are still challenges that hamper the company from realising its full potential in terms of its properties. Incontestably, defaulting tenants have been a considerable hampering factor in the success of TransNamib's property portfolio.

The Company identified tenants with massive arrears, the majority of whom did not even have a valid lease agreement with the company. To this end, TransNamib has put very stringent measures in place to drive the debt recovery process.

TransNamib's cash flow challenges pose a set of challenges in this regard. The company is not able to properly maintain and renovate the properties to increase the value of the property.

PROPERTY

TransNamib manages a portfolio worth N$2.6 billion countrywide consisting mainly of buildings and vacant land. TransNamib is administering more than 400 lease agreements.

TransNamib's goals for the use of its fixed property will be:

- To increase the book value of its fixed assets;
- To use its fixed assets to drive economic growth;
- To derive greater value from the tenanted commercial property portfolio;
- To ensure financial sustainability of the property portfolio;
- Strengthening the policy framework governing planning; and
- Budgeting for infrastructure upgrades and maintenance.

INVESTING IN INFRASTRUCTURE TO GROW THE RAIL BUSINESS

Transworld Cargo, a local logistics company, has invested more than N$2 million into the Gammams siding next to their head office in Windhoek to improve service delivery to their customers using TransNamib's rail network. Construction on the new siding started in this reporting financial year 2021 and would be finalised in early 2022.

The Gammams siding, belonging to TransNamib and situated opposite Gammams Training Centre in Hosea Kutako Drive, is key to delivering service to this very important customer of TransNamib. The siding has not been used for many years.

Three new tracks were built to part off-load and load container railway carriages, which will assist Transworld Cargo in handling clients' containers more easily and cost-effectively.

The plans include having the necessary infrastructure at the Gammams siding to store export commodities and pack containers on-site. And for the items to be transported to Walvis Bay by rail and shipped to destinations all over the world.

While TransNamib has, in the previous financial year, been granted permission by its shareholder to sell off non-core properties to supplement the objectives of its ISBP, the project has been heavily delayed due to administrative challenges.

Having intercepted those challenges, TransNamib will, in its next financial year, be able to auction off the identified properties, which will give the company a significant liquid boost to invest in its strategic business plan.

Having decided to solely focus on its core business, which is rail, TransNamib has also decided to align its property portfolio to that vision. Thus allowing the company to alienate properties which do not serve an operational purpose or enable the company to grow its rail business.

This is a strategic decision supported by the company's shareholder.

MARKET VALUE OF OUR PROPERTIES

The historical maintenance backlog continues to impact the company's ability to upgrade its properties to acceptable standards and increase their value. This is due to TransNamib's cash flow limitations that hampers the efforts of the company to carry out the necessary maintenance and improvements to our properties.

REVENUE GROWTH

During the last financial year, properties occupancy rate has increased from 370 tenants to 400 tenants. In monetary value, the rental revenue increased from N$48 million per annum to N$51 million per annum. The ROA increased from 3.5% to 4.2% during the period under review.

1. CAPITAL PROJECTS

TransNamib has decided to revive the development of its prime property situated on Erf 194 on Independence Avenue, Windhoek. This project, was initiated in 2012 but was halted due to various implementation problems. TransNamib achieved another milestone by securing the Swakopmund Hotel and Entertainment Centre and the acquisition of the total shares thereof.

This major business transaction has improved the company's balance sheet and will contribute immensely to TransNamib's revenue stream.

LOOKING AHEAD

For TransNamib's property to be managed most sustainably it needs to be differentiated between Revenue Generating and Operational Property.

Making this distinction will be guided by the strategy and the future structure of the business. In principle, any Capital Property should add value and wealth to the company, while Operational Property should be profitably managed by TransNamib's departments paying for its use.

This will not only provide figures relevant for calculating cost-to-customers but also assures the optimal use of space. Any additional spaces can then be rented out and create additional income.

The long-term strategy is to increase value. A subsidiary will be formed to manage all property. Case studies from other countries will also be investigated.

TransNamib foresees the property subsidiary to benchmark with the likes in the industry such as Broll Namibia, NPTH, etc.

In this context, the BOT (Build-Operate-Transfer) model will be explored through smart partnerships, as well as the Station Development Strategy aimed to transform and commercialise the stations and surrounding property nationwide.

Financials

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended

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 its 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
(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended

Index

Transnamib Holdings Limited
(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended

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 consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the company and its subsidiary 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 consolidated and separate annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and it`s subsidiary 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 it`s subsidiary 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 and it`s subsidiary is on identifying, assessing, managing and monitoring all known forms of risk across the company and it`s subsidiary. 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 consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the company and it`s subsidiary 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 consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the company's external auditor and their report is presented on pages 6 to 8.

The consolidated and separate annual financial statements set out on pages 9 to 57, were approved by the board on 23 March 2023 and were signed on their behalf by:

Approval of financial statements

Director

J Shikongo
Director

Grand Namibia
Chartered Accountants & Auditors

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TransNamib Holdings Limited

Opinion

We have audited the consolidated financial statements of the TransNamib Holdings and its subsidiary ("the Group"), set out on page 7 to 65 ,which comprise the consolidated and separate statement of financial position as at 31 March 2022, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the director's report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of TransNamib Holdings Limited Group as at 31 March 2022, and its consolidated and separate financial performance and consolidated cashflow for the year then ended in accordance with the *International Financial Reporting standards* (IFRS), and the requirements of the companies Act of Namibia (Act 28 of 2004).

Basis of the Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of TransNamib Holdings Limited in accordance with sections 290 and 291 of the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants* (Revised July 2016), *part 1 and 3 of the international ethics standard board for accountants International code of ethics for professional accountants* (Including the international independence standards)(Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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info@grandnamibia.com
www.grandnamibia.com

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

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

Responsibilities of the directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or Company or to cease operations, or have no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's or 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 Group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: R. Theron - Partner
Windhoek
12 April 2023

Transnamib Holdings Limited
(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Transnamib Holdings Limited and its subsidiary for the year ended 31 March 2022.

1. Review of financial results and activities

The consolidated and separate annual 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 and its subsidiary recorded a comprehensive profit after tax for the year ended 31 March 2022 of N$ 103 017 000 compared to a prior year comprehensive loss of N$ 362 917 000. Current year comprehensive profit includes an Actuarial Gain on defined Retirement Benefit Obligation re-measurement and Severance Pay Liability of N$ 14 743 000 (2021: N$ 28 108 000- Loss).

The profit for the year was N$88 274 000 compared to the prior year loss of N$334 809 000.

Included in the current year profit is a release an amount of N$ 166 million from deferred income which arose from the write off of the government loan to purchase locomotives. The N$ 166 million was the fair value of portion of the interest charged on the loan, previously recognized in the income statement as finance cost.

Company and its subsidiary revenue increased by 2% to N$469 354 00 in the current year compared to N$456 283 000 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 at the date of this report are as follows:

Directors	Position	Designation	Changes
T.Mberirua	Chairperson	Non-Executive Independent	Appointed, 10 October 2022
G. Michaels	Deputy Chairperson	Non-Executive Independent	
J.Shikongo- Asino	Member	Non-Executive Independent	
Dr. K. Keyser	Member	Non-Executive Independent	Appointed, 10 October 2022
J. Hatutale	Member	Non-Executive Independent	Appointed, 01 September 2022
P.Ndeunyema	Member	Non-Executive Independent	Appointed, 01 September 2022
I.N.Ikela	Member	Non-Executive Independent	Resigned, 07 October 2022
V.Mberema	Member	Non-Executive Independent	Resigned, 07 October 2022
M.Ochurub	Member	Non-Executive Independent	Resigned, 07 October 2022
Adv S Tjiorokisa	Deputy Chairperson	Non-Executive Independent	Resigned,17August 2022
L. Matthews	Chairperson	Non-Executive Independent	Resigned,18 August 2022

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

4. Events after the reporting period

The alienation of non-core properties auctions commenced 24 October 2022. Due to the fact the auctions are still in progress no estimate is available of the impact of the transaction on the Annual Financial Statements.

A grievance case with regards to the performance bonus for employees appointed after November 2018 was tabled during July 2022 at the Labour Commissioner. The case is still at infant stages and directors are confident of a positive outcome.

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 profit in the current year of N$ 88 million.

During the 31 March 2022 year end the company received N$ 94 million to be utilized for locomotive repairs and maintenance. In addition to this, the company secured N$523 million government funding for the MTEF period 2023-2025, of which N$ 134 million was received after year-end.

Subsequent to year end the company signed the loan agreement for funding from the DBSA totaling N$2.15 billion. The Government supported this transaction with a payment support guarantee.

Based on the foregoing the directors believe that the company has adequate long-term resources to continue as a going concern. The directors will continue to mobilise short and medium resources required to breach the gap up to when the long-term funding is available.

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 2022, Transnamib owes the Receiver of Revenue N$246 787 152.63 including penalties and interest (2022: N$96 848 343.61). This amount has been provided in the financial statements. The directors are aware of this non-compliance and will continue negotiations with the Receiver of Revenue towards a long-term plan.

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 2022 is N$48 126 898.32 (2021: N$40 428 277 .81). 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

7.1 Leon Barnard Architects Inc. (Pty) Ltd

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. The case is ongoing; the liability is not certain as its dependent on the court ruling. At year end the loss is not probable as final judgement is still pending.

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

7.2 RMH

The company has a pending case of RMH. (Pty) Ltd the possible obligation is estimated to be N$ 30 million. The case emanates from cession of a contract. The case is ongoing; the liability is not certain as its dependent on the court ruling. At year end the loss is not probable as final judgement is still pending.

8. Secretary

Ms Helvi Haludilu- Appointment Date: 01 March 2022.

9. Auditors

Grand Namibia Chartered Accountants and Auditors.

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Namibia Dollar thousand		Group		Company	
	Notes	2022	2021	2022	2021
Assets					
Non-Current Assets					
Property, plant and equipment	2	2 088 751		1 899 902	1 955 790
Right-of-use assets		2 378	-	2 378	7 499
Investment property	3	1 231 601	-	1 231 601	1 190 829
Investments in subsidiaries	5	-	-	6 109	-
Investments in joint ventures	4	17 402	-	17 402	13 239
		3 340 132	-	**3 157 392**	**3 167 357**
Current Assets			-		
Inventories	10	112 059		110 945	101 181
Loans to group companies	6	-	-	148 946	13 704
Trade and other receivables	9	99 153	-	94 918	58 872
Other Financial Asset		3 225	-	3 225	3 101
Cash and cash equivalents	14	77 030	-	67 355	78 309
		291 467	-	**425 389**	**255 167**
Total Assets		**3 631 599**	-	**3 582 781**	**3 422 524**
Equity and Liabilities			-		
Equity			-		
Share capital		277 266		277 266	277 266
Reserves		1 855 096	-	1 855 096	1 312 816
Retained income		(347 453)	-	(380 939)	(435 727)
		1 784 909	-	**1 751 423**	**1 154 355**
Liabilities			-		
Non-Current Liabilities			-		
Lease liabilities		2 574		2 574	2 884
Retirement benefit obligation	13	435 458	-	435 458	425 226
Contract liabilities	12	3 178	-	3 178	3 718
Deferred income	17	631 072	-	631 072	949 523
Loan from the Government of Namibia	16	-	-	-	325 432
		1 072 282	-	**1 072 282**	**1 706 783**
Current Liabilities			-		
Trade and other payables	8	565 562		550 230	399 146
Lease liabilities		-	-	-	5 020
Provisions	15	176 487	-	176 487	114 900
GRN Upgrade		18 557	-	18 557	7 359
Bank overdraft	14	13 802	-	13 802	34 961
		774 408	-	**759 076**	**561 386**
Total Liabilities		**1 846 690**	-	**1 831 358**	**2 268 169**
Total Equity and Liabilities		**3 631 599**	-	**3 582 781**	**3 422 524**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar thousand		Group		Company	
	Notes	2022	2021	2022	2021
Revenue	18	469 283	-	469 283	456 073
Other operating income	19	394 159	-	360 673	76 245
Other operating gains (losses)		(3 030)	-	(3 030)	(17 528)
Fuel, oil and lubricants		(146 338)	-	(146 338)	(119 975)
Employee costs		(380 640)	-	(380 640)	(386 783)
Repairs and maintenance		(26 263)	-	(26 263)	(22 931)
Operating lease charges		(68 311)	-	(68 311)	(8 629)
Depreciation, amortization and impairment		(69 792)	-	(69 792)	(82 521)
Other operating expenses		(120 664)	-	(120 664)	(108 089)
Operating profit (loss)		**48 404**	**-**	**14 918**	**(214 138)**
Investment income		1 605	-	1 605	756
Finance costs		(11 421)	-	(11 421)	(49 150)
Income from equity accounted investments		8 913	-	8 913	1 623
Fair value gains/(losses) on investment properties		40 967	-	40 967	(73 900)
Profit (loss) for the year		**88 274**	**-**	**54 788**	**(334 809)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Actuarial Gains/(Loss) on net defined benefit liability/asset		14 743	-	14 743	(28 108)
Other comprehensive income for the year net of taxation		**14 743**	**-**	**14 743**	**(28 108)**
Total comprehensive income (loss) for the year		**103 017**	**-**	**69 531**	**(362 917)**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Equity

Figures in Namibia Dollar thousand	Share capital	Revaluation reserve	Reserve for remeasurment of Post retirement	Other NDR	Total reserves	Retained income	Total equity
Balance at 01 April 2020	**277 266**	**1 307 724**	**(19 375)**	**40 000**	**1 328 349**	**(100 918)**	**1 504 697**
Group							
Loss for the year	-	-	-	-	-	(334 809)	(334 809)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**-**	**(334 809)**	**(334 809)**
Actuarial gain Severance Pay liability	-	-	(28 108)	-	(28 108)	-	(28 108)
Capital Contribution	-	-	-	12 575	12 575	-	12 575
	-	**-**	**(28 108)**	**12 575**	**(15 533)**	**-**	**(15 533)**
Balance at 01 April 2021	**277 266**	**1 307 724**	**(47 483)**	**52 575**	**1 312 816**	**(435 727)**	**1 154 355**
Profit for the year	-	-	-	-	-	88 274	88 274
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**88 274**	**88 274**
Actuarial gain Post Retirement Medical Aid	-	-	14 743	-	14 743	-	14 743
Capital contribution	-	-	-	120 383	120 383	-	120 383
Write off of GRN Loan	-	-	-	407 154	407 154	-	407 154
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**14 743**	**527 537**	**542 280**	**-**	**542 280**
Balance at 31 March 2022	**277 266**	**1 307 724**	**(32 740)**	**580 112**	**1 855 096**	**(347 453)**	**1 784 909**
Note(s)		11					

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Equity

Figures in Namibia Dollar thousand	Share capital	Revaluation reserve	Reserve for remeasurment of Post retirement	Other NDR	Total reserves	Retained income	Total equity
Balance at 01 April 2020	**277 266**	**1 307 724**	**(19 375)**	**40 000**	**1 328 349**	**(100 918)**	**1 504 697**
Company							
Loss for the year	-	-	-	-	-	(334 809)	(334 809)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**-**	**(334 809)**	**(334 809)**
Actuarial gain Severance Pay liability	-	-	(28 108)	-	(28 108)	-	(28 108)
Capital Contribution	-	-	-	12 575	12 575	-	12 575
	-	**-**	**(28 108)**	**12 575**	**(15 533)**	**-**	**(15 533)**
Balance at 01 April 2021	**277 266**	**1 307 724**	**(47 483)**	**52 575**	**1 312 816**	**(435 727)**	**1 154 355**
Profit for the year	-	-	-	-	-	54 788	54 788
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**54 788**	**54 788**
Actuarial gain Post Retirement Medical Aid	-	-	14 743	-	14 743	-	14 743
Capital contribution	-	-	-	120 383	120 383	-	120 383
Write off of GRN Loan	-	-	-	407 154	407 154	-	407 154
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**14 743**	**527 537**	**542 280**	**-**	**542 280**
Balance at 31 March 2022	**277 266**	**1 307 724**	**(32 740)**	**580 112**	**1 855 096**	**(380 939)**	**1 751 423**
Note(s)		11					

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

Figures in Namibia Dollar thousand		Group		Company	
	Notes(s)	**2022**	**2021**	**2022**	**2021**
Cash flows from operating activities					
Cash receipts from customers		443 553	-	443 553	443 106
Cash paid to suppliers and employees		(514 333)	-	(514 333)	(446 506)
Cash used in operations	21	(70 780)	-	(70 780)	(3 400)
Interest income		1 605	-	1 605	756
Finance costs		(11 421)	-	(11 421)	(49 150)
Net cash from operating activities		**(80 596)**	-	**(80 596)**	**(51 794)**
			-		
Cash flows from investing activities					
Purchase of property, plant and equipment		(17 480)	-	(17 480)	(6 486)
Sale of property, plant and equipment		5 785	-	5 785	775
Loans advanced to group companies		(118 912)	-	(118 912)	(13 704)
Sale of other asset		(122)	-	(122)	(145)
Dividend received		4 750	-	4 750	3 250
Acquisition of Shares in Swakopmund Hotel	5	6 622		(3 054)	-
Net cash from investing activities		**(119 357)**	-	**(129 033)**	**(16 310)**
			-		
Cash flows from financing activities					
Movement in GRN upgrade		11 198	-	11 198	-
Funds received from the Government		94 123	-	94 124	101 500
Movement in Lease Liability Settlement		(540)	-	(540)	3 718
Payment on lease liabilities		(5 330)	-	(5 330)	(5 214)
Capital contribution received		120 382	-	120 383	12 575
Net cash from financing activities		**219 833**	-	**219 833**	**112 579**
			-		
Total cash movement for the year		**19 880**		**10 204**	**44 475**
Cash at the beginning of the year		43 348	-	43 348	(1 127)
Total cash at end of the year	**14**	**63 229**	-	**53 552**	**43 348**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The consolidated and separate annual 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 consolidated annual financial statements and the Companies Act 28 of 2004.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless other wise 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 group and 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 not adopted the following standards and interpretations, which have been published.

Standard	Details of amendment	Effective date: Years beginning on or after	Impact
IAS 1- *Presentation of Financial Statements*	Amendments to IAS 1 on Classification of Liabilities as Current or Non-Current	1 January 2021	Not Material
IAS 16 Property, plant and equipment	Amendments to IAS 16 on the proceeds before intended use	1 January 2022	Not Material
IFRS 1- First time adoption of IFRS	Annual Improvement to IFRS standards 2018-2020	1 January 2022	Not Material
IFRS 9- Financial Instruments	Annual Improvement to IFRS standards 2018-2020	1 January 2022	Not Material
IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	Onerous Contract- Cost of Fulfilling the contract	1 January 2022	Not Material

1.3 Significant judgements and sources of estimation uncertainty

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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 statement, are outlined as follows:

In applying the group`s and company 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 available 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 group and company`s accounting policies

The following are the critical judgements, apart from those involving estimations (which 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 the 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 an extend the lease or to not exercised the option to terminate the lease. The company considered all relevant facts and circumstances that create and economic incentive for the lessee to exercise, the option, including any expected changes in facts and circumstances from the commencement date until exercise date of the option.

Key sources of estimation uncertainty

Trade Receivables

The group and 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

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

Impairment testing

The group and 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.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful life 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 group and company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

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

Provisions

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

Leases

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

Determination of the appropriate rate to discount the lease payments

The group and 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 group and 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.

Accounting Policies

1.5 Property, plant and equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

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

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

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

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

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

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

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

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

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

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

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

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

1.7 Investments in subsidiary

In the company`s separate financial statements investment in subsidiary is carried at cost less accumulated impairment losses.

Accounting Policies

1.8 Financial instruments

Financial Assets

Classification.

Broadly, the classification possibilities, which are adopted by the group and 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 25 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 group and company are presented below:

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

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 9).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group and 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 group and 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 group and company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments.

The group and 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 group and 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 specify a certain method, but rather an "unbiased' method thus the provision matrix method was adopted as a suitable method. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

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

An impairment gains 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.

Credit risk

Accounting Policies

1.7 Financial instruments (continued)

The group and company has also in line with IFRS 7 assessed the credit risk relating to Trade and Other Receivables. Details of credit risk are included in the trade and other receivables note (note 9) and the financial instruments and risk management note (note 25).

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 16) 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 .)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Trade and other payables

Classification

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

Recognition and measurement

They are recognised when the group and 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.

Trade and other payables expose the group and company to liquidity risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Accounting Policies

1.7 Financial instruments (continued)

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.

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, group and company reasseses unrecognised deferred tax assets. The group and 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.

Accounting Policies

1.8 Tax (continued)

Tax expenses

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

- a transaction or event which is recognised, in the same or a different period, 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.

Accounting Policies

1.9 Leases

The group and company assess 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.

Group and 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 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).

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 group and 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
- 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.

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.

Accounting Policies

1.9 Leases (continued)

The group and company re-measure 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 re-measured 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 re-measured 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 re-measured 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 re-measured 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 re-measured by discounting the revised payments using a revised discount rate.

When the lease liability is re-measured 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 group and 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.

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 group and 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.

Group and Company as lessor

Accounting Policies

1.9 Leases (continued)

The group and 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 group and company assess 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.

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.

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.11 Impairment of assets (continued)

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.

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.

Accounting Policies

1.13 Employee benefits (continued)

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.

1.14 Provisions and contingencies

Provisions are recognised when:

- the group and 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:

Accounting Policies

1.14 Provisions and contingencies (continued)

- 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 .

1.15 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

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

Government grants related to assets, including non-monetary grants at fair value, are presented in the 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 group and 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

Accounting Policies

Revenue from contracts with customers (continued)

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 group and 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 have 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;
- 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.

1.18 Consolidation

Basis of consolidation

The consolidated consolidated annual financial statements incorporate the consolidated annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting Policies

1.18 Consolidation (continued)

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

2. Property, plant and equipment

Group

	2022		
	Cost or revaluation	Accumulated depreciation	Carrying value
Land	866 745	-	866 745
Buildings	597 403	(114 541)	482 862
Furniture and fixtures	25 880	(23 553)	2 327
Motor vehicles	66 690	(63 495)	3 195
Office equipment	48 685	(23 255)	25 430
IT equipment	32 399	(25 202)	7 197
Perway and Works	118 963	(65 776)	53 187
Rolling stock	1 150 042	(503 141)	646 901
Capital - Work in progress	907	-	907
Total	**2 907 714**	**(818 963)**	**2 088 751**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment -

2022

	Opening balance	Additions	Additions through business combinations	Disposals	Other changes, movements	Depreciation	Total
Land	683 264	-	183 481	-	-	-	866 745
Buildings	497 644	-	-	-	121	(14 903)	482 862
Furniture and fixtures	1 093	-	1 490	-	-	(256)	2 327
Motor vehicles	18 762	11 998	53	(226)	-	(4 860)	25 727
Cargo and Workshop equipment	25 454	-	1 697	(68)	-	(1 652)	25 431
IT equipment	7 425	23	814	(14)	-	(1 052)	7 196
Perway	52 631	1 843	1 312	-	-	(2 600)	53 186
Rolling stock	668 610	3 616	-	(8 507)	-	(39 349)	624 370
Capital under construction	907	-	-	-	-	-	907
	1 955 790	**17 480**	**188 847**	**(8 815)**	**121**	**(64 672)**	**2 088 751**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Company

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	683 264	-	683 264	683 264	-	683 264
Buildings	597 403	(114 541)	482 862	597 403	(99 759)	497 644
Furniture and fixtures	6 128	(5 293)	835	6 128	(5 035)	1 093
Motor vehicles	66 513	(63 371)	3 142	55 335	(36 573)	18 762
Office equipment	44 207	(20 473)	23 734	44 902	(19 448)	25 454
IT equipment	27 669	(21 286)	6 383	31 949	(24 524)	7 425
Perway and Works	84 339	(32 465)	51 874	82 496	(29 865)	52 631
Rolling stock	1 150 042	(503 141)	646 901	1 157 250	(488 640)	668 610
Capital - Work in progress	907	-	907	907	-	907
Total	**2 660 472**	**(760 570)**	**1 899 902**	**2 659 634**	**(703 844)**	**1 955 790**

Notes to the Consolidated Annual Financial Statements

Company

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Land	683 264	-	-	-	-	683 264
Buildings	497 644	-	-	121	(14 903)	482 862
Furniture and fixtures	1 093	-	-	-	(256)	837
Motor vehicles	18 762	11 998	(226)	-	(4 860)	25 674
Cargo and Workshop equipment	25 454	-	(68)	-	(1 652)	23 734
IT equipment	7 425	23	(14)	-	(1 052)	6 382
Perway	52 631	1 843	-	-	(2 600)	51 874
Rolling stock	668 610	3 616	(8 507)	-	(39 349)	624 370
Capital under construction	907	-	-	-	-	907
	1 955 790	**17 480**	**(8 815)**	**121**	**(64 672)**	**1 899 904**

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**

Revaluations- Group and Company

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. Revaluation was done 2018.

The valuation was performed by Deliotte

The valuation surplus was N$ 1 307 723 912,35

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

Transnamib Holdings Limited
(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

3. Investment property- Group and Company

	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	1 231 601	-	1 231 601	1 190 829	-	1 190 829

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	1 190 829	40 772	1 231 601

Reconciliation of investment property - 2021

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

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.

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

3. Investment property (continued)

Details of valuation

The effective date of the revaluations was 30 May 2022. Valuations were performed by independent valuators: Seeds Property Solutions 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
- Depreciated Replacement Cost Approach(DRC). The method purports to estimate the value of a fixed asset using a contractor`s test to erect improvements anew, with similar utility and physical attributes.

The following assumptions were used:

- Construction rates- the construction rate is a composite of labor, material and overheads. The rate was estimated to be N$ 7000/m2
- Land Rates.
- The farms were valuated based on comparable sales. These rates are lower than the rates used.

Amounts recognised in profit and loss for the year

Fair value gain/(loss)	40 773	(73 944)

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

4. Investments in Joint Ventures

Investment in Joint Ventures

Group and Company

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

Name of company	Held by	% ownership interest 2022	% ownership interest 2021	Carrying amount 2022	Carrying amount 2021
GPT-Transnamib Concrete Sleepers		50,00 %	50,00 %	14 406	9 585
Namibia Rail Construction (PTY Ltd		51,00 %	51,00 %	2 996	3 654
				17 402	13 239

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

4. Investments in Joint Ventures (continued)

Summarised financial information of joint ventures

2022

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	93 412	(1 617)	-	(5 979)	19 141	19 141
Namibia Rail Construction (Pty) Ltd	4 056	-	7	593	(1 290)	(1 290)
	97 468	**(1 617)**	**7**	**(5 386)**	**17 851**	**17 851**

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	16 892	1 912	33 676	35 588	52 480
Namibia Rail Construction (Pty) Ltd	2 546	1 902	4 348	6 250	8 796
	19 438	**3 814**	**38 024**	**41 838**	**61 276**

Liabilities	Non-current financial liabilities*	Total non-current liabilities	Current financial liabilities*	Total current liabilities	Total liabilities
GPT-Transnamib Concrete Sleepers (Pty) Ltd	4 103	4 103	19 860	19 860	23 963
Namibia Rail Construction (Pty) Ltd	-	-	1 975	1 975	1 975
	4 103	**4 103**	**21 835**	**21 835**	**25 938**

*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 2022	Profit and Loss	Dividends received from joint venture	Investment at end of 2022
GPT-Transnamib Concrete Sleepers (Pty) Ltd	9 585	9 570	(4 750)	14 405
Namibia Rail Construction (Pty) Ltd	3 654	(657)	-	2 997
	13 239	**8 913**	**(4 750)**	**17 402**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

4. Investments in Joint Ventures (continued)

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	30 294	(1 876)	-	(538)	3 642	3 642
Namibia Rail Construction (Pty) Ltd	4 056	-	5	182	(388)	(388)
	34 350	**(1 876)**	**5**	**(356)**	**3 254**	**3 254**

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	16 783	4 785	15 253	20 038	36 821
Namibia Rail Construction (Pty) Ltd	6 203	51	4 159	4 210	10 413
	22 986	**4 836**	**19 412**	**24 248**	**47 234**

Liabilities	Non-current financial liabilities*	Total non-current liabilities	Current financial liabilities*	Total current liabilities	Total liabilities
GPT-Transnamib Concrete Sleepers (Pty) Ltd	2 097	2 097	15 848	15 848	17 945
Namibia Rail Construction (Pty) Ltd	-	-	2 303	2 303	2 303
	2 097	**2 097**	**18 151**	**18 151**	**20 248**

Reconciliation of movement in investments in joint ventures	Investment at beginning of 2021	Profit and loss	Dividends	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**

5. Interests in subsidiaries- Company

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Name of company	Held by	% voting power 2022	% voting power 2021	Carrying amount 2022	Carrying amount 2021
Swakopmund Station Hotel (Pty) Ltd	Transnamib Holdings Limited	100,00 %	50,00 %	6 108	-

Transnamib Holdings Limited
(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

5. Interests in subsidiaries (continued)

Acquisition of the Subsidiary

On 18 March 2022 Transnamib Limited Holdings acquired the remaining 50% shares of Swakopmund Station Hotel for a cash consideration of N$ 3 054 378. The sale agreement was entered into after approval from the Ministry of Public Enterprises to provide financial assistance to the hotel.
Transnamib Holdings held 50% of Swakopmund Station Hotel acquired in 1996. The fair value of the previously held interest is N$ 3 054 378.

A bargain purchase gain of N$ 33 485 000 was recognized through the income statement. The gain arise from amount paid for the net assets.

Recognised amount of identifiable assets and liabilities assumed:

Assets		
Property plant and equipment	188 850	-
	188 850	
Current Assets		
Inventories	1 113	-
Cash and cash equivalents	9 676	-
Trade and other receivables	4 236	-
Total current assets	**15 025**	-
Total assets	**203 875**	-
Liabilities		
Non-current Liabilities		
Shareholders loan	148 946	-
	148 946	-
Current Liabilities		-
Trade and payables	13 113	-
Other Accrual	2 221	-
	15 334	-
Total Liabilities	**164 280**	-
NET ASSETS	**39 595**	-
Less: Cash Consideration	(3 054)	-
Less: NCI	(3 054)	-
Bargain purchase gain	**33 487**	-

Gain was recognized on sale agreement as the assets had a higher value than the cash paid. The assets value increase due to a revaluation on land of Swakopmund Station Hotel

6. Loans to group companies

Subsidiaries

Swakopmund Station Hotel (Pty) Ltd	148 946	13 704

Loan is interest free and payable on demand

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

7. Deferred tax

Deferred tax liability

Property plant and equipment	(216 091)	(240 098)
Revaluation	(168 812)	(168 812)
Right-to-use-assets	(761)	(2 399)
Unrecognised deferred tax	(789 537)	(1 143 377)
Total deferred tax liability	**(1 175 201)**	**(1 554 686)**

Deferred tax asset

Liabilities for health care benefits accrued	137 689	127 078
Other provisions	9 259	8 805
Provisions for doubtful debts	33 387	27 937
Deferred tax balance from temporary differences other than unused tax losses	180 335	163 820
Tax losses available for set off against future taxable income	994 866	1 390 866
	1 175 201	1 554 686
Total deferred tax asset	**1 175 201**	**1 554 686**

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:

Deferred tax liability	(1 175 201)	(1 554 686)
Deferred tax asset	1 175 201	1 554 686
Total net deferred tax asset	**-**	**-**

8. Trade and other payables
Group

Trade payables	393 571	-
Provision- Bonus	5 448	-
Other payables	(95)	-
Employee vendors	(78)	-
Accrued expenses	61 566	-
Provision- Leave	17 960	-
Other deposits	2 430	
VAT	84 760	
	565 562	

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021
Company		
Trade payables	385 304	305 465
Provision- Bonus	5 134	8 951
Other payables	(95)	-
Employee vendors	(78)	41
Accrued expenses	56 720	13 206
Provision- Leave	16 055	18 566
Other deposits	2 430	2 109
VAT	84 760	50 808
	550 230	**399 146**

Exposure to liquidity risk

Refer to note 24 Financial instruments and financial risk management for details of liquidity risk exposure and management.

9. Trade and other receivables

Group

	2022	2021
Financial instruments:		
Trade receivables	98 781	-
Trade receivables - Property debtors	82 475	-
Other Receivables	7 592	-
Loss allowance (ECL)	(106 357)	-
Trade receivables at amortised cost	82 491	-
Non-financial instruments:		
Other receivables- suspense	39 303	-
Provision bad debts other	(27 294)	-
VAT and Witholding tax	1 206	-
RSA VAT Receivable	3 447	-
Total trade and other receivables	**99 153**	**-**

Split between non-current and current portions

Current assets	99 153	-

Categorisation of trade and other receivables

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

At amortised cost	82 491	-
Non-financial instruments	16 662	-
	99 153	**-**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

Trade and other receivables

Company

Financial instruments:		
Trade receivables	98 781	55 699
Trade receivables - Property debtors	82 475	74 447
Other Receivables	4 461	4 462
Loss allowance (ECL)	(106 255)	(95 751)
Trade receivables at amortised cost	79 462	38 857
Non-financial instruments:		
Other receivables- suspense	39 303	37 801
Provision bad debts other	(27 294)	(20 656)
RSA VAT Receivable	3 447	2 870
Total trade and other receivables	**94 918**	**58 872**

Split between non-current and current portions

Current assets	94 918	58 872

Categorisation of trade and other receivables

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

At amortised cost	79 462	38 857
Non-financial instruments	15 456	20 015
	94 918	**58 872**

Exposure to credit risk

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

In order to mitigate the risk of financial loss from defaults, the company and its subsidiary 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 and it`s subsidiary 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.

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

9. Trade and other receivables (continued)

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 and it`s subsidiary 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 lifetimes 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 2022:

Group

	2022	2022	2021	2021
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)
Freight Services				
Current: 11.07% (2021: 5.76%)	39 015	(4 318)	-	-
31 - 60 days past due: 25.53% (2021: 17.56%)	7 419	(2 043)	-	-
61 - 90 days past due: 93.43% (2021: 72.36%)	1 539	(1 437)	-	-
91 - 120 days past due: 100% (2021: 97.02%)	13 859	(13 859)	-	-
	61 832	**(21 657)**	-	-
			-	-
Property Rental				
Current : 18.55% (2021: 18.55%)	3 751	(2 342)	-	-
31 - 60 days past due: 36.11% (2022: 36.11%)	4 751	(4 042)	-	-
61 - 90 days past due: 56.99% (2022: 56.99%)	2 912	(2 720)	-	-
91 - 120 days past due: 61.74% (2022: 61.74%)	71 032	(71 032)	-	-
	82 446	**(80 136)**	-	-
			-	-
Other receivables				
More than 120 days past due: 100%	7 563	(4 564)	-	-
Total	**151 841**	**(106 357)**	-	-

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

10. Trade and other receivables (continued)

Company

Expected credit loss rate:	2022 Estimated gross carrying amount at default	2022 Loss allowance (Lifetime expected credit loss)	2021 Estimated gross carrying amount at default	2021 Loss allowance (Lifetime expected credit loss)
Freight Services				
Current: 5.76% (2020: 4.71%)	39 015	(4 318)	29 337	(2 930)
31 - 60 days past due: 17.56% (2020: 15.74%)	7 419	(2 043)	11 332	(3 161)
61 - 90 days past due: 72.36% (2020: 77.43%)	1 539	(1 437)	6 298	(5 735)
91 - 120 days past due: 97.02% (2020: 97%)	13 859	(13 859)	8 732	(7 715)
	61 832	**(21 657)**	**55 699**	**(19 541)**
Property Rental				
Current : 18.55% (2020: 25.19%)	3 751	(2 342)	4 844	(4 261)
31 - 60 days past due: 36.11% (2019: 56.46%)	4 751	(4 042)	2 303	(2 030)
61 - 90 days past due: 56.99% (2019: 88.57%)	2 912	(2 720)	1 368	(1 335)
91 - 120 days past due: 61.74% (2019: 97%)	71 032	(71 032)	65 932	(64 122)
	82 446	**(80 136)**	**74 447**	**(71 748)**
Other receivables				
More than 120 days past due: 100%	7 563	(4 564)	4 462	(4 462)
Total	**151 841**	**(106 357)**	**134 608**	**(95 751)**

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%.

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.

Group

	2022	2021
Namibia Dollar	99 153	58 872

Company

	2022	2021
Namibia Dollar	94 918	58 872

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

11. Inventories

Group

Consumable stores	95 870	86 106
Cannibilized Locomotives	15 075	15 075
Inventories- hotel	1 114	-
	112 059	**101 181**

Company

Consumable stores	95 870	86 106
Cannibilized Locomotives	15 075	15 075
	110 945	**101 181**

12. Revaluation reserve

Company and Group

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

12. Legal Settlement-Liability- Group and Company

Summary of legal settlement liability

Legal Settlement	3 178	3 718

Legal Settlement 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.

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

13. Retirement benefits obligation

Group and Company

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

Opening Balance	(425 226)	(365 100)
Benefits paid	29 504	22 461
Net expense recognised	(39 736)	(82 587)
	(435 458)	**(425 226)**

Movements for the year

Opening balance	425 226	365 100
Benefits paid	(29 504)	(22 461)
Net expense recognised	39 736	82 587
	435 458	**425 226**

Net expense recognised

Current service cost	7 001	7 001
Interest cost	47 478	47 478
Actuarial (losses) gains	(14 743)	28 108
	39 736	**82 587**

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

13. Retirement benefits obligation (continued)

Key assumptions used

Assumptions used on last valuation.

Discount rates used	11,98 %	13,46 %

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 2.113% 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 2.113% 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	44 787	51 645

14. Cash and cash equivalents

Group

Cash and cash equivalents consist of:

Cash on hand	1 606	-
Bank balances	75 424	-
Bank overdraft	(13 802)	-
	63 228	**-**

Company

Cash on hand	69	134
Bank balances	67 286	78 175
Bank overdraft	(13 802)	(34 661)
	53 553	**43 348**

Transnamib Holdings Limited
(Registration number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

15. Provisions

Group and Company

Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Other provisions	997	1 415	(1 195)	1 217
Provision- VET Levy interest and penalties	18 526	5 537	-	24 063
Provision for interest and penalties on Import VAT	2 845	3 212	-	6 057
Provision for penalties and interest - PAYE and VAT	92 532	52 618	-	145 150
	114 900	**62 782**	**(1 195)**	**176 487**

Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Total
Other provisions	3 544	1 448	(3 995)	997
Provision- VET interest and penalties	14 919	3 607	-	18 526
Provisions 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**

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.

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand	2022	2021

16. Loan from the Government of Namibia

Group and Company

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 I and the proceeds received. The benefit is accounted for in accordance with IAS 20- Grants

The loan was written off in September 2021.

	2022	2021
Opening Balance	325 432	325 432
Write off of loan	(325 432)	-
Total	**-**	**325 432**

Figures in Namibia Dollar thousand	2022	2021

17. Deferred income

Group and Company

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. This interest was written during September 2021. The full amount was released to Profit and Loss since the finance cost has been recognized in the Income Statement in prior years.

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. This amount has been written off as part of the loan in September 2021

During the year end 31 March 2022 and of N$ 94 million was received for operational use and to purchase spares to the value of N$ 30 million.

Figures in Namibia Dollar thousand	2022	2021
Opening Balance	949 523	939 507
Release to Income Statement	(164 934)	(91 484)
Government loan written off	(81 602)	-
Low interest loan benefit received on Government settling Chinese loan written off	(166 038)	-
Grants received	94 123	101 500
	631 072	**949 523**

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

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

Notes to Statement of Comprehensive Income

Company

18. Revenue

Revenue from contracts with customers		
Freight Revenue	411 458	402 559
Passenger Revenue	272	1 162
	411 730	**403 721**
Revenue other than from contracts with customers		
Rental Income	57 553	52 352
	469 283	**456 073**

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Rendering of services		
Freight Revenue	411 458	402 559
Passenger Revenue	272	1 162
	411 730	**403 721**
Other revenue		
Rental income	57 553	52 352
Total revenue from contracts with customers	**469 283**	**456 073**

Timing of revenue recognition

Over time		
Sale of goods	411 458	402 559
Rendering of services	272	1 162
	411 730	**403 721**

19. Other operating income Group

Impairment Losses Reversed	11 240	-
Bargain purchase gain	33 485	-
Other recoveries- Insurance	39 265	-
Gain of claims bought	8 185	-
10% Supervision Fee and Government Grants	135 239	-
Other sundry income	68	-
Fines and penalties	(55 830)	-
Other income	1 100	-
Project Income- Wash Aways	55 369	-
Interest on Government loan written off	166 038	-
	394 159	-

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

19. Other operating income continued

Company

Impairment Losses Reversed	11 240	-
Other recoveries- Insurance	39 265	2 102
Gain of claims bought	8 185	-
10% Supervision Fee and Government Grants	135 239	123 422
Other sundry income	68	(15)
Fines and penalties	(55 830)	(50 354)
Other income	1 100	1 090
Project Income- Wash Aways	55 369	-
Interest on Government loan written off	166 038	-
	360 674	**76 245**

20. Taxation

Reconciliation between accounting profit and tax expense.

Accounting (loss) profit	55 053	(362 917)
Tax at the applicable tax rate of 32% (2021: 32%)	17 617	(116 133)
Tax effect of adjustments on taxable income		
Permanent Difference	(66 444)	3 144
Deferred Tax effect	48 827	119 778
	-	**-**

The estimated tax loss available for set off against future taxable income is N$ 2 985 719 (2021: N$ 2 855 765).

21. Cash used in operations

Group

(Loss) profit before taxation	88 274	-
Adjustments for:		
Depreciation and amortisation	69 792	-
Losses on disposals, scrapings and settlements of assets and liabilities	3 030	-
Income from equity accounted investments	(8 913)	-
Interest income	(1 605)	-
Finance costs	11 421	-
Fair value (gains) losses	(40 732)	-
Movements in retirement benefit assets and liabilities	24 975	-
Movements in provisions	61 587	-
Gains from claims purchased	(11 219)	-
Impairment loss reversed	(8 165)	-
Bargain purchase gain	(33 486)	-
Changes in working capital:		-
Inventories	(9 764)	
Trade and other receivables	(36 046)	-
Trade and other payables	151 084	-
Deferred income	(164 934)	-
Interest on loan reversed	(166 039)	-

Transnamib Holdings Limited

	(70 780)	-

(Registration number 99/114)
Consolidated and Separate Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

21 Cash used in operations

Company

(Loss) profit before taxation	54 788	(334 809)
Adjustments for:		
Depreciation and amortisation	69 792	71 424
Losses on disposals, scrapings and settlements of assets and liabilities	3 030	17 528
Income from equity accounted investments	(8 913)	(1 623)
Interest income	(1 605)	(756)
Finance costs	11 421	49 150
Fair value (gains) losses	(40 732)	73 944
Movements in retirement benefit assets and liabilities	24 975	32 018
Movements in provisions	61 587	51 413
Gains from claims purchased	(11 219)	-
Impairment loss reversed	(8 165)	-
Impairment	-	11 095
Changes in working capital:		
Inventories	(9 764)	1 619
Trade and other receivables	(36 046)	2 327
Trade and other payables	151 084	114 755
Deferred income	(164 934)	(91 485)
Interest on loan reversed	(166 039)	-
	(70 780)	**(3 400)**

22. Related Parties

Shareholder	The Government of the Republic of Namibia
Directors	Refer to the Directors Report

Related party balances

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

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

22. Related parties (continued)

Related party transactions

Interest paid to (received from) related parties		
Funds received from the Government of the Republic of Namibia	94 123	(101 500)
Funds received- Capital Contribution	120 382	-
Compensation to directors and other key management		
Short-term employee benefits	1 225	1 617

23. Directors' emoluments- Group and Company

Non-executive

2022

Directors' emoluments	Fees for services as director	Total
Services as director or prescribed officer		
L. Matthews (Chairperson)	15	15
G. Michaels	220	220
Adv S. Tjijorokisa (Deputy Chairperson)	215	215
J. Shikongo- Asino	203	203
V. Mberema	203	203
I. N. Ikela	166	166
Dr. M. Ochurub	203	203
	1 225	**1 225**

2021

Directors' emoluments	Fees for services as director	Total
Services as director or prescribed officer		
Adv S. Tjijorokisa Chairperson)	228	228
G. Michaels (Deputy Chairperson)	221	221
J. Shikongo- Asino	256	256
V. Mberema	256	256
Dr. M. Ochurub	256	256
O. Kaveru	236	236
I. N. Ikela	164	164
	1 617	**1 617**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated and Separate Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

24. Comparative Figures

No comparative for the group as this is the first year of consolidation. This the Statement of Comprehensive Income and its notes

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

25. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group

2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	9	99 153	99 153	-
Cash and cash equivalents	14	77 030	77 030	-
		176 183	**176 183**	**-**

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

Categories of financial assets

Company

2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	9	94 918	94 918	-
Cash and cash equivalents	14	67 355	67 355	-
		162 273	**162 273**	**-**

2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	9	58 872	58 872	-
Cash and cash equivalents	14	78 309	78 309	-
		137 181	**137 181**	**-**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

25. Financial instruments and risk management (continued)

Categories of financial liabilities

Group

2022

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	8	565 562	-	565 562	-
Finance lease obligations		-	2 574	2 574	-
Bank overdraft	14	13 802	-	13 802	-
		579 364	**2 574**	**581 938**	**-**

Categories of financial liabilities

Company

2022

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	8	550 230	-	550 230	-
Finance lease obligations		-	2 574	2 574	-
Bank overdraft	14	13 802	-	13 802	-
		564 032	**2 574**	**566 606**	**-**

2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	8	399 146	-	399 146	-
Finance lease obligations		-	7 904	7 904	-
Bank overdraft	14	34 961	-	34 961	-
		434 107	**7 904**	**442 011**	**-**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated Financial Statements for the year ended 31 March 2022

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand		2022	2021
Capital risk management		2 574	7 904
Lease liabilities			
Trade and other payables	8	565 596	399 146
Total borrowings		**568 136**	**407 056**
Cash and cash equivalents	14	(63 227)	(43 348
Net borrowings		**504 909**	**363 702**
Equity		1 785 175	1 154 357
Gearing ratio		28 %	31 %

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).

25. Financial instruments and risk management (continued)

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 group and company is exposed to credit risk on loans receivable, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments 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. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

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.

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.

Notes to the Consolidated Financial Statements

Figures in Namibia Dollar thousand	2022	2021

25. Financial instruments and risk management (continued)

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.

Liquidity risk

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.

The maturity profile of contractual cash flows of derivative financial liabilities are as follows:

Financing facilities

26. 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 profit in the current year of N$ 88 million.

During the 31 March 2022 year end the company received N$ 94 million to be utilized for locomotive repairs and maintenance. In addition to this, the company secured N$523 million government funding for the MTEF period 2023-2025, of which N$ 134 million was received after year-end.

Subsequent to year end the company signed the loan agreement for funding from the DBSA totaling N$2.15 billion. The Government supported this transaction with a payment support guarantee.

Based on the foregoing the directors believe that the company has adequate long-term resources to continue as a going concern. The directors will continue to mobilise short and medium resources required to breach the gap up to when the long-term funding is available.

27. Fair value information

Fair value hierarchy

The table below analyses 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.

Notes to the Consolidated Annual Financial Statements

Figures in Namibia Dollar thousand		2022	2021

26. Fair value information (continued)

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 3

Recurring fair value measurements

Assets	Note(s)		
Biological assets			
Investment Property		1 231 601	1 190 829
Total		**1 231 601**	**1 190 829**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated Annual Financial Statements for the year ended 31 March 2022

Detailed Income Statement

Figures in Namibia Dollar thousand	Notes	Group		Company	
		2022	2021	2022	2021
Revenue					
Freight Revenue		411 458	402 559	411 458	402 559
Rental income		57 553	52 352	57 553	52 352
Passenger Revenue		272	1 162	272	1 162
	18	**469 283**	**456 073**	**469 283**	**456 073**
Other operating income					
Other recoveries		58 690	2 102	58 690	2 102
Gain on bargain purchase in a business combination		33 486	-	33 486	-
Government grants		356 645	123 422	356 645	123 422
Scrap sales		68	(15)	68	(15)
Fines and penalties		(55 830)	(50 354)	(55 830)	(50 354)
Other income		1 100	1 090	1 100	1 090
	19	**394 159**	**76 245**	**394 159**	**76 245**
Other operating gains (losses)					
Losses on disposal of assets		(3 030)	(17 527)	(3 030)	(17 527)
Expenses (Refer to page 57)		**(812 008)**	**(728 929)**	**(812 008)**	**(728 929)**
Operating profit (loss)		**48 404**	**(214 138)**	**48 404**	**(214 138)**
Investment income		1 605	756	1 605	756
Finance costs		(11 421)	(49 150)	(11 421)	(49 150)
Income from equity accounted investments		8 913	1 623	8 913	1 623
Other non-operating gains (losses)					
Fair value gains (losses)		40 772	(73 900)	40 967	(73 900)
Profit (loss) for the year		**88 274**	**(334 809)**	**88 274**	**(334 809)**

Transnamib Holdings Limited

(Registration number 99/114)
Consolidated Annual Financial Statements for the year ended 31 March 2022

Detailed Income Statement

Figures in Namibia Dollar thousand	Notes	Group		Company	
		2022	2021	2022	2021
Other operating expenses					
Advertising		(19)	(92)	(19)	(92)
Auditor's remuneration - external audit		(686)	(904)	(686)	(904)
Bad debts		(25 416)	(15 951)	(25 416)	(15 951)
Bank charges		(500)	(991)	(500)	(991)
Computer expenses		(2 711)	(8 897)	(2 711)	(8 897)
Consulting and professional fees 1		(798)	1 526	(798)	1 526
Consulting and professional fees - legal fees		(3 187)	(2 084)	(3 187)	(2 084)
Consumables		837	(1 014)	837	(1 014)
Debt collection		(432)	(311)	(432)	(311)
Delivery expenses		(3 348)	(3 286)	(3 348)	(3 286)
Depreciation		(69 792)	(71 424)	(69 792)	(71 424)
Employee costs		(380 642)	(386 783)	(380 642)	(386 783)
Entertainment		(108)	(65)	(108)	(65)
Equipment Hire		-	(1)	-	(1)
Lease rental- operating lease		(51 094)	(8 630)	(51 094)	(8 630)
Recruitment Costs		(8)	(202)	(8)	(202)
Other expenses		(404)	415	(404)	415
Impairment		-	(11 096)	-	(11 096)
Incorporation costs		(211)	(316)	(211)	(316)
Insurance		(10 975)	(6 817)	(10 975)	(6 817)
IT expenses		(59)	(354)	(59)	(354)
Levies		(827)	(1 714)	(827)	(1 714)
Medical expenses		-	(1 187)	-	(1 187)
Fuel and lubricants expenses		(146 338)	(119 975)	(146 338)	(119 975)
Municipal expenses		(43 081)	(44 827)	(43 081)	(44 827)
Repairs and Maintenance		(43 481)	(22 934)	(43 481)	(22 934)
Packaging		-	(2)	-	(2)
Legal Settlement		(600)	(4 000)	(600)	(4 000)
Postage		(28)	(31)	(28)	(31)
Printing and stationery		(604)	(819)	(604)	(819)
Protective clothing		(6 724)	(5 505)	(6 724)	(5 505)
Secretarial fees		(1 429)	-	(1 429)	-
Security		(9 631)	(5 779)	(9 631)	(5 779)
Subscriptions		(1 347)	(217)	(1 347)	(217)
Telephone and fax		(760)	(1 243)	(760)	(1 243)
Training		(1 294)	(85)	(1 294)	(85)
Travel - local		(6 311)	(3 334)	(6 311)	(3 334)
		(812 008)	**(728 929)**	**(812 008)**	**(728 929)**

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