TRANSNAMIB

INTEGRATED ANNUAL REPORT

2022 - 23

transnamib

Contents

The TransNamib Brand Journey

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 Brand Journey

The trajectory of the TransNamib brand unfolds as a remarkable journey marked by resilience, innovation, and an unwavering commitment to the advancement of Namibia's railway sector. With roots deeply embedded in a legacy of service, TransNamib has consistently sought to connect people, goods, and communities across the nation.

Commencing over 126 years ago, our brand's origin lies in the visionary foresight of our forefathers who recognised Namibia's significance as a vital hub for the movement of goods. The inception of this journey dates back to 1895 with the construction of a modest mining rail line at Cape Cross. A pivotal moment arrived in 1897 when authorities initiated the construction of the "Staatsbahn" (state railway) from Swakopmund to Windhoek.

Since its establishment more than 120 years ago,, railway has played a central role in propelling Namibia's economic development. Additionally, it has afforded landlocked neighbouring countries access to goods and services through the globally connected Walvis Bay Port. After Namibia's independence in 1990, TransNamib assumed control of the national rail network. Across decades, the company has played a vital role in transporting freight and people across Namibia. Despite weathering numerous challenges, TransNamib has demonstrated resilience, continually evolving to stay relevant and operational during periods of significant decline in the national, regional, and international rail industry markets.

The year 2019 marked a transformative phase for TransNamib as the company underwent a substantial rebranding, unveiling a brand new identity. This symbolic shift heralded a fresh chapter for rail in Namibia, underscoring our commitment to embracing change and striving for a larger market share through the implementation of our road-to-rail business strategy. We firmly believe in the value of rail as an economic enabler and our capacity to move goods and people at a lower cost than competitors, positioning us to increase our market share and contribute to sustainable development in our country.

The TransNamib brand journey is an ongoing narrative, reflective of our dedication to growth, innovation, and the continued advancement of the railway industry in Namibia.

About our theme

RAILING OUR WAY TO SUSTAINABILITY

In the pursuit of enhancing our sustainability, the theme 'Railing Our Way to Sustainability' underscores our commitment to improving economic resilience. Economic sustainability is centred on the strategic management of financial resources to foster long-term prosperity. This annual report serves as a comprehensive account of our endeavours to transform TransNamib into an organisation that embodies sustainability across all aspects of its operations.

The phrase "Railing Our Way" metaphorically emphasises our determined journey towards sustainability, drawing a parallel to the railway industry that TransNamib operates in. The term "railing" implies a deliberate and purposeful course, signifying our focused efforts in achieving sustainability goals.

The theme highlights a conscious recognition of the necessity to enhance sustainability practices. This annual report acknowledges TransNamib's ongoing commitment to address areas that require improvement, demonstrating a proactive approach to organisational betterment.

In addition this annual report underscores the importance of and our commitment to sound financial practices in achieving sustainability objectives. The ultimate goal of economic sustainability is linked to fostering long-term prosperity. It conveys that the initiatives undertaken are geared not only towards immediate gains but are part of a strategic vision for sustained success over the long term.

More over, the annual report is also positioned as a reflection of TransNamib's ongoing journey towards sustainability. It serves as comprehensive documentation of the organisation's progress, challenges faced, and strategic initiatives implemented to embed sustainability principles.

The overarching objective is clearly stated: to transform TransNamib into a sustainable organisation. This reinforces the organisation's commitment to adopting practices that align with sustainability principles and contribute to its long-term viability. As an organisation, we are committed to our goal of bringing value to our shareholders and the Namibian people, and that starts with transforming TransNamib into an economically viable organisation.

In summary, the theme 'Navigating Towards Sustainability' encapsulates TransNamib's concerted efforts to fortify economic sustainability, as outlined in this annual report. It reflects a purposeful journey towards becoming a more sustainable and resilient organisation in the railway industry.

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.

INTEGRATED ANNUAL REPORT

Our Logo

TransNamib introduced its revamped brand identity in April 2019, unveiling a new logo that embodies the company's commitment to technology, innovation, and simplicity in its business model. This fresh visual representation also reflects the company's bold decision to shift its direction, aiming to secure a larger market share through its road-to-rail business strategy.

The new logo serves as the cornerstone for TransNamib's future endeavours, providing a unified foundation for all stakeholders, including employees, customers, and shareholders. This alignment is crucial for propelling the future growth and development of the country's preferred bulk transporter. A key focus of our communication strategy has been the restoration of confidence among all stakeholders. This ongoing effort is a continuous process, diligently working to enhance the company's position and foster trust in its trajectory of advancement.

The new brand identity signifies a forward-looking approach, emphasising TransNamib's commitment to progress, development, and its pivotal role in the transportation landscape.

Our Slogan

"RAIL IT"

The slogan "Rail It" serves as a powerful affirmation of our dedication to revitalising and expanding our core business – rail. It encapsulates our mission to foster the growth of the rail sector, with the ultimate goal of positioning rail as the preferred and optimal mode of transportation.

"Rail It" is not just a phrase; it's a resolute commitment to advancing the railway industry, promoting sustainability, and offering a reliable and efficient transport solution for the benefit of our stakeholders and the communities we serve.

SECTION 2

Integrated Annual Report

REPORTING APPROACH AND FRAMEWORK

The report covers the activities of TransNamib from 01 April 2022 to 31 March 2023.

BOARD RESPONSIBILITY AND APPROVAL

Materiality

We define a matter as material if it holds, or has the potential to hold, a significant impact on our capacity to generate value in the short, medium, and long term for both our shareholders and stakeholders. This significance is specifically tailored to TransNamib's operations. Material matters are intricately linked to our strategic value drivers, which are the focal points of our Integrated Strategic Business Plan and planning processes.

Forward-looking statements

This report contains forward-looking statements regarding TransNamib's financial position, results, operations, and businesses. These statements and forecasts inherently involve risk and uncertainty, revolving around events and circumstances that unfold in the future. Various factors could lead to actual results or developments that differ materially from those expressed or implied by these forward-looking statements.

Statement of Responsibility and Approval

As the Board of TransNamib, we have collectively applied our expertise to the preparation and presentation of the information in this report. Acknowledging our responsibility, we ensure the integrity of this Integrated Report. In crafting and endorsing the content, we have adhered to the <IR> Framework, Public Enterprises Act 2019, and the principles of NamCode.

The Board officially approved the integrated report and annual financial statements on 30 November 2023.

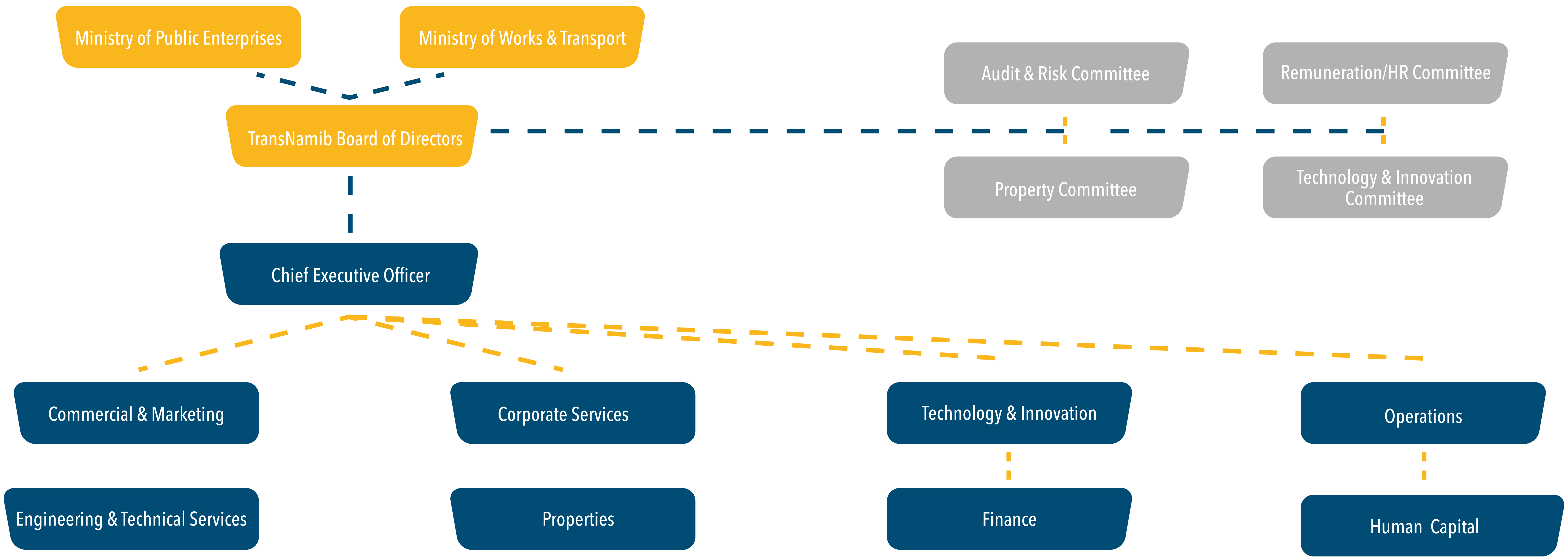
CHAIRPERSON

CHIEF EXECUTIVE OFFICER

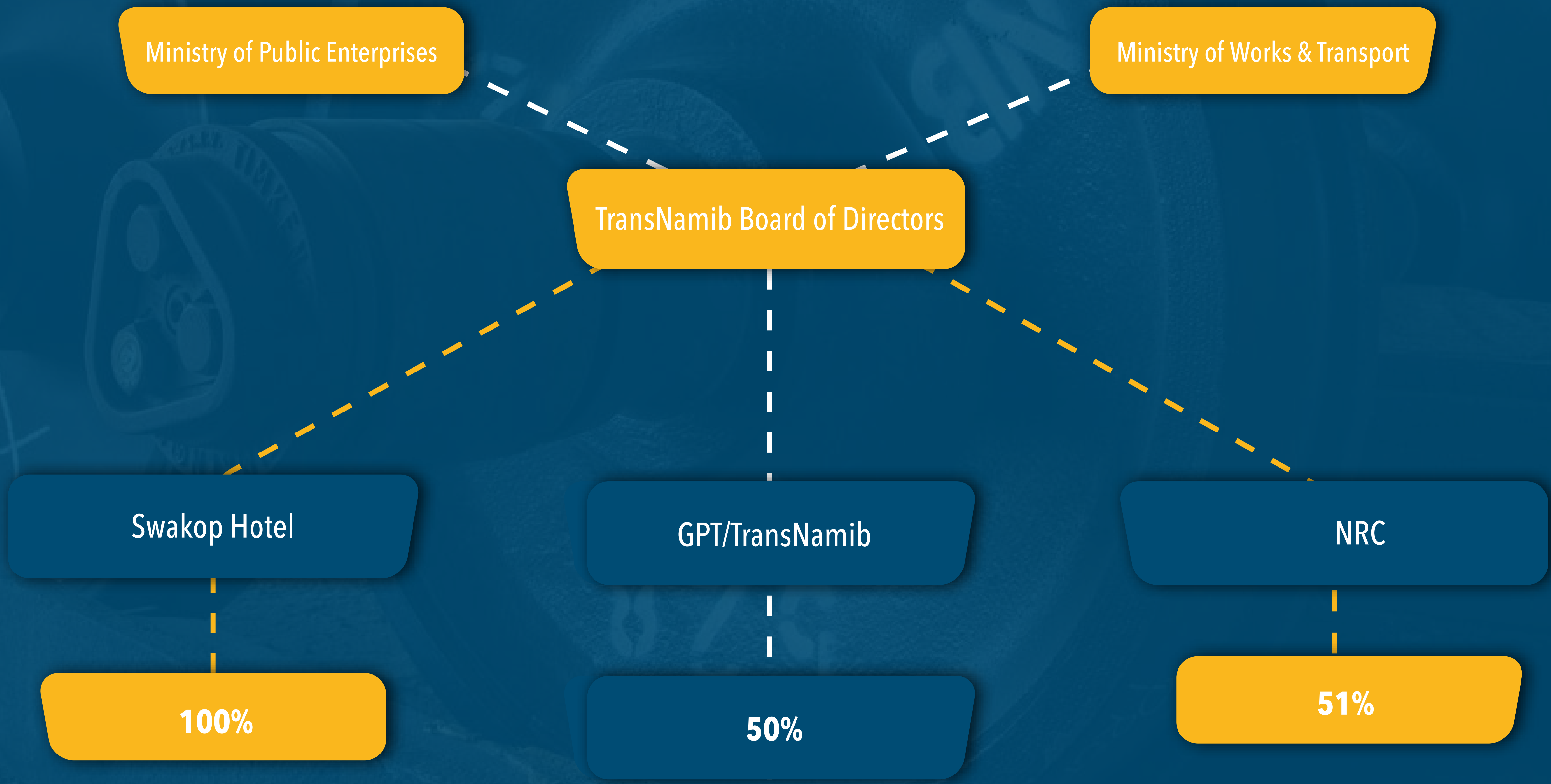
SECTION 3

About TransNamib

OUR CORPORATE STRUCTURE



OUR PARTNERSHIP



STRATEGY AT A GLANCE

Rail has played a crucial role in Namibia's transportation system for over 126 years, efficiently and sustainably facilitating the movement of goods and people across the country. Despite its historical significance, the financial growth of the rail industry has encountered significant challenges in the last three decades.

One of the primary challenges faced by the rail industry is the disproportionate investment in comparison to other modes of transportation. It has become increasingly vital to advocate for and promote the movement of goods via rail to ensure the sustainability of the industry. Rail, with its economic and environmentally friendly benefits for transporting bulk loads, becomes a strategic focus.

In February 2019, TransNamib took a pivotal step by launching its Integrated Strategic Business Plan (ISBP), a five-year strategy spanning from 2019 to 2023. This plan aims to transform and align the company's operations and culture towards a cost-effective and customer-oriented business model, supporting Namibia's economic growth.

The ISBP is an ambitious game plan to provide integrated rail transport logistics service solutions. To achieve the objectives set out in the ISBP, TransNamib requires a substantial investment of N$2.5 billion. However, a year after the plan's launch, the unforeseen Covid-19 pandemic had a profound impact on the business, given the rail industry's sensitivity to domestic and global economic fluctuations.

Being a state-owned enterprise, TransNamib is mandated by the Public Enterprises Act 2019 to be profitable and efficient. Successfully realising its vision of being the preferred bulk transporter of Namibia and its mission to ensure a world-class railway necessitates a significant internal transformation. The transformation strategy involves substantial investments in technical training, acquiring external skills, rightsizing, phasing out legacy technologies, and enhancing business processes and internal efficiencies. Establishing new partnerships is deemed critical to TransNamib's future success.

With a workforce exceeding 1200 employees, human capital is recognised as the core of TransNamib's operations. The commitment to transformation and process development over the five-year strategy is embraced by the entire TransNamib team, from the board and executive team to management and staff.

This commitment is anchored in the four pillars of the ISBP: Breakthrough Financial Performance, Trustworthy Customer Experience, Organisational Excellence, and Inspiring and Accountable Leadership.

These pillars collectively form the foundation for TransNamib's journey towards a sustainable, efficient, and customer-centric railway enterprise.

A substantial portion of TransNamib's advancements outlined in the Integrated Strategic Business Plan faced disruptions due to the delayed securing of funds. However, looking ahead, with funds now secured successfully, we are optimistic about making significant strides in transforming TransNamib into a sustainable organisation.

The availability of funding positions us to implement key initiatives, overcome challenges, and move decisively towards achieving the objectives set out in the plan. This renewed confidence reflects our commitment to fostering sustainability and operational excellence in TransNamib's future endeavours.

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 MR. THEO MBERIRUA

As we reflect on the financial year gone by, TransNamib stands as a resilient organisation, unwavering in its commitment to transformation amidst a myriad of challenges.

Despite the formidable obstacles encountered over the years, both internal and external, the journey towards making TransNamib a sustainable entity that adds substantial value to our shareholders and plays a pivotal role in our nation's development has persisted.

In a year defined by unprecedented challenges, TransNamib weathered the storm, navigating through a complex micro and macro environment that significantly influenced our performance. The unwavering dedication of the board, management, and employees prevailed, driving us towards our shared vision of becoming the preferred bulk transporter in Namibia and a leading force in regional commodity transportation.

TransNamib's journey towards sustainability has not been without its obstacles. It is a well-known fact that the company has faced many challenges since implementing its Integrated Strategic Business Plan (ISBP), which was launched in 2019. One of the key impediments to implementing this strategic business plan has been securing finances.

With over N$2.6 billion in funding needed to execute the strategic plan, much of this five-year period has been spent by TransNamib securing the fund. However, with funding now secured, TransNamib is actively collaborating with the shareholder to meet the financial prerequisites to access the allocated.

Another challenge we encountered over the past five years pertains to legacy issues. In particular, the condition of condition of rail infrastructure and rolling stock, have posed formidable challenges over the past five years.

Despite these hurdles, the dedicated efforts of TransNamib's management and staff have ensured operational success since the launch of the ISBP. The board continues to engage with the shareholder, emphasising the imperative need for investment in Namibia's rail infrastructure to position the country as a logistics leader.

With only 30% of Namibia's current rail infrastructure on par with SADC standards, it is imperative to prioritise investment in rail infrastructure to advance the objective of positioning Namibia as a leader in the region.

ENHANCING CORPORATE GOVERNANCE AND LEADERSHIP

Through the Public Enterprises Governance Act, (PEGA), TransNamib, classified as a Tier III commercial enterprise, has taken strides to enhance corporate governance and compliance. The approval of policies focusing on information technology and business processes, along with the implementation of the Corrective Action Tracking System (CATS), underscores our commitment to actively managing and mitigating risks.

CATS, which is implemented by the executive team, was developed developed and is presented to the Audit and Risk Committee every quarter to manage and mitigate the risks of the company. As a board, through the various board committees, we continuously address specific matters that we see as critical to the long-term growth and development of the organisation.

The changes within the TransNamib board during this fiscal year stand as a testament to the shareholder's unwavering commitment to prioritising corporate governance within the organisation. These strategic adjustments underscore the dedication to aligning the board with its primary objective: to provide strategic direction for TransNamib.

The shareholder recognises the pivotal role of a well-structured and effective board in steering the organisation towards sustainable growth and success.

The shareholder's commitment to prioritising corporate governance is evident in the deliberate efforts to ensure that the board focuses on strategic oversight and guidance. This commitment aligns with best practices, emphasising the separation of strategic direction setting, which is the board's responsibility, and operational execution, entrusted to the executive management. The shareholder's commitment to corporate governance signifies a proactive stance in fostering transparency, accountability, and ethical conduct within TransNamib. These principles are foundational to building stakeholder trust, attracting investment, and maintaining the organisation's reputation as a responsible and well-managed entity.

FUNDING OUR STRATEGIC PLAN

Our ability to fulfill the expectations of our customers is intrinsically tied to the quality of our infrastructure and the state of our equipment. Recognising this, the confirmation of funding for TransNamib's Integrated Strategic Business Plan (ISBP) by the end of the preceding fiscal years was of paramount importance. The Development Bank of Namibia (DBN) and Development Bank of Southern Africa (DBSA) demonstrated their confidence in TransNamib's vision by confirming a substantial loan of N$2.6 billion.

This financial injection, earmarked for the implementation of the ISBP, particularly in the enhancement of rolling stock, holds immense strategic value. It represents a crucial partnership that will bolster TransNamib's operational capacity, allowing the company to seize existing market opportunities and rightfully expand its market share.

However, the confirmation of the loan, accessing it has faced delays in the current financial period. TransNamib is diligently conditions attached to the loan, ensuring compliance with the stipulated requirements. While these processes are intricate, the organisation is optimistic about completing them successfully in the next financial year.

The impending access to the loan signifies a pivotal moment for TransNamib, poised to unlock new possibilities, enhance its capabilities, and contribute significantly to the railway industry's growth. The company's commitment to meeting the conditions underscores its dedication to responsible financial management and effective utilisation of the funding for the betterment of its operations and overall industry impact. As TransNamib progresses through the final stages of meeting these conditions, the anticipation is high for a successful and transformative partnership with the DBN and DBSA in the upcoming fiscal year.

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 kilometers 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, having this line rehabilitated has the potential to exponentially increasing our market share and provide real value to the Namibian transport sector.

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. Over the past fiscal year, extensive heavy maintenance initiatives were executed along the Kranzberg to Tsumeb route. Upon completion, these sections were seamlessly handed over to TransNamib.

Challenges such as speed restrictions and axle load limits persist on the national network, but the completion of upgrades from Walvis Bay to Kranzberg represents a significant milestone. This section is free from speed restrictions and is capable of accommodating 18 tons per axle, signifying a substantial improvement in this regard. Successful repairs were undertaken on wash-away damage in the Karas region, and upgrades on the Sandverhaar-Bucholzbrohn section to enhance rail capacity towards the port of Lüderitz. Additionally, vegetation control and de-bushing efforts were diligently carried out on extensive sections of the rail network to maintain clean rail reserves. This ongoing effort is set to extend into the next fiscal year.

SAFETY

The ongoing rolling stock and rail infrastructure challenges continue to impact the company’s safety efforts. 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.

The condition of some of the national railways’ critical sections is in such a 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. However, it is imperative to note that compared to other rail operators in Southern Africa, TransNamib does not feature anywhere in the top categories of SARA Railway Accidents and Incidents Statistical Reports. However, 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, in the next fiscal year.

FOCUSING ON THE FUTURE

We continue to believe that rail is an economic enabler. Based on this belief, we will continue to advocate for governmental and legal intervention for the movement of dangerous and hazardous goods by rail".

The pre-independence legal framework supported rail by ensuring that a certain percentage of goods was legally obligated to be moved by rail. Unfortunately, this is not longer the case. Nevertheless, despite the competitive environment we operate in, we believe that regulatory support will ensure the survival and transformation of TransNamib. We also continue to focus on how to improve our train operations to increase the low levels of freight volumes and revenue. Moreover, we are continually 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.

In closing, 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 our clients for their continued support and preference to move their goods via rail. A special thank you to the management, who, despite a difficult year, have 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 advancing 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 of 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 finalising the strategic direction for the next five years as well as moving the company forward through the implementation of its business plan.

23 INTEGRATED ANNUAL REPORT

CEO MR. JOHNY SMITH

Although we concluded the 2022 financial year with the confirmation of N$2.6 billion in funding from the Development Bank of Southern Africa towards rolling stock after a lengthy four-year pursuit, TransNamib remains focused on fulfilling the obligations necessary to access this confirmed funding. This breakthrough funding which is crucial for advancing our Integrated Strategic Business Plan (ISBP) is now in its final stages of meeting the conditions required to access the loan.

Despite efforts to engage new customers, our current rail operations have encountered challenges in optimising existing rolling stock due to factors such as inadequate planning, communication gaps, and streamlining initiatives. We also continue to face obstacles delayed maintenance, skill shortages, and the availability of spare parts.

Also challenges in the Operations department management, coupled with ageing and unreliable rolling stock, along with ongoing major rail accidents that disrupt service delivery, continue to significantly impact TransNamib's financial performance. While the rehabilitation of the line between Walvis Bay and Kranzberg is much needed our operations due to the ongoing occupations and disruptions caused during this process.

IMPLEMENTATION OF STRATEGIC PLAN

The implementation of the business plan has been hindered further by delays in accessing the secured. Limited rolling stock capacity and a shortage of funds for maintenance are causing ongoing delays in making additional locomotives available for operations. The ongoing cash flow challenges faced by the company pose higher risks to the security of TransNamib's business, particularly concerning the transport, storage, and maintenance of company property and goods.

CORPORATE GOVERNANCE & COMPLIANCE

The fourth consecutive Annual General Meeting for TransNamib took place on the 22 September 2023, at NIPAM. The meeting was attended by distinguished guests, including the Minister of Finance and Public Enterprises, the Deputy Ministry of Works and Transport, the Board of Directors, the Executive team, and representatives of NATAU who gathered to approve the financial statements for the fiscal year 2021/2022. Through corporate governance events, TransNamib continues to re-build its reputation by showing transparency in its financial and operational matters. The continued use of the Corrective Action Tracks list by the Internal Audit Department also continues to address outstanding issues and improve corporate governance. However, many of the outstanding actions are due to the financial challenges faced by the organisation. The audit committee reviews and monitors this corrective action track list on a quarterly basis.

Our approved Enterprise Risk Management (ERM) framework aligns our strategy, processes, people, and technology to evaluate and manage operational uncertainties. Risk governance processes, which include monitoring and oversight of identified risks, follow our defined methodology based on the COSO framework.

We have also been emphasising safety awareness and good housekeeping practices in the workplace to minimise injuries. The Health and Safety Section conducts daily "Safety Briefs" to raise awareness and reduce incidents. During the period under review, a total of 75 rail accidents were reported, primarily operational and internal in nature. To prevent future incidents, the Safety Health Environment Section has developed training materials focusing on TransNamib Rules and Regulations for Safe Train Operations, known as the "Rule Book." The objective of this training is to provide guidance and promote safe rail operations in compliance with industry rules and standards.

Furthermore, various training workshops have been conducted across all regions of Namibia, and a Rail Safety Plan has been developed for additional activities in the next fiscal year.

FINANCIAL PERSPECTIVE

During the fiscal year, TransNamib experienced notable shifts in key financial indicators. Despite achieving a commendable 14% increase in revenue, reaching N$535 million, our net profit declined sharply by N$547 million, resulting in a loss of N$478 million. This decline was largely driven by substantial penalties incurred during the period. In terms of capital investments, we maintained a cautious approach, refraining from significant outlays and focusing instead on optimising existing resources.

Our inventory management strategy led to a deliberate increase in on-hand spares by N$6 million, aimed at improving locomotive availability and enhancing service delivery to our customers. Meanwhile, labor costs remained stable at N$381 million, with the impact of salary adjustments managed through voluntary retrenchments following an industrial action. Fuel costs, however, surged by 56%, largely due to elevated fuel prices, presenting a considerable challenge to our operational expenses during the year.

Our cash flow from operations deteriorated significantly, worsening by 141% to N$(193 million). However, financing cash flows received a boost from shareholder support, resulting in a 47% increase to N$323 million. Despite an increase in cash reserves by N$120 million due to GRN injection, the balance sheet size contracted by N$35 million, primarily due to the substantial loss incurred during the period.

The shortage in rolling stock capacity and postponed maintenance, resulting from insufficient funds, has also caused a decline in freight business due to the deteriorating quality of rail service.

ROLLING STOCK & OPERATIONS

The Operations Department serves as the central hub of our company, tasked with translating orders from the Commercial and Marketing departments into train movements that reach various destinations, ensuring customer satisfaction. This department comprises Train Operations, Passenger Services, and Terminals (Service Delivery).

During the review period, TransNamib successfully transported a total of 1,369,701 tons of freight, including containers, fuel, and acid, to diverse locations across the country, operating with an average of only 25 available locomotives. This equates to approximately 10-12 fully loaded trains departing and returning daily with empty wagons. Due to the COVID-19 outbreak and limited locomotive availability, our Passenger Services experienced a decline in operations, leading to significantly reduced on-time departures and arrivals.

Consequently, we suspended passenger transport services nationwide, offering only occasional services during festive seasons. Throughout this period, Starline Passenger Services safely transported 576 passengers to their destinations during festive travels, generating a total income of N$97,437.00.

In addition to Starline Passenger Services, we also provide hauling services for international guests aboard the luxurious Rovos Rail and Shongololo Express from South Africa, showcasing Namibia's scenic landscapes. This service contributed significantly to our income, amounting to N$10,510,332.00 during the review period, with Rovos Rail and Shongololo Express visiting Namibia on seven occasions, bolstering our tourism sector.

The Terminals sector plays a vital role in cargo receipt and delivery, ensuring accurate document capture for billing purposes and overall efficiency in our operations. TransNamib remains dedicated to maintaining and ensuring the operational readiness of our aging locomotive fleet, striving to meet and exceed our clients' expectations. Over 85% of our current fleet has surpassed the 50-year service mark, presenting unique challenges that we address with diligence and expertise.

To address this challenge, we have undertaken initiatives aimed at renewing our rolling stock. Despite this ongoing effort, we have temporarily supplemented our rolling stock requirements by leasing locomotives to maintain operational continuity and reliability. These actions demonstrate our commitment to delivering reliable and efficient rail services to our valued clients.

HUMAN CAPITAL DEVELOPMENT

The company continues to do very well with its apprenticeship programmes. 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. The company currently have 69 apprentices in the programme.

PERMANENT WAY

Throughout the previous fiscal year, extensive heavy maintenance activities continued along the Kranzberg to Tsumeb route. Upon completion, these sections were seamlessly integrated into TransNamib's network. Challenges persist with speed restrictions and axle load limits across the national network; however, the completion of upgrades from Walvis Bay to Kranzberg marks an exciting development. This section now operates without speed restrictions and can accommodate up to 18 tonnes per axle.

TransNamib remains steadfast in prioritising ongoing minor maintenance of the railway network to ensure the smooth and efficient movement of trains. Additional motor trolleys have been deployed to bolster rail inspections, ensuring defects are promptly addressed and standard maintenance is upheld.

Successful repairs were made to damage on the railway line in the //Kharas region, while upgrades on the Sandverhaar-Bucholzbrohn section have begun to enhance capacity towards the port of Lüderitz. Extensive efforts in vegetation control and de-bushing have been carried out across various rail sections to maintain clean rail reserves. These efforts are ongoing and will extend into the next financial year to enhance overall operational efficiency and safety.

PROPERTY PORTFOLIO

At TransNamib, we are committed to improving property management practices to deliver favourable returns to our shareholders. Our focus remains on achieving the properties' annual revenue targets as outlined in our Integrated Strategic Business Plan (ISBP).

However, despite the operational advantages inherent in our properties, their total value decreased slightly to N$2.3 billion, down from N$2.6 billion in the previous year. This decline in value was influenced by market-driven property depreciation and the alienation of certain properties during the reporting period.

As a result, we face persistent challenges in fully realising the commercial potential of our properties. Financial constraints limit our ability to charge market-related rentals, and we continue to experience tenant defaults that impact our actual income. Additionally, the slow economic recovery post-COVID-19 has posed challenges to effectively implementing stringent debt recovery measures.

Despite these challenges, we are actively addressing these issues through strategic initiatives aimed at optimising property performance and maximising revenue generation. By leveraging innovative approaches and refining our property management strategies, we remain dedicated to enhancing the overall value and profitability of our property portfolio.

LOOKING AHEAD

The challenges we've faced in securing funding and accessing the necessary resources for TransNamib's Integrated Business Plan, compounded by the impact of the COVID-19 pandemic, have undoubtedly slowed our progress and development as a business entity. To rebound and move forward effectively, we require substantial support from our shareholder, as the company is currently unable to meet its financial obligations alone.

It is crucial that we receive short-to medium-term support to stabilise and strengthen our operations. With the increasing volumes of freight being transported by road, the government must adopt a long-term strategy to support TransNamib's recovery. This includes shifting more freight from road to rail and enhancing support for rail infrastructure maintenance and operations.

I extend sincere appreciation to our loyal customers who have stood by TransNamib during these challenging times, our dedicated employees for their unwavering commitment, and the Board for their steadfast support of the Executive team.

Lastly, I want to acknowledge and express gratitude for the ongoing strategic and operational support from the Ministry of Finance and Public Enterprises and the Ministry of Works and Transport.

Your collaboration is instrumental in ensuring that TransNamib continues to deliver essential rail services throughout Namibia. Thank you for your continued support and dedication to our collective mission. Together, we will navigate these challenges and emerge stronger than before.

CORPORATE GOVERNANCE

Elevating governance standards at TransNamib for sustainable growth

In the pursuit of long-term value for our shareholder and the establishment of a resilient and sustainable company, TransNamib recognises the paramount importance of a robust governance foundation.

The Board of Directors has taken a proactive stance, by instituting committees to spearhead effective leadership and ethical practices that are integral to our corporate ethos. Embracing the principles outlined in the Nam Code and incorporating industry-leading governance practices, the Board is steadfast in its commitment to orchestrating a transformation at TransNamib.

This transformation seeks to overcome historical governance challenges and position the company as a beacon of exemplary governance within the business landscape. Aligned with the provisions set forth in the Public Enterprises Governance Act (2019), the Board assumes the pivotal role of being TransNamib's corporate governance custodian.

Entrusted with the responsibility of offering strategic direction and maintaining control over the company's affairs, the Board has set in motion a framework for effective governance. To streamline responsibilities, the Board has established committees and collaborated with the Chief Executive Officer (CEO) to delineate a clear delegation of authority.

This strategic approach ensures a cohesive and organised governance structure that aligns with best practices in the industry. One of the cornerstones of our commitment to transparency is the timely and accurate publication of financial reports. By doing so, the Board upholds its commitment to openness and accountability, fostering an environment of trust and credibility within the company.

As part of our broader organisational goals, the Board has undertaken the task of reorganising the company. Concurrently, a pledge has been made to update company policies to reflect relevance and alignment with industry standards. Ensuring easy accessibility to policy information is an additional commitment, reinforcing our dedication to transparency and clarity.

Despite the numerous changes witnessed within the Board throughout this fiscal year, we are pleased to announce that the Board has now achieved stability.

With this newfound stability, the Board is prepared to actively engage in the essential task of steering TransNamib towards becoming a sustainable and thriving organisation. In conclusion, the TransNamib Board of Directors stand resolute in its mission to instill a culture of good governance, laying the groundwork for sustainable growth and success.

By embracing transformative initiatives and aligning with regulatory frameworks, we are poised to lead as a business entity widely recognised for its commitment to ethical practices and effective leadership.

BOARD MEMBERS

The Board of Directors is 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 (Nam Code). The adoption of these governance principles is underpinned by a sound ethical foundation through effective leadership, oversight and management accountability.

Name: Mr. Theofelus Mberirua (Chairperson)
Age: 61
Appointed: 10 October 2022
Committee(s): PROPCOM, ETICOM
Qualifications and Credentials:
MBA in Accounting and Finance; Bachelor of Science Degree in Accounting.

Name: Ms. Gaenor C Michaels (Vice Chairperson)
Age: 47
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

Name: Ms. Johana Tuleingepo Muulinawa Hatutale
Age: 35
Appointed: 01 September 2022
Committee(s): HRCOM(Chair), AUDITCOM
Qualifications and Credentials:
B. Psych degree in Industrial Psychology (Honours), Master's degree in Strategic Human Resource Management; Senior Management Development Programme; Certified Balanced Scorecard Professional and an Emotional Intelligence Practitioner.

Name: Dr. Jacobus Petrus Benjamin Keyser
Age: 64
Appointed: 10 October 2022
Committee(s): HRCOM, ETICOM (Chair).
Qualifications and Credentials:
PhD and Masters in Personal and Professional leadership; Honours degree in Transport Economics.

Name: Mr. Pombili Ndeunyema
Age: 37
Appointed: 01 September 2022
Committee(s): ETICOM.
Qualifications and Credentials:
BSc degree in Mechanical Engineering (Hons); Lean Six Sigma Green Belt certification; Senior Management Development Programme; MBA (Cum Laude).

Name: Mr. Vemunjengwa Theofelus Kavari
Age: 61
Appointed: 01 September 2023
Committee(s): AUDITCOM
Qualifications and Credentials:
BCom; MBA; Ass. Diploma in Banking (SA); FCCA. Registered Chartered Certified Accountant with ACCA, a body accredited in Namibia by the Public Accountants and Auditors Board (PAAB).

Name: Ms. Josephine Shikongo
Age: 40
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

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 audit 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 properties, commercial and operations 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 HR 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 engineering, technology and innovation 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. This 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 the Company's operations.

AUDIT COMMITTEE (AUDITCO)

NAME	TITLE	TERM
DR. J SHIKONGO-ASINO	CHAIR	NOV 2022 – AUG 2025
MS G MICHAELS	MEMBER	NOV 2022 – AUG 2025
MS J HATUTALE	MEMBER	NOV 2022 – AUG 2025
MR. V. T KAVARI	MEMBER	NOV 2023 - AUG 2026

PROPERTIES, COMMERCIAL AND OPERATIONS COMMITTEE (PROPCO)

NAME	TITLE	TERM
MS G MICHAELS	CHAIR	NOV 2022 – AUG 2025
MR T MBERIRUA	MEMBER	NOV 2022 – OCT 2025
DR J SHIKONGO-ASINO	MEMBER	NOV 2022 – AUG 2025

HR COMMITTEE (HR COM)

NAME	TITLE	TERM
MS J HATUTALE	CHAIR	NOV 2022 – AUG 2025
MS G MICHAELS	MEMBER	NOV 2022 – AUG 2025
DR KOOS KEYSER	MEMBER	NOV 2022 – OCT 2025

ENGINEERING, TECHNOLOGY AND INNOVATION (ETI) COMMITTEE

NAME	TITLE	TERM
DR KOOS KEYSER	CHAIR	NOV 2022 – OCT 2025
MR P NDEUNYEMA	MEMBER	NOV 2022 – AUG 2025
MR T MBERIRUA	MEMBER	NOV 2022 – OCT 2025

BOARD ATTENDANCE: (BOARD, COMMITTEE AND SPECIAL MEETINGS)

NAME	BOARD MEETINGS	AUDIT	ETI	HR	PROPCO COM
MR. LIONEL MATTHEWS (RESIGNED, EFFECTIVE 18 AUGUST 2022)	3	-	-	1	1
ADV. SIGRID TJIJOROKISA (RESIGNED, EFFECTIVE 17 AUGUST 2022)	2	-	1	1	-
MR. VINCENT MBEREMA (TERM ENDED, EFFECTIVE 07 OCTOBER 2022)	5	2	2	-	-
DR. MICHEL OCHURUB (TERM ENDED, EFFECTIVE 07 OCTOBER 2022)	5	-	2	2	-
MR. ERASTUS IKELA (TERM ENDED, EFFECTIVE 07 OCTOBER 2022)	3	-	2	-	2
MS. GAENOR MICHAELS	7	4	-	4	4
MS. JOSEPHINE SHIKONGO-ASINO	7	4	-	-	4
MR. THEO MBERIRUA (APPOINTED, EFFECTIVE 10 OCTOBER 2022)	2	-	2	-	2
MS. JOHANNA HATUTALE (APPOINTED, EFFECTIVE 01 SEPTEMBER 2022)	3	2	-	2	-
DR. JACOBUS KEYSER (APPOINTED, EFFECTIVE 10 OCTOBER 2022)	2	-	2	2	-
MR. NDEUNYEMA (APPOINTED, EFFECTIVE 01 SEPTEMBER 2022)	3	-	2	-	-

= * CHAIRPERSON

BOARD ATTENDANCE: (BOARD, COMMITTEE AND SPECIAL MEETINGS)

NAME	BOARD RETAINERS	SITTING FEES
MR. L. MATTHEWS	59,701.62	52,642.89
ADV S TJIJOROKISA	75,160.86	33,908.19
J. SHIKONGO-ASINO	168,278.04	103,858.05
DR. M OCHURUB	84,139.02	64,120.65
MR. E IKELA	84,139.02	47,865.15
MR. V MBEREMA	84,139.02	64,120.65
MS. MICHAELS	190,433.32	118,475.91
MS. J. HATUTALE	84,292.19	47,865.15
DR. J. KEYSER	77,204.02	39,737.40
MR. T. MBERIRUA	79,256.04	47,795.18
MR. P. NDEUNYEMA	63,213.79	33,908.19
TOTAL		**N$ 1 834 651.62**

COMPANY SECRETARIAT FUNCTION

The Company Secretary, Ms. Helvi Haludilu, is the primary point of contact between the Board of Directors and the company, and advises the board on corporate governance principles and the requirements of the Companies Act.

She is also responsible for developing systems and processes to enable the Board of directors to discharge 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 also ensures that the Board's agenda and their decision-making are relevant and aligned, and that the resolutions taken are communicated throughout the Company in an appropriate and timely manner.

SECTION 4

About TransNamib

OUR OPERATING CONTEXT

Highlights of the year

April 2022

TRANSNAMIB RE-LAUNCHES SWAKOPMUND HOTEL AND ENTERTAINMENT CENTRE UNDER ITS FULL OWNERSHIP

TransNamib announces the re-launch of the iconic Swakopmund Hotel and Entertainment Centre under its full ownership. In making the announcement, Chief Executive Officer Johny Smith said that the hotel had virtually become insolvent, with its liabilities outweighing its assets. Following a protracted legal challenge amongst shareholders, through a Cabinet resolution and commitment, TransNamib was able to, acquire the shares held by Stocks and Stocks to the value of N$103,000,000 (one hundred and three million Namibian Dollars), making it a fully 100% Namibian-owned entity.

Highlights of the year

May 2022

TRANSNAMIB PARTNERS WITH PRIVATE COMPANIES TO GROW RAIL FREIGHT

Local logistics company Transworld Cargo has invested some N$8 million into the Gammans siding next to their head office in Braun Street in Windhoek's Southern Industrial Area to deliver better service to their customers. The investment in the siding forms part of TransNamib's medium- to long-term plan to re-establish sidings to support the growth of freight by rail and to work with the private sector.

September 2022

TRANSNAMIB ON THE FOREFRONT OF NAMIBIA'S HYDROGEN DRIVE

The company has secured funding to launch a pilot project on the use of green hydrogen to fuel its operations. The Hydrogen Dual Fuel Locomotive Pilot Project involves the conversion of two locomotives to operate with green H2 fuel in dual fuel mode and includes the design, building, testing, commissioning and operation of the locomotive.

October 2022

TRANSNAMIB COMMEMORATES ANNUAL RAIL SAFETY WEEK

On the 10th to the 14th of October 2022, TransNamib organised a Rail Saaftey Week under the theme: 'Be Vigilant Around the Tracks; Trains are Fast But Slow to Stop'. The campaign aimed to teach motorists, learners, pedestrians, truck drivers, communities living near the railway tracks about railway safety , and
the communities we operate in countrywide".

The week-long safety campaign is a joint commemoration of the Southern African Railway Association (SARA) , an organisation formed in 1996 to promote the business interests of the regional railway within the Southern African Development Community (SADC). In 2019, SARA resolved to set aside a week every year in October for raising awareness on railway safety and to ensure joint regional advocacy for railway safety practices and conformity to the agreed SADC/SARA Railway Safety Standards. TransNamib's safety campaign supports the business strategic pillars, namely "Organisational Excellence," which deals with internal processes linked to best practices in the industry.

January 2023

TRANSNAMIB'S MANAGEMENT REVIEWS INTEGRATED STRATEGIC BUSINESS PLAN

The executive and middle management of TransNamib held a session to review the company's Integrated Strategic Business Plan. The timeline for the ISBP in its current format ends at the end of the 2024 financial year, hence the importance of the team meeting to discuss the vision and strategic goals for TransNamib for the next five-year period.

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. These discussions included collaborative meetings between the Ministry of Public Enterprises, the Ministry of Works, and the Ministry of Finance. This meetings demonstrated our commitment to stay engaged with our shareholder

OUR EMPLOYEES

Changing the culture at TransNamib has been 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 communication. Our strategy has been to keep staff up to date with the changes within the company and, in doing so, support 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, TransNamib must also evolve. Our primary tool for 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

Restoring 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 an understanding of the company's position. Since creating public confidence in TransNamib once again involves various stakeholders, we hope to have a greater reach and a greater audience through the media. We also hope to give our stakeholders access to information that will help them understand how TransNamib operates and 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 motivated 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 requires that our partners deliver the necessary goods and services for TransNamib's operations to run smoothly.

MANAGING OUR RISKS

Risk is an inherent aspect of business operations, and it is impractical to completely eliminate every potential risk. However, TransNamib has implemented proactive measures to continuously identify and prepare for risks. These measures rely on internal controls and mitigation strategies aimed at reducing inherent risks to an acceptable level.

TransNamib conducts an annual risk assessment across its business units to identify and evaluate factors that may adversely impact the achievement of strategic objectives. The company has adopted an approved risk management (ERM) framework that aligns its strategy, processes, personnel, and technology with the goal of evaluating and managing the uncertainties inherent in its operations.

The company's risk governance processes, which encompass monitoring and oversight of identified risks, are based on a defined methodology in accordance with the COSO framework.

The ongoing monitoring of current risks ensures that TransNamib remains vigilant in addressing emerging challenges and opportunities for improvement purposes.

THE MOST PROMINENT RISKS ARE LISTED BELOW:

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 RISK	25	→
10	UNAVAILABILITY OF WORKING CAPITAL	25	→

SUSTAINABLY DRIVEN

Sustainability lies at the core of our mission to establish a robust rail network that complements the government's objectives of facilitating regional product movement. As a vital component of the country's transport system, TransNamib plays a pivotal role in positioning Namibia as a key logistics hub. With the responsibility of safeguarding both the company and the communities it serves, TransNamib serves as the custodian of the rail corridor.

Over the past thirty years since independence, rail infrastructure has received less investment compared to roads, resulting in noticeable repercussions across TransNamib. Safety-related challenges and concerns have emerged due to outdated rolling stock and deteriorating railway infrastructure, issues that the company has openly acknowledged. These factors significantly impact the safety of TransNamib's operations.

Operating as a revenue-generating entity, TransNamib strives to optimise its resources amid the ongoing challenges posed by ageing rail infrastructure and rolling stock.

Moreover, environmental elements such as sand, heat, and rain further complicate railway infrastructure maintenance, underscoring the multifaceted nature of ensuring smooth operations. Despite these efforts, TransNamib's safety challenges have hindered its performance relative to other rail operators in Southern Africa, as indicated by the 2020 SARA Railway Accidents & Incidents Statistical Report.

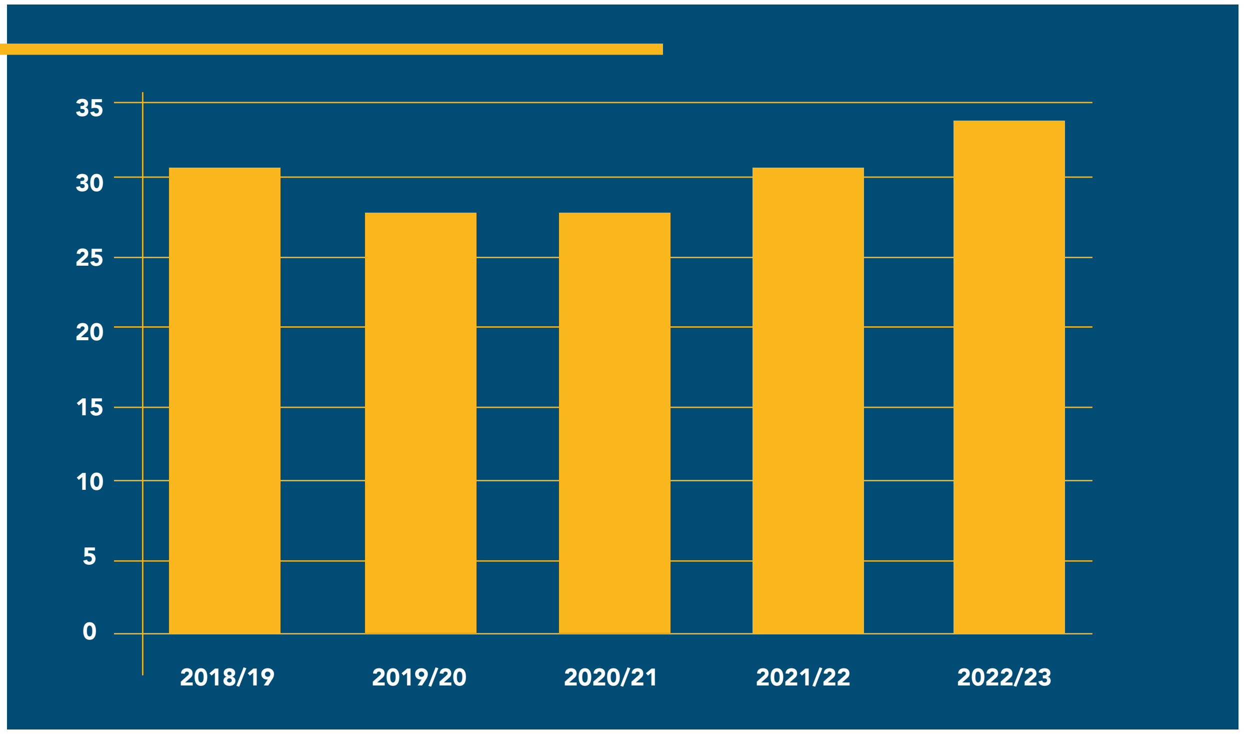
The primary contributors to rail accidents are the condition of the company's rolling stock and railway lines, with some rolling stock exceeding 50 years of age, leading to breakdowns and derailments. Additionally, sections of the railway lines are so antiquated that speed restrictions are as low as 10–15 kilometres per hour.

Delays in procuring newer rolling stock due to funding delays, compounded by reduced government funding in recent years, have exacerbated the situation, leading to inadequate maintenance of rolling stock. Moreover, the absence of a railway safety regulator further compounds these challenges. Without such oversight, TransNamib is tasked with both ensuring the safety of railway transport and managing its operational safety, creating a dual responsibility that adds complexity to its operations.

LOST TIME INJURIES

MONTH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER REGION
CENTRAL	3	0	1	0	0	1	1	3	0	3	4	0	16
NORTH	4	0	0	4	0	0	0	0	0	0	2	0	10
WEST	0	0	1	0	0	0	0	1	0	0	0	0	3
SOUTH	0	0	0	1	0	0	0	0	0	0	4	1	5
TOTAL	7	0	2	5	0	1	1	4	0	3	10	1	34

LOST TIME INJURIES



2018/19	2019/20	2020/21	2021/22	2022/23
31	27	27	31	34

VEHICLE ACCIDENTS

MONTH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER REGION
CENTRAL	0	0	0	1	0	0	0	0	0	0	0	0	2
NORTH	0	0	0	0	0	0	0	0	0	0	0	0	0
WEST	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTH	0	3	1	4	1	0	0	0	0	0	1	0	11
TOTAL	0	3	1	5	1	0	0	0	0	0	1	0	13

RAIL ACCIDENTS

2021/2022	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER REGION
MAINLINE ACCIDENTS	2	2	0	2	0	0	0	1	2	1	1	0	10
YARD ACCIDENTS	3	2	7	4	1	5	3	2	0	2	3	4	33
LEVEL CROSSING	1	0	1	0	0	1	0	0	0	0	0	1	6
MAINLINE COLLISION	1	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	0	2	1	1	2	1	1	0	1	0	2	0	11
PUBLIC INJURED	0	0	0	0	0	0	1	0	0	0	1	0	2
PUBLIC FATAL	1	0	0	0	0	0	0	1	0	1	1	0	5
DAMAGED INFRASTRUCTURE	0	1	1	0	0	2	1	0	2	0	1	0	9
TOTAL	8	7	9	8	3	9	6	4	5	4	9	5	77

During the review period, a total of 77 rail accidents were documented, with a predominant focus on operational and internal causes. In response, TransNamib has developed specialised training materials centred around the TransNamib Rules and Regulations for Safe Train Operations, colloquially known as the "Rule Book." This comprehensive training initiative has been implemented across all regions.

Additionally, a dedicated rail safety plan was formulated and executed during the same period, highlighting our unwavering commitment to enhancing safety measures within our operations. As part of our ongoing safety efforts, TransNamib consistently conducts refresher training sessions for both drivers and their assistants.

Our safety endeavours extend further through the implementation of various initiatives outlined in the Annual Rail Safety Awareness Campaigns Plan. Beyond rule book training and refresher training sessions, the plan encompasses a spectrum of activities, including the establishment or revision of safety committees, internal safety training programmes, safety audit inspections, and wellness sessions.

Furthermore, TransNamib actively engages in rail safety talks across diverse platforms and forms strategic partnerships aimed at bolstering rail safety practices. Regular inspections of the railway line are conducted to ensure compliance with safety standards, while our presence in national radio and television campaigns and advocacy for events like Level Crossing Day and Rail Safety Week reflect our dedication to promoting safety awareness on a broader scale.

2022/23 ASSURANCE AUDITS

During the review year, a total of six audit engagements, including both scheduled and ad hoc, were carried out, with one engagement still in progress at the year's end. The audit plan reached a 75% completion rate, encompassing six out of the eight planned assessments. Ongoing monitoring of corrective actions is being conducted, with quarterly updates scheduled for presentation to the audit committee.

THE PROGRESS OF THE ANNUAL AUDIT PLAN IS SUMMARISED BELOW.

DETAILS	STATUS	DUE DATE	COMMENT
Q1 2022 AUDITS			
SALES AND MARKETING MANAGEMENT	DONE	Q1	AUDIT REPORT ISSUED
WALVIS BAY AND KRANZBERG OPERATIONS AUDIT	DONE	Q1	AUDIT REPORT ISSUED
LOCOMOTIVE FUEL MANAGEMENT (ADHOC)	DONE	Q2	AUDIT REPORT ISSUED
Q2 2022 AUDITS			
PROCUREMENT GOVERNANCE	DONE	Q2	AUDIT REPORT ISSUED
OTJIWARONGO AND TSUMEB STATION AUDIT	CANCELLED	Q2	ON HOLD DUE TO SUSPENSION ON TRAVELLING
Q3 2022 AUDITS			
FUEL TRANSIT LOSSES (ADHOC)	DONE	Q3	AUDIT REPORT ISSUED
Q4 2022 AUDITS			
LABOUR AND COURT CASE MANAGEMENT/ RENAMED: DISCIPLINARY AND GRIEVANCE MANAGEMENT	DONE	Q3	AUDIT REPORT ISSUED
LEAVE MANAGEMENT	WIP	Q3	DEFERRED TO Q1FY24, DEALYED BY APPOINTMENT OF MANAGER: AUDIT SERVICES

THE WAY FORWARD

Moving ahead, TransNamib remains committed to prioritising the procurement of new equipment to minimise the risk and occurrence of safety incidents within the company. Additionally, the company continues to advocate for the enhancement of the rail network, aiming to upgrade it to facilitate smoother operations for TransNamib.

SECTION 5

About TransNamib

RAILING IN THE RIGHT DIRECTION

EXECUTIVE MANAGEMENT TEAM

JOHNY SMITH
CHIEF EXECUTIVE OFFICER
Date appointed – February 2018

ZEBBY MUKUNGU
(ACT) EXECUTIVE:
COMMERCIAL AND MARKETING

MBERIPURA HIFITIKEKO
EXECUTIVE: CORPORATE SERVICES
Date appointed - February 2020

BERTUS EKSTEEN
EXECUTIVE: ENGINEERING & TECHNICAL SERVICES
Date of Appointment: 1 June 2022

CORNWELL CHADYA
EXECUTIVE: FINANCE
Date appointed – February 2020

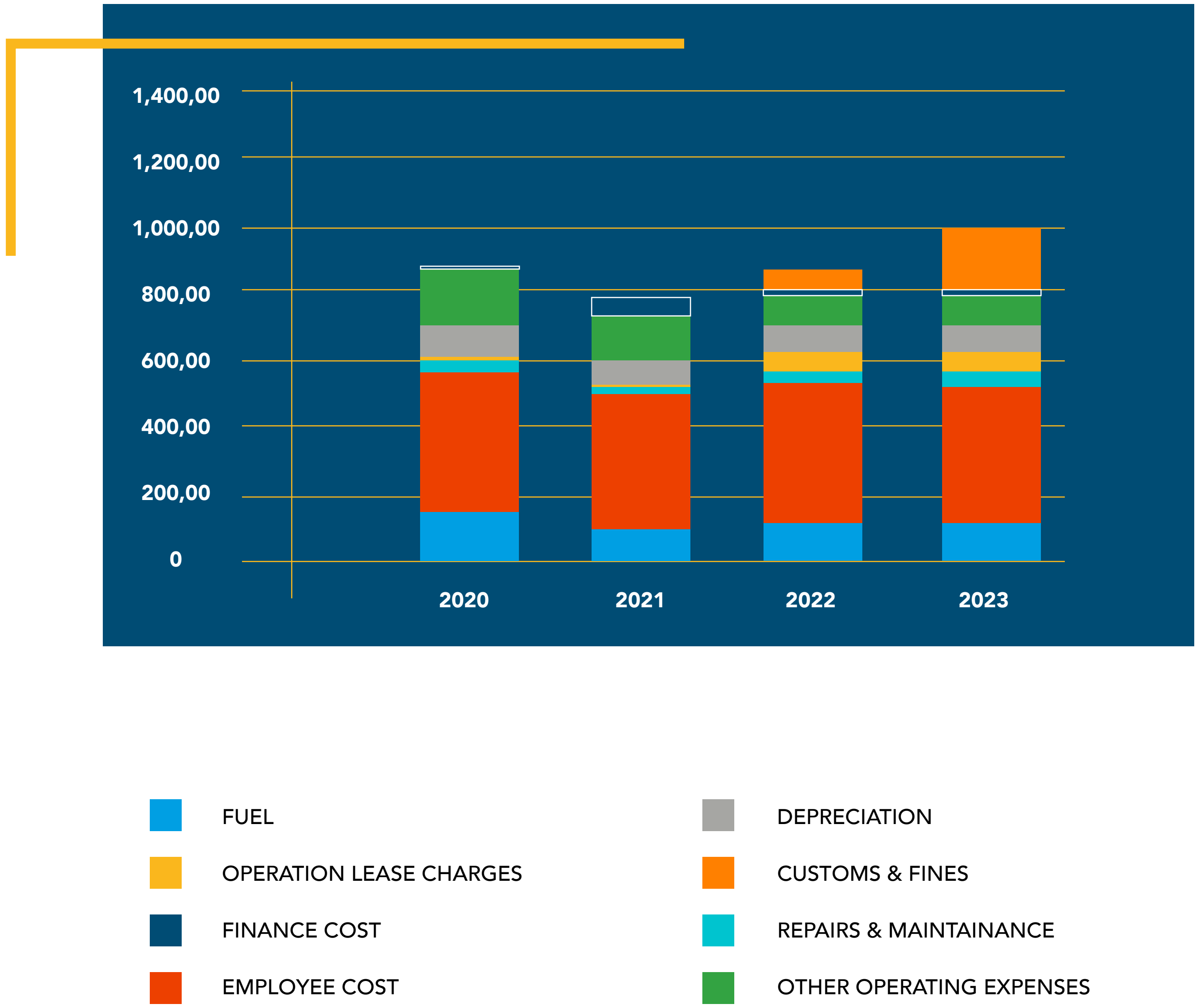
WEBSTER GONZO
EXECUTIVE: HUMAN CAPITAL
Re-appointed - October 2019

GIDEON EISEB
(ACT) EXECUTIVE: OPERATIONS

ALYNSIA PLATT
EXECUTIVE: PROPERTIES
Date appointed - May 2018

VACANT
EXECUTIVE: TECHNOLOGY & INNOVATION

MANAGING OUR FINANCIAL CAPITAL



FINANCIAL HIGHLIGHTS

In the fiscal year, we saw significant movements in our financial metrics:

- Revenue Growth: Our revenue surged by an impressive 14% to N$535 million, reflecting robust performance in our core operations.
- Net Profit Decline: Despite the revenue growth, our net profit suffered a setback, plunging by N$547 million to a loss of N$478 million. This decline was primarily attributable to substantial penalties incurred during the period.
- Capital Investments: We refrained from making major capital investments during the year, focusing instead on optimising existing resources.
- Inventory Management: We strategically procured spares, leading to a N$6 million increase in inventory on hand, aimed at enhancing locomotive availability and thereby improving service delivery to our valued customers.
- Labour Costs and Adjustments: Our labour costs remained steady at N$381 million, with the impact of salary adjustments absorbed through voluntary retrenchments offered to employees following an industrial action.
- Fuel Cost Escalation: Fuel costs soared by 56% due to higher fuel prices, posing a significant challenge to our operating expenses.

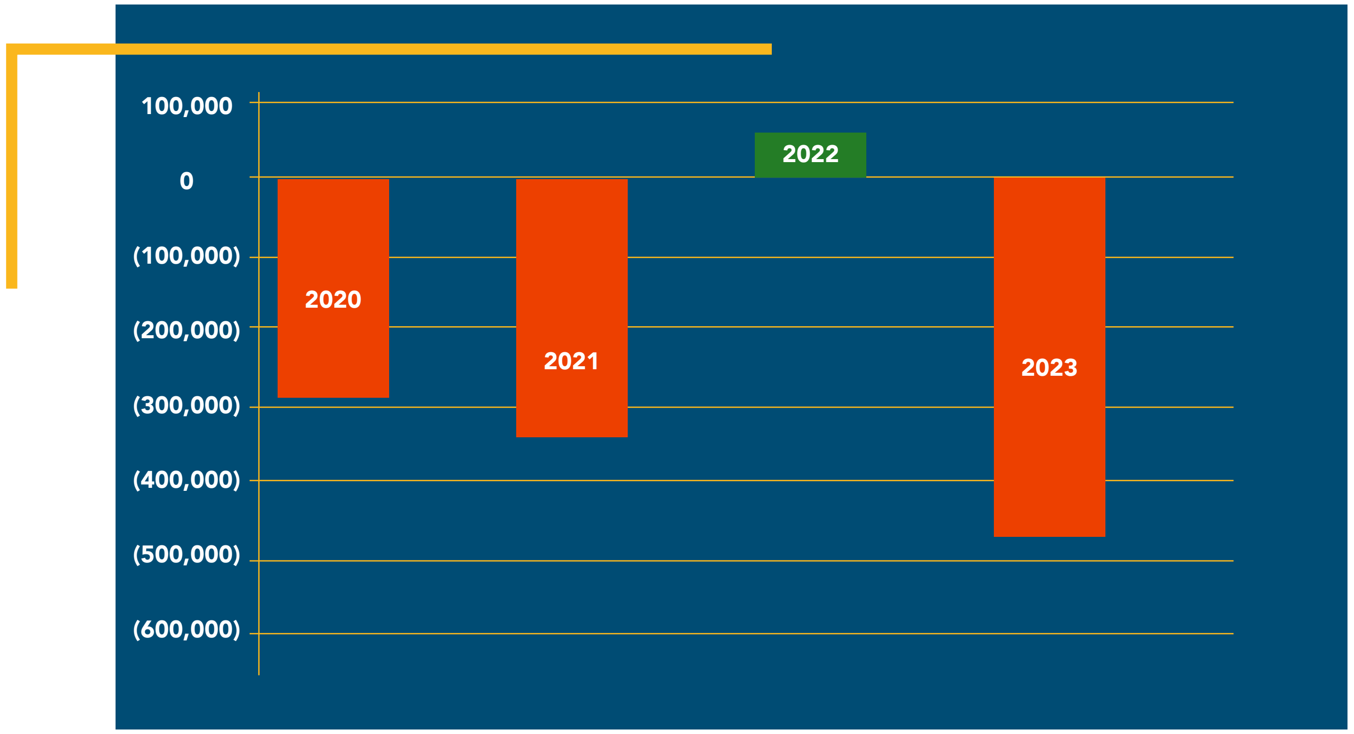
OPERATING PERFORMANCE ANALYSIS

TransNamib incurred an operating loss of N$478 million during 2023, a stark contrast to the operating profit of N$70 million reported in the previous year. This downturn was primarily driven by reduced cargo volumes, stemming from locomotive challenges amidst a competitive market landscape.

Several factors contributed to the substantial loss:

- Revenue and Other Income: While revenue freight increased by 14%, other income plummeted by 46% to N$224 million. This decline was mainly attributed to the absence of one-off income from loan write-offs and gains on the purchase of Swakopmund Station Hotel, which collectively contributed N$221 million in the previous fiscal year.
- Operating Costs: Operating costs surged by 34% to N$1.16 billion, primarily fueled by higher fuel prices and consumption, resulting in a 56% increase in fuel and lubricants expenditure. Moreover, repairs and maintenance expenses surged by 164% to N$69 million due to funding received for spare parts procurement. Additionally, penalties charged on NAMRA debt spiked by 337% to N$243 million, driven by an increasing capital balance.

NET RESULTS



CASH FLOW AND BALANCE SHEET ANALYSIS

Our cash flow from operations deteriorated significantly, dropping by 141% to N$193 million However, financing cash flows received a boost from shareholder support, resulting in a 47% increase to N$323 million. Despite an increase in cash reserves by N$120 million due to GRN injection, the balance sheet size contracted by N$35 million, primarily due to the substantial loss incurred during the period.

CHALLENGES AND STRATEGIES

Managing working capital remained a challenge, with the current ratio declining to 35% from 43% in the previous year. Efforts focused on debt collection and negotiating with suppliers to mitigate liquidity constraints.

THE WAY FORWARD

Looking ahead, we are optimistic about our prospects and have outlined key strategies:

- Government Support: The government has allocated N$229 million in the mid-term budget review, with N$140 million carried forward to the next financial period. An additional N$300 million allocated for the 2024/25 period will help alleviate financial pressures, especially in honouring supplier obligations.
- Long-Term Funding: We are in the final stages of securing long-term funding, which will facilitate the procurement of locomotives, enhancing service reliability.
- Negotiations and Compliance: We are actively engaged in negotiations with NAMRA, NTA, and Transnet, with the support of the central government, to explore payment arrangements and ensure compliance with regulatory requirements.

In conclusion, despite the challenges faced, we remain resilient and committed to driving sustainable growth and value creation for all stakeholders.

TRUSTWORTHY CUSTOMER EXPERIENCE

Throughout the current fiscal year, TransNamib has grappled with significant challenges in fulfilling its mandate of delivering a dependable customer experience. The company's persistent cash flow constraints and limited resources, particularly in terms of ageing rolling stock, have substantially hindered TransNamib's ability to efficiently transport freight, hindering the envisioned business transformation.

To establish and sustain a 'trustworthy customer experience,' TransNamib must continually meet customers' daily requirements by anticipating their evolving logistical demands in a dynamic and competitive business environment. However, impediments such as outdated rolling stock, insufficient rail infrastructure, and severe cash flow shortages persistently disrupt TransNamib's business operations. Despite these challenges, the company has prioritised the use of its limited resources to build and uphold a reliable customer experience.

Currently possessing seventy-eight locomotives and around one thousand five hundred wagons, TransNamib moves an average of 1.5 million tonnes annually, with a target of reaching 4 million tonnes within the next five years. However, to be profitable, the company requires 34 locomotives daily, while currently only 23 to 26 are active on a daily basis. The scarcity of locomotives is attributed to their age (most being 50 to 60 years old with frequent breakdowns) and a backlog of maintenance that needs addressing due to a lack of parts over the past decade. Consequently, the reliability and trustworthiness of TransNamib's service to customers are severely affected by the availability and reliability of its locomotives.

Key cargo routes include transportation from Walvis Bay to Tsumeb (copper blister/concentrate and acid), Walvis Bay to Ondangwa and Grootfontein (fuel, cement, and ballast), Walvis Bay to Windhoek (fuel), fuel for Windhoek and the airport (jet fuel), and Ariamsvlei to Lüderitz (manganese). Regarding passenger services, TransNamib's ability to provide them is significantly influenced by its ageing equipment. Unable to consistently offer reliable passenger services due to compromised railway infrastructure and equipment, TransNamib strategically opted to limit passenger services to key periods of the year.

Due to a significant decrease in on-time departures and arrivals, we were compelled to suspend our entire passenger transport service nationwide, offering only limited service during the festive seasons. Throughout the period under review, Starline Passenger Services safely transported a total of 576 passengers to their destinations during the festive season. The income generated from these festive trains amounted to a total of N$97,437.00. The routes serviced during this time included Windhoek-Oshikango, Windhoek-Walvis, Windhoek-Keetmanshoop, and vice versa. Recognising the legitimate expectation of the Namibian public for reliable rail services, the company is actively focused on augmenting its rolling stock capacity to deliver a safe, affordable, and dependable transport service. In the current fiscal year, TransNamib successfully increased its passenger services by 31%.

In addition to our Starline Passenger Services, we provide a hauling service to passenger trains hosting international guests on board the luxurious Rovos Rail and the Shongololo Express from South Africa, touring within the picturesque Namibian landscape. This service has made a significant contribution to our income for the period under review, amounting to an impressive N$10,510,332.00.

TN F23: STARLINE PASSENGER SERVICE (RAIL): NO OF PASSENGERS

MONTH	F23
APR	65
MAY	-
JUN	-
JUL	-
AUG	-
SEP	-
OCT	-
NOV	-
DEC	454
JAN	-
FEB	-
MAR	-
TOTAL	519

TN F22: STARLINE PASSENGER SERVICE (RAIL): NO OF PASSENGERS	TN F23: STARLINE PASSENGER SERVICE (RAIL): NO OF PASSENGERS
163	519

FREIGHT SERVICES

At the heart of TransNamib's operations lies the fundamental commitment to delivering rail transportation services for break bulk commodities, seamlessly connecting stations across the country.

The company's logistical prowess in efficiently moving bulk freight goods over extensive and secure distances not only defines its distinctive competitive edge but also positions it as a collaborative force in the market. Our comprehensive rail transport services cater to diverse industries, encompassing bulk fuel, bulk liquid, agriculture, building materials, mining, containerised business, and general cargo.

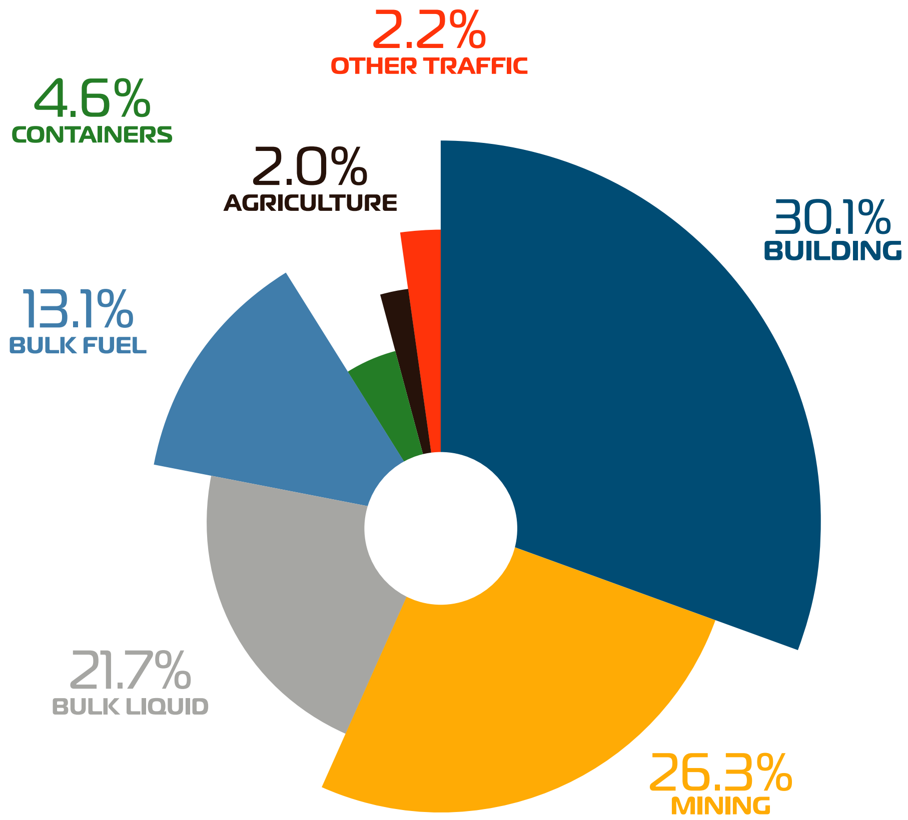
Strategically situated on the southwest coast of the Atlantic Ocean, Namibia's geographical location serves as a pivotal advantage for marketing and delivering rail transport services. This strategic positioning facilitates streamlined access to both regional and international markets through the well-equipped Ports of Walvis Bay and Lüderitz. Despite facing ongoing challenges with equipment and infrastructure, TransNamib remains dedicated to maintaining and expanding its pivotal role in the freight transportation sector. Throughout a challenging fiscal year marked by financial and operational hurdles, TransNamib persevered in its commitment to laying the groundwork for a robust future. The company strategically implemented vital projects poised to significantly enhance freight volumes and revenue in the upcoming financial period.

Despite the operational challenges that have persisted, it remains paramount for TransNamib to engage actively with its customers. Open communication about the challenges faced, as well as the opportunities available for transporting bulk freight across the country, ensures a collaborative approach that aligns with the company's commitment to service excellence.

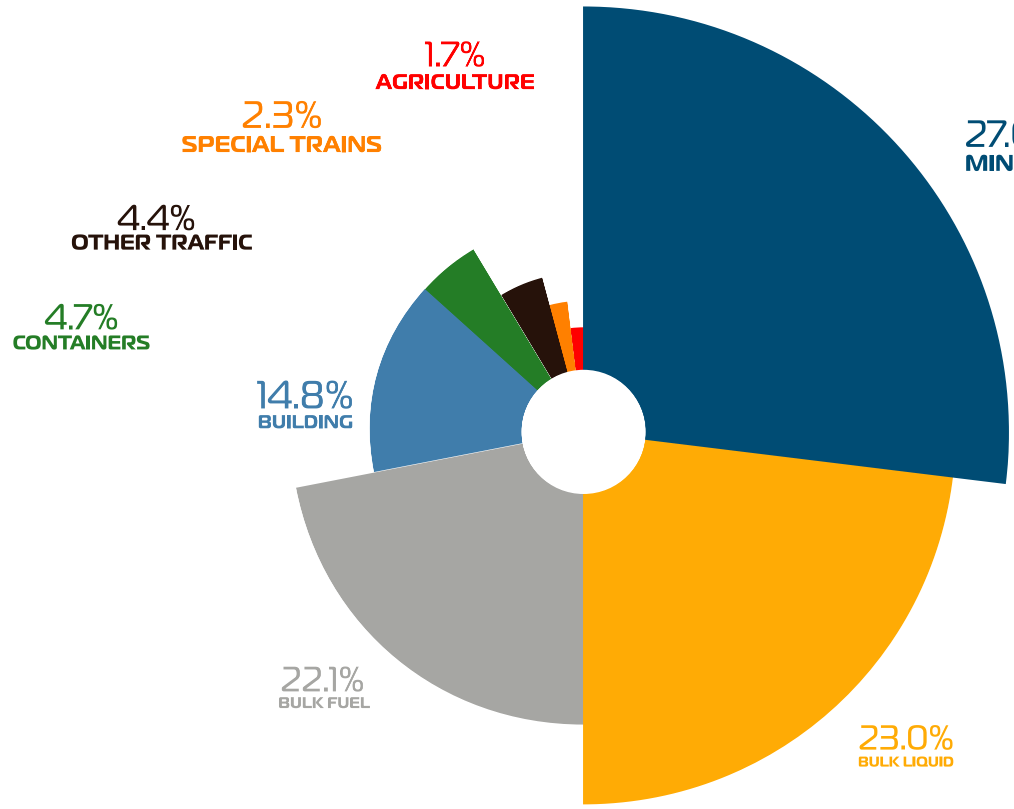
ACTUAL VS BUDGET: REVENUE

SECTOR	ACTUAL F23	BUDGET F23	% DEV F23 ACTUAL VS BUDGET
MINING	121,174,168	134,016,354	-10%
AGRICULTURAL	7,455,083	18,046,161	-59%
BUILDING	66,235,053	109,956,792	-40%
OTHER TRAFFIC	19,707,713	19,121,161	3%
CONTAINERS	20,849,462	23,121,384	-10%
BULK FUEL	98,866,797	177,138,703	-44%
BULK LIQUID	103,263,585	90,853,349	14%
FREIGHT REVENUE	**437,551,860**	**572,253,904**	**-24%**
STARLINE PASSENGERS	96,724	-	0%
DESERT EXPRESS	-	-	0%
SPECIAL TRAINS	10,510,332	3,217,00	227%
PASSENGER SERVICE REVENUE	**10,607,056**	**3,217,000**	**230%**
PROPERTIES	60,342,839	61,583,043	-2%
PROPERTIES REVENUE	**60,342,839**	**61,583,043**	**-2%**
TOTAL OPERATING REVENUE	**508,501,756**	**637,053,947**	**-20%**

DISTRIBUTION OF VOLUME TRANSPORTED



PERCENTAGE OF DIFFERENT SOURCES OF REVENUE CONTRIBUTIONS



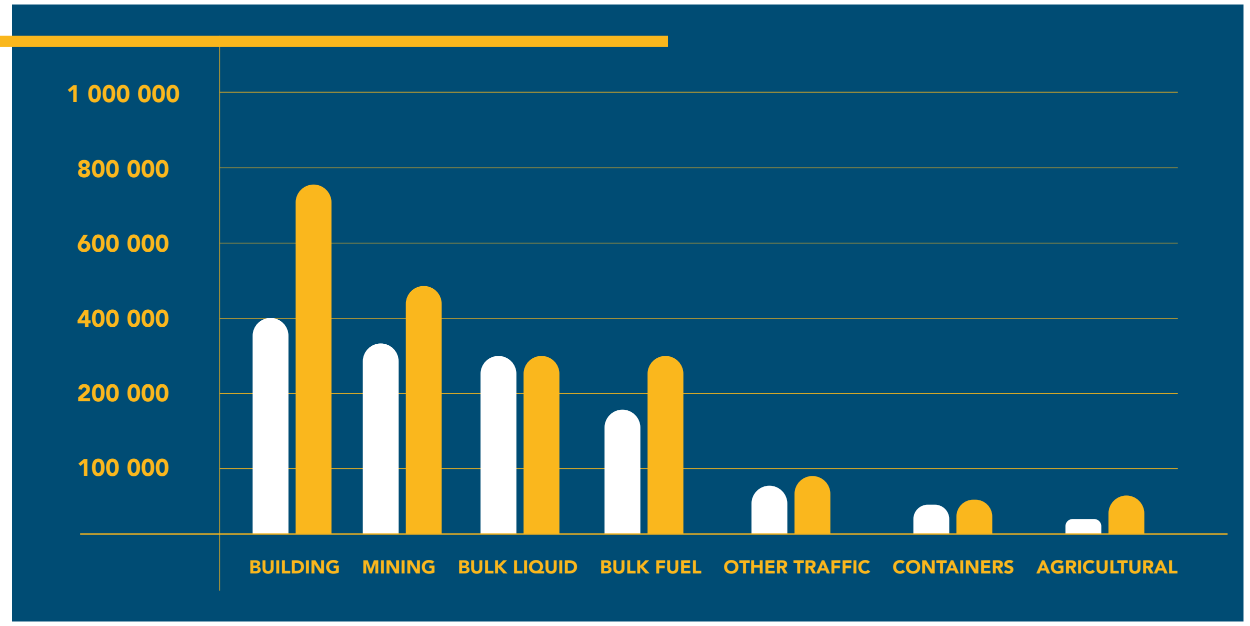
COMPOSITION OF NET TONNE CONVEYED

	F23	F22	% DEV
IMPORTS	30	186	-83.87%
EXPORTS	-	-	-
LOCAL	1,369,671	1,415,162	-3.21%
TOTAL	1,369,701	1,415,348	-3.23%

DISTRIBUTION OF RAIL TONNE

SECTOR	F23	F22	% DEV
BUILDING	359,656	354,407	1.48%
MINING	27,076	41,374	-34.56%
BULK LIQUID	412,196	416,015	-0.92%
BULK FUEL	30,068	62,760	-52.09%
OTHER TRAFFIC	63,625	61,361	3.69%
CONTAINERS	179,444	202,441	-11.36%
AGRICULTURAL	297,636	276,990	7.45%
TOTAL FREIGHT	1,369,701	1,415,348	-3.23%

RAIL FREIGHT TON PERFORMANCE



ACTUAL F23 = BUDGET F23 =

TOTAL FREIGHT VOLUME MOVED = TOTAL 1,369,701

AVG NO OF LOCO'S AVAILABLE: QUARTERLY

QUARTER 1
APR - JUN

26 F23

F22 24

QUARTER 2
JUL - SEP

F23 26

F22 23

QUARTER 3
OCT - DEC

F23 24

F22 25

QUARTER 4
JAN - MAR

F23 24

F22 23

TOTAL OPERATING REVENUE COMPARED TO THE PREVIOUS YEAR

SECTOR	F22	F23	% DEV F23 VS F22
MINING	100,640,476	121,174,168	20%
AGRICULTURAL	10,136,498	7,455,083	-26%
BUILDING	57,202,882	66,235,053	16%
OTHER TRAFFIC	22,779,667	19,707,713	-13%
CONTAINERS	17,116,009	20,849,462	22%
BULK FUEL	113,696,938	98,866,797	-13%
BULK LIQUID	88,626,479	103,263,585	17%
FREIGHT REVENUE	**410,198,949**	**437,551,860**	**7%**
STARLINE PASSENGERS	17,606	96,724	449%
DESERT EXPRESS	-	-	0%
SPECIAL TRAINS	1,725,052	10,510,332	509%
PASSENGER SERVICE REVENUE	**1,742,658**	**10,607,056**	**509%**
PROPERTIES	52,940,357	60,342,839	14%
PROPERTIES REVENUE	**52,940,357**	**60,342,839**	**14%**
TOTAL OPERATING REVENUE	**464,881,965**	**508,501,756**	**9%**

THE WAY FORWARD

When TransNamib gains access the secured funds, the company will rectify its rolling stock shortage by acquiring 25 new locomotives, remanufacture 10 locomotives as well as 300 wagons and tankers.

Additionally, workshop and equipment upgrades, along with comprehensive training initiatives, are on the agenda. These strategic measures are set to unfold over the next 24-36 months, presenting TransNamib with the challenge of addressing its revenue shortfall through short-term solutions until the arrival of the new rolling stock. In tandem with these efforts, TransNamib has proactively engaged with the government, the owner of the rail infrastructure, advocating for substantial interventions.

The focus of these interventions is to upgrade the railway infrastructure, enabling the operation of heavy, fast, and long trains—known for their profitability. These collective strategies are crucial in positioning TransNamib for sustained success in the evolving landscape of rail transportation.

ORGANISATIONAL EXCELLENCE

TransNamib continues its dedicated efforts to ensure that we meet and exceed our clients' expectations by maintaining and operating our aging fleet of locomotives Remarkably, over 85% of our current locomotive fleet has surpassed the 50-year service mark. TransNamib faces several challenges related to its ageing rolling stock, which refers to the collection of locomotives, freight cars, and other rail vehicles that have been in service for a significant period.

Some of the notable challenges include:

INCREASED MAINTENANCE COSTS

As rolling stock ages, the need for frequent and more extensive maintenance arises. Older components may require replacement or refurbishment, leading to higher maintenance costs. This poses a financial burden on TransNamib's already challenged budget, impacting the overall operational expenses.

REDUCED RELIABILITY

Aging rolling stock is more prone to mechanical failures and breakdowns. The reliability of older locomotives and freight cars diminish, causing disruptions in scheduled operations and potentially impacting the delivery of goods and services.

TECHNOLOGICAL OBSOLESCENCE

Older rolling stock may lack the advanced technologies and features available in modern rail vehicles. This technological obsolescence can limit efficiency, fuel economy, and the overall competitiveness of TransNamib's transportation services.

LIMITED PAYLOAD CAPACITY

Older freight cars may have limitations in terms of load capacity and container sizes. This can restrict TransNamib's ability to meet the evolving needs of its customers, especially if there is a growing demand for larger or specialised cargo transport.

COMPLIANCE WITH SAFETY STANDARDS

Aging rolling stock may face challenges in meeting or adapting to evolving safety standards and regulations. Ensuring that older equipment complies with modern safety requirements can be a complex and costly process.

IMPACT ON SERVICE QUALITY

The reliability and condition of rolling stock directly influence the quality of services provided by TransNamib. Persistent challenges with ageing equipment can lead to delays, disruptions, and a decrease in overall service quality, affecting customer satisfaction.

OPERATIONAL INEFFICIENCIES

Older rolling stock may lack the fuel efficiency and operational capabilities of newer models. This can result in higher fuel consumption, longer transit times, and operational inefficiencies, impacting the overall cost-effectiveness of the railway services.

To address challenges mentioned, TransNamib has developed a comprehensive strategy that includes a phased approach to modernising and/or replacing its aging rolling stock. During the past few years, TransNamib has actively sought financing options and collaborated with external partners in order to design and implement a well-planned maintenance and upgrade programme to enhance the efficiency and reliability of the railway fleet.

With long-term financing secured, TransNamib is poised for sustainability with the arrival of new rolling stock within the next three years. However, the challenge remains to fill the gap between now and then. The upgrading or replacement of aging rolling stock requires significant capital investment, and TransNamib may face financial constraints in its maintenance programme given the competing priorities for capital expenditures within the organisation.

In response to these challenges, initiatives have been actively pursued throughout the year to facilitate the renewal of our rolling stock. Meanwhile, leased locomotives have been temporarily integrated to meet our operational requirements.

Over the past fiscal year, extensive heavy maintenance initiatives were executed along the Kranzberg to Tsumeb route. Upon completion, these sections were seamlessly handed over to TransNamib. Challenges such as speed restrictions and axle load limits persist on the national network, but the completion of upgrades from Walvis Bay to Kranzberg represents a significant milestone. This section is free from speed restrictions and can accommodate 18 tonnes per axle. This change signifies a substantial improvement. TransNamib remains steadfast in prioritising ongoing minor maintenance across the railway network to ensure the smooth and efficient movement of trains. The deployment of additional motor trolleys bolsters our rail inspections, ensuring defects are promptly addressed and standard maintenance is rigorously observed.

Successful repairs were undertaken on wash-away damage in the Karas region, and upgrades on the Sandverhaar-Bucholzbrohn section commenced to enhance rail capacity towards the port of Lüderitz. Vegetation control and de-bushing efforts were diligently carried out on extensive sections of the rail network to maintain clean rail reserves.. This ongoing effort is set to extend into the next fiscal year.

While locomotive availability statistics for operational purposes faced pressure, several initiatives were launched to enhance their reliability and availability. The aging rolling stock, coupled with a second-quarter strike, led to a reduction in the volume of freight handled during the fiscal year.

Challenges such as delayed parts delivery due to cash flow constraints, along with deferred locomotive maintenance, contributed to an increased locomotive failure rate. Despite persistent challenges, TransNamib maintains a positive outlook, believing that the railway industry in Namibia is on the verge of a new and transformative chapter.

WAGONS REFURBISHMENT

During this fiscal year, the company embarked on an intensive special project to refurbish 42 open-top wagons, i.e., **DZ-9**, **DJ-2**, **DJC** and 48 **RTC** i.e., **XPJ**, **XSJ**, **XSJC**, type rail tank wagons. This project was initiated and spearheaded by the Executive Management team, with adequate funding provided for by the shareholder through the Ministry of Works and Transport. The first batch of rehabilitated wagons was released into circulation in September and October 2022 and the project is expected to be completed within the next financial year. These wagons were severely damaged by past derailments and/or stationary and non-revenue-generating activities due to extreme dilapidation. This refurbishment project is crucial since, as the number of wagons and their capacities increase, the amount of cargo that can be transported also increases, which translates to an increase in revenue.

42
OPEN TOP WAGONS

48
RTC'S

NORTH

- Rehabilitation of the Kranzberg-Tsumeb line (new line construction to start in 2024)
- Construction of the Oshakati railway station in progress

CENTRAL

- Minor repair works on the Kranzberg-Windhoek section to remove speed restrictions
- Minor repairs on the Windhoek-Airport line to improve condition of the line

SOUTH

- New 42km section between Buchlzbrunn-Sandveaaar is in progress with works undertaken by the RCC.
- Completed washaways projects (completed in 2022) in the several sections between Mariental and Ariamsvlei

INTEGRATED ANNUAL REPORT

TRANSNAMIB ON THE FOREFRONT OF NAMIBIA'S HYDROGEN DRIVE

TransNamib has secured funds to launch a pilot project to use of green hydrogen to fuel its operations. The Hydrogen Dual Fuel Locomotive Pilot Project involves the conversion of two locomotives to operate with green H2 fuel in dual fuel mode and includes the design, building, testing, commissioning and operation of the locomotive.

The line-haul locomotives would be retrofitted with hydrogen fuel cells and battery technology, which will power the locomotives' electric traction motors, i.e., using high pressure to split H2O molecules into hydrogen and oxygen to drive the engine instead of diesel fuel. Electrical engines are not yet a possibility in Namibia due to the lack of appropriate power lines and the cost involved in setting up such a system.

Thus, TransNamib has had to identify alternative sources of energy. In an effort to reduce the carbon footprint worldwide, green hydrogen is emerging as one of the solutions as a cleaner energy source. While countries such as Canada and other developed countries have started using green hydrogen, it is a fairly new and emerging source of energy. TransNamib, in its vision to be an innovative company, is looking into the feasibility of using green hydrogen as its energy source for locomotives.

Since TransNamib's highest cost element is diesel, this pilot project will aid TransNamib in identifying alternative fuels for the company's operations that will reduce costs and are more environmentally friendly than diesel. Namibia has been identified as a prime location for green hydrogen due to the country's favourable conditions.

The country is sparsely populated, with only 3 million inhabitants, and boasts more than 3,500 hours of sunlight per year plus strong winds. The timeline of the project is 18 months, and the cost involved approximately USD1.3 million.

INSPIRING AND ACCOUNTABLE LEADERSHIP

It has become increasingly crucial for organisations to realign their workforce with organisational objectives and strategically position themselves for the future. TransNamib has responded to these challenges by re-aligning its strategic business objectives with its core services, specifically focusing on rail operations. This proactive approach ensures that the organisation's human capital needs are closely aligned with the core business functions and objectives outlined in its Integrated Strategic Business Plan.

As part of its rightsizing strategy, TransNamib initiated voluntary staff exits in 2021. This rightsizing was necessitated by a substantial decline in cargo volumes and the redundancy of certain positions following the discontinuation of services like road operations.

The aim of the rightsizing strategy was to adjust the organisation's staff size to better match its current business pattern and structure. This rightsizing exercise is integral to the implementation of the company's Integrated Strategic Business Plan (ISBP), which was approved by our shareholder in 2018.

In addition to focusing on rightsizing, TransNamib places critical importance on performance management for overall success. Optimising individual performance and aligning it with the company's strategic objectives remains a primary focus area.

TransNamib also recognises the challenge posed by its aging workforce, which threatens organisational continuity. To address this, the company aims to leverage the existing pool of knowledge and skills within the organisation to develop a new generation of workers, particularly in technical and operational fields.

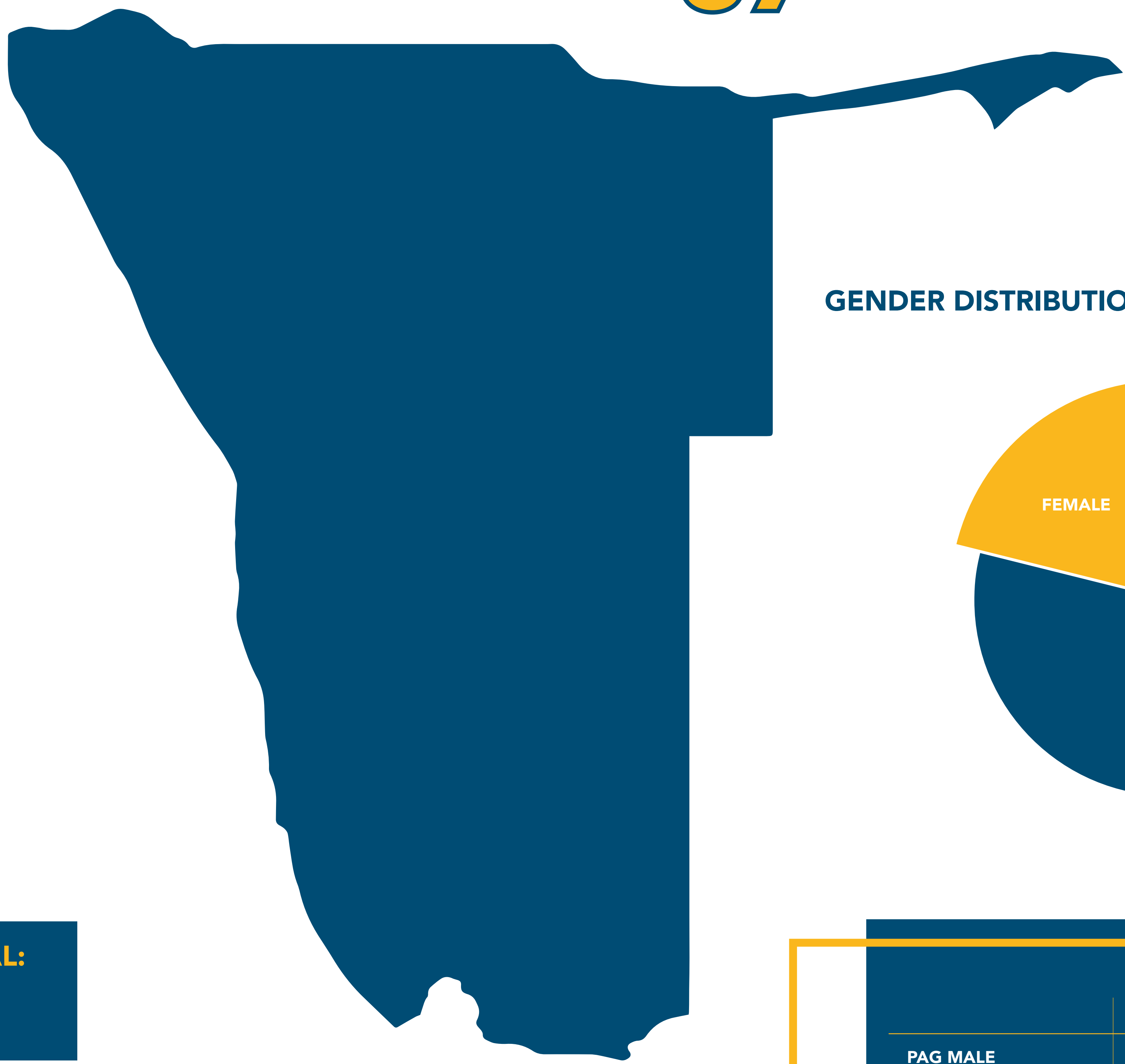
In summary, TransNamib's strategic realignment of its workforce and focus on rightsizing, performance management, and succession planning are essential steps towards ensuring the organisation's long-term viability and adaptability in a changing business environment.

A SNAPSHOT OF OUR HUMAN CAPITAL:

NUMBER OF EMPLOYEES:

MALES 922

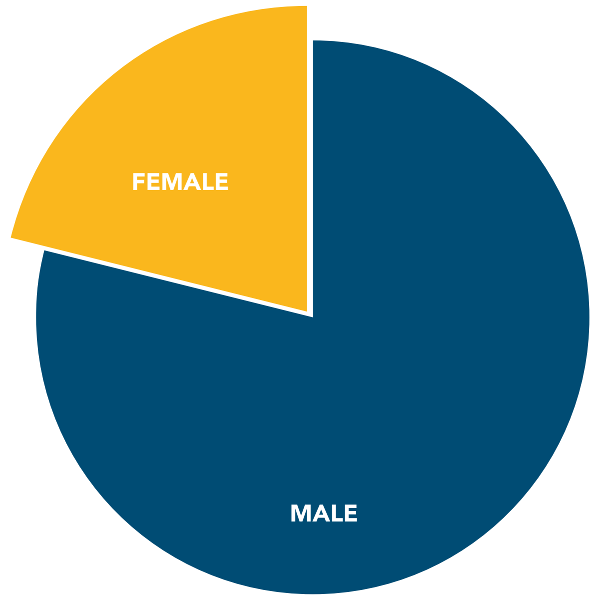
FEMALES 158



1080 PERMANENT

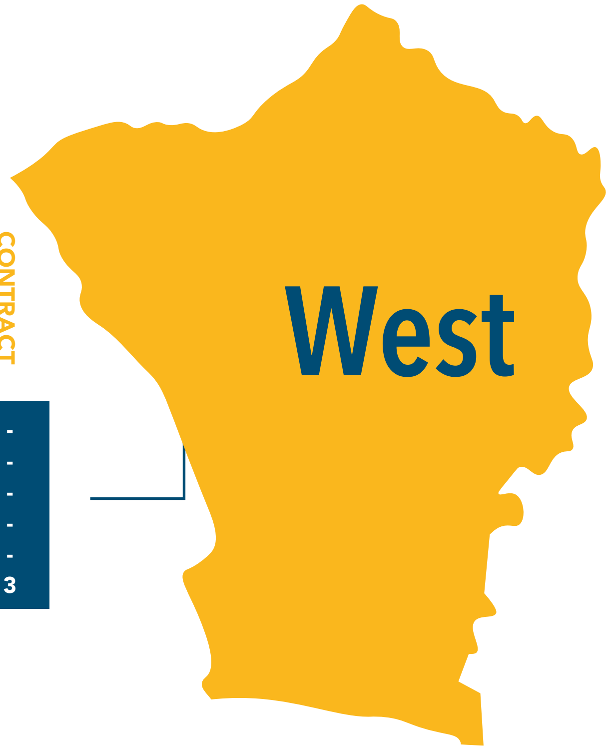
87 CONTRACT

GENDER DISTRIBUTION



	MAR23
PAG MALE	4
PDG MALE	918
PAG FEMALE	2
PDG FEMALE	156

	CONTRACT	PERMANENT
Grootfontein	-	13
Okahandja	1	18
Otjiwarongo	1	88
Tsumeb	3	73
Ondangwa	1	41
Otavi	-	4
Kombat	-	6
Oshikango	-	9



	PERMANENT	CONTRACT
Karibib	9	-
Omaruru	6	-
Swakopmund	4	-
Kranzberg	2	-
Kalkveld	1	-
Walvis Bay	90	3

	PERMANENT	CONTRACT
Gobabis	10	-

	PERMANENT	CONTRACT
Windhoek	447	-
Windhoek-East	6	-

	PERMANENT	CONTRACT
Rehoboth	8	-
Mariental	20	-
Aus	14	-
Bethanie	15	1
Holoog	10	-
Karasburg	-	2
Keetmanshoop	120	11
Lüderitz	37	7
Ariamsvlei	1	1
Upington	2	-

TURNOVER RATE 0.9%

NUMBER OF TRAIN DRIVERS

RD_TRAIN DRIVER	1
RD_TRAIN DRIVER ASSISTANT	1
RD_TRAINEE TRAIN DRIVER	27
TRAIN DRIVER	53
TRAIN DRIVER ASSISTANT	38

NUMBER OF APPRENTICES 69

8 **VOLUNTARY EARLY RETIREMENT STATS**

NUMBER OF LONG SERVING EMPLOYEES

YOS	MALE	FEMALE	TOTAL 2022/2023
5	5	0	5
10	283	27	310
15	44	9	53
20	5	1	6
25	25	6	31
30	3	1	4
35	1	0	1
40	0	0	0
45	0	0	0
	366	44	410

THE WAY FORWARD

During this challenging time, the resilience and dedication of TransNamib's human capital have been instrumental in navigating the complexities we faced and contributing to sustaining our organisation's operations.

As we move forward, we remain committed to strengthening our human resources capabilities, fostering a supportive work environment, and ensuring the well-being of our employees. Together, we will emerge stronger from this experience, equipped with valuable insights and a deeper appreciation for the role of human resources in driving organisational success.

SPOTLIGHT ON TRANSNAMIB'S PROPERTIES

The property portfolio stands as one of TransNamib's greatest strengths in achieving sustainability and operational objectives. This strength emanates from our ownership of operational facilities, which not only eliminates rental costs but also generates additional revenue through property rentals not used for operational purposes.

Furthermore, the introduction of an integrated business process prioritises tenants who utilise rail transport. This strategic move encourages them to lease our sidings, warehouses, and adjacent land, facilitating seamless loading and offloading of freight cargo. Consequently, this approach has attracted a significant number of customers from road transport to rail, further enhancing the efficiency and sustainability of our operations.

Despite the inherent operational benefits, our current portfolio of commercial and residential properties is valued at N$2.3 billion, representing a slight reduction from the previous financial year's N$2.6 billion. This reduction in value can be attributed to market-driven property depreciation and the alienation of certain properties during the reporting period.

TransNamib remains steadfast in its commitment to enhancing property administration to ensure favourable returns to the shareholder. This entails a concerted effort to meet the properties' annual revenue budget as outlined in the Integrated Strategic Business Plan (ISBP).

However, challenges persist, notably in fully unlocking the commercial potential of our properties. Financial constraints impede our ability to charge market-related rentals, exacerbated by a steady trend of tenant defaults, thereby impacting income. Furthermore, the sluggish economic recovery post-Covid-19 has hindered our efforts to enforce stringent debt recovery measures effectively.

Additionally, cash flow constraints impede maintenance and renovation efforts aimed at enhancing the book value of our properties. Rented properties are often charged below market rates due to their prevailing condition, necessitating rental grace periods for tenants to undertake renovations, resulting in revenue loss for the company.

Another significant challenge we face in this area is the constraint on cash flow, which hampers our ability to allocate funds for property maintenance and renovation aimed at enhancing the book value of our properties. This limitation is compounded by the prevailing condition of rented properties, which often necessitates charging below-market rental rates.

Consequently, we have implemented rental grace periods to allow tenants to undertake renovations on the properties they are renting. While this approach supports tenant satisfaction and property improvement, it does result in a temporary loss of revenue for the company.

Addressing this challenge requires a balanced approach that ensures both property upkeep and financial stability while also striving to maximise long-term returns on our investments.

PROPERTY PORTFOLIO

TransNamib oversees a diverse property portfolio valued at N$2.3 billion nationwide, comprising primarily operational facilities, commercial buildings, and vacant land.

The company efficiently manages this extensive portfolio through the administration of over 350 lease agreements. This comprehensive approach underscores our commitment to effective property management and the optimisation of our assets for sustainable growth and value creation.

INVESTING IN INFRASTRUCTURE TO GROW THE RAIL BUSINESS

Throughout the fiscal year under review, TransNamib did not embark on any infrastructure investment projects related to property business integration. However, the company has garnered significant interest from the business community, particularly in Windhoek and Swakopmund, regarding property investment opportunities. TransNamib is currently engaged in conducting thorough due diligence on these potential investments and aims to finalise several investment deals over the course of the next financial year. These endeavours align with our strategic goals of expanding and optimising our property portfolio to drive sustainable growth and value creation.

MARKET VALUE OF OUR PROPERTIES

Limited financial resources have posed challenges in conducting necessary maintenance on our properties, leading to significant depreciation in our property portfolio.

As a result, the revenue generated from our properties has been adversely affected, primarily due to below-market rental rate charges. For the fiscal year 2022-2023, our commercial properties generated revenue totaling N$54 million. Despite this achievement, the impact of limited resources on property maintenance highlights the importance of strategic financial management and investment prioritisation to ensure the long-term sustainability and profitability of our property portfolio.

		4 500 000	
DESCRIPTION	MONTHLY REVENUE	2021-2022	2021-2022
CORE-OPERATION PROPERTIES	-		
CORE-OPERATION PROPERTIES	4 500 000	48 000 000.00	51 840 000 .00

KEY ACHIEVEMENTS INCLUDED

During the reporting period, there has been a commendable increase in the occupancy rate of our properties, rising from 400 tenants to 450 tenants.

This notable growth in tenant numbers has been achieved despite the alienation of some properties. In terms of monetary value, our rental revenue amounted to N$4.6 million per month, equivalent to N$55 million per annum. Presently, our revenue stands at approximately N$4.7 million per month, totaling N$56.4 million per annum.

Furthermore, during this period, proactive measures were taken to address tenant defaults. A total of 101 defaulting tenants and their contracts were terminated. These cases have been handed over to legal representatives for collection, with a combined arrears rental amounting to N$19,896,001.45.

In addition to managing tenant defaults, our efforts to increase property tenancy have yielded promising results. We issued 41 quotations to prospective tenants, with a combined annual rental value of N$16,635,308.52. Of these, 25 offers were accepted, totaling N$5,837,444.52 per annum.

Subsequently, lease agreements were finalised for these quotations, further enhancing our property tenancy and revenue streams. These achievements underscore our commitment to maximising the potential of our property portfolio and ensuring sustainable growth for TransNamib.

CAPITAL PROJECTS

TransNamib remains committed to the revitalisation and development of its prime property located on Erf 194, Independence Avenue, Windhoek. Currently, this property has been subdivided into four Erven, with two designated for residential use and the remaining two earmarked for commercial purposes. The final registration process for this subdivision is anticipated to be completed within the next financial year.

Additionally, we have budgeted for the renovation of our strategically significant station buildings in Lüderitz, Okahandja, and Walvis Bay. These renovations are poised to commence as soon as the necessary funds become available. Through these initiatives, TransNamib aims to enhance the functionality, aesthetics, and overall value of our properties, further contributing to our mission of sustainable growth and development.

THE WAY FORWARD

TransNamib remains committed to enhancing asset management practices. The procurement process for a property management system has commenced and is anticipated to conclude in the next fiscal year. Upon implementation, this system will revolutionise property management and administration, ensuring greater efficiency and effectiveness in our operations.

In line with our commitment to prudent resource management, the company has prioritised cost-cutting measures for utilities. Notably, we have opted to vacate employees from rented restrooms at our train stations, with approximately 90% of employee tenants relocated. Additionally, a consultant has been engaged to advise on subdivision, rezoning, and property registration, aimed at rectifying billing inaccuracies by local authorities and further reducing utility costs.

TransNamib is actively collaborating with relevant stakeholders to identify and implement the most suitable and affordable security measures for our strategic properties. These efforts are aimed at combating theft, vandalism, and enhancing overall security across our facilities.

In conclusion, we remain optimistic that adequate resources will be made available to realise the aforementioned objectives. Through strategic initiatives and collaborative efforts, we are committed to optimising our operations, enhancing cost-effectiveness, and ensuring the long-term sustainability of TransNamib.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Index

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

General Information

Country of Incorporation and Domicile	Namibia
Registration Number	99/114
Nature of Business and Principal Activities	Providing and promoting of rail transport services in Namibia or elsewhere by managing, developing and utilising the resources and assets at its disposal.
Directors	T.Mberirua (Appointed 10 October 2022) G. Michaels J. Shikongo-Asino Dr. K. Keyser (Appointed 10 October 2022) J.Hatutale (Appointed 1 September 2022) P. Ndeunyema (Appointed 1 September 2022)
Registered Office	16 Prof. Mburumba, Kerina Street Windhoek Namibia
Business Address	16 Prof. Mburumba, Kerina Street Windhoek Namibia
Postal Address	Private Bag 13204 Windhoek Namibia
Bankers	First National Bank of Namibia NedBank Bank Windhoek Standard Bank
Auditors	SGA Chartered Accountants and Auditors 24 Orban Street Klein Windhoek Windhoek Namibia
Company Secretary	Ms Helvi Haludilu 16 Prof. Mburumba, Kerina Street Windhoek Namibia

Transnamib Holdings Limited

(Registration Number [illegible])
Consolidated and Separate Annual Financial Statements for the year ended 31 March [illegible]

Directors' Responsibilities and Approval

The directors are required by the Namibian Companies Act [illegible] to maintain adequate accounting records and [illegible] responsible for the [illegible] and integrity of the consolidated and separate annual financial statements and related financial information included in [illegible]. It is their responsibility to ensure that the [illegible] statements [illegible] the financial reporting standards [illegible] separate statement of financial position, results of operations [illegible] financial position of the [illegible] group at the end of the financial year. [illegible] statements are based upon appropriate accounting policies consistently applied throughout [illegible] reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to [illegible] these responsibilities, the directors set standards for internal control [illegible] effective manner. The standards include the proper delegation of responsibilities [illegible] accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. [illegible] throughout the group and all employees are required to maintain the highest [illegible] standards [illegible] is conducted in a manner that [illegible] circumstances is above reproach.

The focus of risk management in the group is on [illegible] constraints.

The directors are of the opinion, based on the information and explanations given by management, [illegible] control provides reasonable assurance that the financial records may be relied on for the preparation of the [illegible] annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. [illegible] statements. Based on forecasts and available cash resources the directors have no reason to believe that the group will not be a going concern in the foreseeable future. [illegible] the group.

The consolidated and separate annual financial statements have been audited by the independent auditing firm [illegible] Accountants and Auditors, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and committees of the directors. [illegible] made to the independent auditor during the audit [illegible] presented on pages [illegible]

The consolidated and separate annual financial statements set out on pages [illegible], and the supplementary information set out on pages 53 to 57 which have been prepared on the going concern basis, were approved by the directors and were signed on 30 November 2023 on their behalf by:

[illegible]

J. Shikongo

T. M[illegible]

J. Shikongo-[illegible]

SGA CHARTERED ACCOUNTANTS & AUDITORS
Telephone: +264 61 276 000 | Facsimile: +264 61 232 309
Email: windhoek@sga-na.com | www.sga.com.na
Physical: 24 Orban Street, Klein Windhoek, Windhoek, Namibia
Postal: PO Box 30, Windhoek, Namibia, 10005
PRACTICE NUMBER 9417

Independent Auditor's Report

To the shareholder of Transnamib Holdings Limited

Opinion

We have audited the consolidated and separate annual financial statements of Transnamib Holdings Ltd and its subsidiary set out on pages 7 to 52, which comprise the directors' report, the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion the consolidated and separate annual financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate annual financial statements* section of our report. We are independent of the company and group in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* 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 of the detailed income statement as set out on pages 53 to 55 which we obtained prior to the date of this report. Other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Consolidated and Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing 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 annual financial statements.

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

SGA

SGA

Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: A.J. Esterhuizen
Partner

Windhoek ... Namibia
23 May 2024

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Directors' Report

The directors have pleasure in submitting their report on the consolidated and seperate annual financial statements of Transnamib Holdings Limited and it`s subsidiary for the year ended 31 March 2023.

1. Review of activities

Main business and operations

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 operating results and consolidated and separate statement of financial position of the group are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

3. Directors

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

T.Mberirua (Appointed 10 October 2022)
G. Michaels
J. Shikongo-Asino
Dr. K. Keyser (Appointed 10 October 2022)
J.Hatutale (Appointed 1 September 2022)
P. Ndeunyema (Appointed 1 September 2022)
I.N Ikela (Resigned 07 October 2022)
V. Mberema (Resigned 07 October 2022)
M. Ochurub (Resigned 07 October 2022)
Adv. S. Tjorokisa (Resigned 17 August 2022)
L.Matthews (Resigned 18 August 2022)

4. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

5. Going concern

The consolidated 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

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Directors' Report

The company and it`s subsidiary incurred a net loss for the year ended 31 March 2023 of N$(`000) 485 486 (2022 profit: N$(`000) 88 274). The company continues to incur losses.
During the 31 March 2023 year end the company received N$ 301 million to be utilized for locomotive repairs and maintenance. This amount is part of N$523 million government funding for the MTEF period 2023-2025. Of which N$ 66 million for the 2024 year end was received during the year under review.

The company has secured long term funding from the DBSA and DBN for a total amount of N$2.659 billion. The agreement with the DBSA was signed in March 2023, whilst the agreement with the DBN is being finalised. This funding is earmarked to be used for the procurement of new rolling stock, which will improve the available capacity of the company.

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. Prior period error

There was three (3) Locomotives removed from the Fixed Asset Register during 2018, a correcting entry was passed during 2020. However the entry credited a balance account instead of an Income statement account. The effect was that during 2020 the Profit and Loss was understated with N$ 10 289 499.

During the financial year 31 March 2019 and as part of the year`s useful life review, the auditors recalculated depreciation which lead to an audit adjustment of N$ 5 446 994. The fixed asset register could not be updated and therefore resulting in a difference between the Fixed asset register and the General Ledger.
In the Financial year 31 March 2021, a SAP consultant was appointed to update the Fixed Asset Register, during this process the below came to attention:
- Asset 302135 (Loco 33-006) was already scrapped In the Fixed Asset Register and therefore could not be updated4
- Asset 300137 (Loco- 33-474) depreciation recalculation was higher than net book value.

During the current year management has made an adjustment of N$ 32 403 834 to Retained Earnings with regards to the lease smoothing in terms of IFRS 16 requirements. The adjustment was made due to prior years journals not posted.
Please refer to note 33 for detail on prior period error.

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.

7.2 RMH versus Transnamib Holdings Limited

The company has a pending case of RMH (Pty) Ltd the possible obligation is estimated to be N$ 30 million. The case emantes from cession of a contract. The case is ongoing; the liability is not certain a its dependent on the court ruling.

7.3 Quenet Capital (Pty) Ltd

TransNamib sued together with the Minister of Works and Transport as the cancellation of the agreement was per Minister's directive. Trial date not yet set as at 31 March 2023. The loss is not probable as the matter is still ongoing.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Directors' Report

8. NOCLAR

Due to cash flow constraints, the company did not honour its obligation to pay Statutory Taxes over to the Namibia Revenue Agency (NAMRA) in accordance of Income Tax Act requirements. As at 31 March 2023, Transnamib owes the Namibia Revenue Agency N$ 533 357 686,43
including penalties and interest (2022: N$246 787 152.63). This amount has been provided in the financial statements. The directors are aware of this non-compliance and will continue negotiations with the NAMRA towards a long-term plan

The company also 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 2023 is N$ 50 585 985,63
(2022: N$48 126 898.32). This amount has been provided in the financial statements.

9. Independent Auditors

SGA Chartered Accountants and Auditors were the independent auditors for the year under review and were appointed 17 March 2023 for a three year period.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Statements of Financial Position

Figures in N$ `000	Notes	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated	Company 31 March 2021
Assets						
Non-current assets						
Property, plant and equipment	5	2,025,025	2,104,488	1,837,758	1,915,639	1,955,790
Right-of-use assets	7	-	2,378	-	2,378	7,499
Investment property	6	1,183,722	1,231,601	1,183,722	1,231,601	1,190,829
Investment in subsidiary	8	-	-	6,109	6,109	-
Investment in joint ventures	8	17,516	17,402	17,516	17,402	13,239
Operating lease receivables	12	34,428	32,404	34,428	32,404	
Loan to group company	13	-	-	148,946	148,946	13,704
Total non-current assets		**3,260,691**	**3,388,273**	**3,228,479**	**3,354,479**	**3,167,343**
Current assets						
Inventories	9	117,519	112,059	116,090	110,945	101,181
Trade and other receivables	10	75,977	110,829	72,054	106,594	58,872
Other non-financial assets	14	3,411	3,225	3,411	3,225	3,101
Cash and cash equivalents	15	196,641	77,030	186,914	67,355	78,309
Total current assets		**393,548**	**303,143**	**378,469**	**288,119**	**255,167**
Total assets		**3,654,239**	**3,691,416**	**3,606,948**	**3,642,598**	**3,422,524**
Equity and liabilities						
Equity						
Issued capital	16	277,266	277,266	277,266	277,266	277,266
Accumulated loss		(782,774)	(299,312)	(811,097)	(332,798)	(435,727)
Reserves	17	1,855,096	1,855,096	1,855,096	1,855,096	1,312,816
Total equity		**1,349,588**	**1,833,050**	**1,321,265**	**1,799,564**	**1,154,355**
Liabilities						
Non-current liabilities						
Contract liability	20	3,602	3,178	3,602	3,178	3,178
Lease liabilities	7	-	2,574	-	2,574	2,884
Loan from the Government of Namibia		-	-	-	-	325,432
Deferred income	21	721,690	631,072	721,690	631,072	949,523
Retirement benefit obligations	22	469,251	435,458	469,251	435,458	425,226
Total non-current liabilities		**1,194,543**	**1,072,282**	**1,194,543**	**1,072,282**	**1,706,783**
Current liabilities						
Provisions	18	418,528	176,487	418,528	176,487	114,900
Trade and other payables	19	642,479	577,453	623,511	562,121	399,146
Lease liabilities	7	-	-	-	-	5,020
Bank overdraft	15	6,881	13,587	6,881	13,587	34,861
GRN Upgrade	23	42,220	18,557	42,220	18,557	7,359
Total current liabilities		**1,110,108**	**786,084**	**1,091,140**	**770,752**	**561,386**
Total liabilities		**2,304,651**	**1,858,366**	**2,285,683**	**1,843,034**	**2,268,169**
Total equity and liabilities		**3,654,239**	**3,691,416**	**3,606,948**	**3,642,598**	**3,422,524**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Statements of Profit or Loss and Other Comprehensive Income

Figures in N$ `000	Notes	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Revenue	24	609,932	469,283	535,495	469,283
Cost of sales	25	(6,214)	-	-	-
Gross profit		**603,718**	**469,283**	**535,495**	**469,283**
Other income	26	225,043	449,989	224,361	416,503
Loss on disposal of assets written off		(21,191)	(3,030)	(21,191)	(3,030)
Fuel, oil and lubricants		(228,075)	(146,338)	(228,075)	(146,338)
Employee costs		(407,332)	(380,640)	(381,733)	(380,640)
Repairs and maintenance		(69,261)	(26,263)	(69,221)	(26,263)
Operating lease charges		(78,612)	(68,311)	(77,894)	(68,311)
Depreciation, amortization and impairment		(69,965)	(69,792)	(66,563)	(69,792)
Customs Fines and Penalties		(243,787)	(55,830)	(243,787)	(55,830)
Other expenses	27	(139,531)	(120,664)	(95,084)	(120,664)
(Loss) / profit from operating activities		**(428,993)**	**48,404**	**(423,692)**	**14,918**
Fair value gains/(losses) on investment properties		(47,879)	40,773	(47,879)	40,773
Interest received		2,565	1,605	2,418	1,605
Finance costs		(13,018)	(11,421)	(13,009)	(11,421)
Share of profit from equity accounted investments		3,863	8,913	3,863	8,913
(Loss) / profit from continuing operations		**(483,462)**	**88,274**	**(478,299)**	**54,788**
Gains on remeasurements of defined benefit plans		-	14,743	-	14,743
(Loss) / profit for the year		**(483,462)**	**103,017**	**(478,299)**	**69,531**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Statements of Changes in Equity - Group

Figures in N$ `000	Issued capital	Revaluation surplus	Remeasured defined benefit plan reserve	Other non-distributable reserve	Total Reserves	Accumulated loss	Total
Balance at 1 April 2021	277,266	1,307,724	(47,483)	52,575	1,312,816	(435,727)	1,154,355
Changes in equity							
Profit for the year	-	-	-	-	-	88,274	-
Total comprehensive income for the year	-	-	-	-	-	88,274	-
Acturial Gain on 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
Balance at 31 March 2022 - as restated	**277,266**	**1,307,724**	**(32,740)**	**580,112**	**1,855,096**	**(347,453)**	**1,784,909**
Balance at 1 April 2022 as previously reported	277,266	1,307,724	(32,740)	580,112	1,855,096	(347,453)	(347,453)
Increase (decrease) due to corrections of prior period errors	-	-	-	-	-	48,141	18,951
Balance at 1 April 2022 as restated	277,266	1,307,724	(32,740)	580,112	1,855,096	(299,312)	(328,502)
Changes in equity							
Loss for the year	-	-	-	-	-	(483,462)	(485,556)
Total comprehensive income for the year	-	-	-	-	-	(483,462)	(485,556)
Balance at 31 March 2023	**277,266**	**1,307,724**	**(32,740)**	**580,112**	**1,855,096**	**(782,774)**	**1,349,588**
Notes	**16**	**16**	**16**	**16**	**16**	**16**	

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Statements of Changes in Equity - Company

Figures in N$ `000	Issued capital	Revaluation surplus	Other non-distributable reserve	Remeasured defined benefit plan reserve	Total reserves	Accumulated loss	Total
Balance at 1 April 2021	**277,266**	**1,307,724**	**52,575**	**(47,483)**	**1,312,816**	**(435,727)**	**1,154,355**
Changes in equity							
Profit for the year	-	-	-	-	-	54,788	54,788
Total comprehensive income	-	-	-	-	-	**54,788**	**54,788**
Acturial gain Post Retirement Medical aid	-	-	-	14,743	14,743	-	14,743
Capital contribution	-	-	120,383	-	120,383	-	120,383
Write off GRN Loan	-	-	407,154	-	407,154	-	407,154
Balance at 31 March 2022 - as restated	**277,266**	**1,307,724**	**580,112**	**(32,740)**	**1,855,096**	**(380,939)**	**1,751,423**
Balance at 1 April 2022 as previously reported	**277,266**	**1,307,724**	**580,112**	**(32,740)**	**1,855,096**	**(380,939)**	**1,751,423**
Increase (decrease) due to corrections of prior period errors	-	-	-	-	-	48,141	48,141
Balance at 1 April 2022 as restated	277,266	1,307,724	580,112	(32,740)	1,855,096	(332,798)	1,799,564
Changes in equity							
Loss for the year	-	-	-	-	-	(478,299)	(478,299)
Total comprehensive income	-	-	-	-	-	(478,299)	(478,299)
Balance at 31 March 2023	**277,266**	**1,307,724**	**580,112**	**(32,740)**	**1,855,096**	**(811,097)**	**1,321,265**
Note	**16**	**16**	**16**	**16**	**16**		

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Statements of Cash Flows

Figures in N$ `000	Notes	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Net cash flows used in operations	29	**(181,023)**	**(70,563)**	**(182,758)**	**(70,563)**
Interest paid		(13,018)	(11,421)	(13,009)	(11,421)
Interest received		2,565	1,605	2,418	1,605
Net cash flows used in operating activities		**(191,476)**	**(80,379)**	**(193,349)**	**(80,379)**
Cash flows used in investing activities					
Dividends received		3,750	4,750	3,750	4,750
Sale of property, plant and equipment		651	5,785	651	5,785
Purchase of property, plant and equipment		(9,995)	(17,480)	(8,173)	(17,480)
Loans to associates- Swakopmund Hotel		-	(118,912)	-	(118,912)
Sale of other financial asset		-	(122)	-	(122)
Purchase of shares- Swakopmund Hotel (Pty) Ltd		-	6,622	-	(3,054)
Cash flows used in investing activities		**(5,594)**	**(119,357)**	**(3,772)**	**(129,033)**
Cash flows from financing activities					
Proceeds from other financial liabilities		(2,574)	(5,330)	(2,574)	(5,330)
Movement other liability- Legal settlement		1,008	(540)	1,008	(540)
Movement in GRN upgrade		23,663	11,198	23,663	11,198
Capital contribution received			120,382	-	120,382
Funds received from the Government		301,289	94,123	301,289	94,123
Cash flows from financing activities		**323,386**	**219,833**	**323,386**	**219,833**
Net increase in cash and cash equivalents		**126,316**	**20,097**	**126,265**	**10,421**
Cash and cash equivalents at beginning of the year		63,444	43,347	53,768	43,347
Cash and cash equivalents at end of the year	**15**	**189,760**	**63,444**	**180,033**	**53,768**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1. Significant accounting policies

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

2. Basis of preparation

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

The consolidated and seperate 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.
The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Consolidation

The 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 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.

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 2023

Accounting Policies

Basis of preparation continued...

Joint arrangements
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.

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.

2.2 Property, plant and equipment
Recognition
Property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Initial measurement
An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:
- 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.

Subsequent measurement - Cost model or Revaluation
After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Land and buildings are 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 performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation
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.

Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Basis of preparation continued...

The useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Asset class	Depreciation method	Useful life / depreciation rate
Buildings	Straightline	10-50 years
Motor vehicles	Straightline	3-10 years
Fixtures and fittings	Straightline	5-10 years
Cargo and workshop equipment	Straightline	5-10 years
Computer equipment	Straightline	5-10 years
Rolling stock	Straightline	10-40 years
Perway	Straightline	10-40 years
Casino equipment	Straightline	3-5 years

The 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 and loss unless it is included in the carrying amount of another asset.

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount.

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are classified as other gains on the face of the statement of profit or loss and other comprehensive income.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are classified as other gains on the face of the statements of profit or loss and other comprehensive income.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Basis of preparation continued...

2.3 Investment property

Recognition

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- the cost of the investment property can be measured reliably.

Initial measurement

Investment property is initially measured at cost, with transaction costs and other directly attributable expenditure being included in the the initial measurement.

The initial cost of investment property interest held under a lease is recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

Subsequent measurement - Fair value model

After initial recognition, investment property is measured at fair value.

2.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification and recognition

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

Financial assets classification

The group classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss
- Financial assets subsequently measured at fair value through other comprehensive income (OCI)
- Financial assets subsequently measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial liabilities classification

The group classifies financial liabilities into the following categories:

- Financial liabilities subsequently measured at amortised cost
- Financial liabilities subsequently measured at fair value through profit or loss

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Basis of preparation continued...

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The note of 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:

Borrowings and loans from related parties
Loans from shareholders (note 16) and borrowings are classified as financial liabilities subsequently measured at amortised cost, in line with IFRS 9.

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.

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.

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

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 company's business model is to collect the contractual cash flows on trade and other receivables.

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

They are subsequently measured at amortised cost.

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

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Basis of preparation continued...

Impairment

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

Measurement and recognition of unexpected losses

The company and it`s subsidiary 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 10.

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
The company has also in line with IFRS 7 assessed the credit risk relating to Trade and Other Receivables. Details of credit risk are included in the trade and other receivables note (note 10) and the financial instruments and risk management note (note 27).

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

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

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.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Basis of preparation continued...

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.

2.5 Tax

Current tax assets and liabilities

Current tax for the current and prior periods, is to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior period 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 teh 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.

Tax expense (income)

Current and deferred tax is 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, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

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.

Transnamib Holdings Limited
(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023
Accounting Policies
Basis of preparation continued...

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.

2.6 Inventories

Measurement

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.

2.7 Leases as lessee

Identification of a lease

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. 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. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

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.

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).

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

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Basis of preparation continued...

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Where a lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects a purchase option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, else it is based on the relevant group entity's incremental borrowing rate. The following lease payments are included where they are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if there is reasonably certainty that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the exercising an option to terminate the lease.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate described above, or if applicable the revised discount rate described below.

Profit or loss for the year will include the interest expense on the lease liability, and the variable costs not included in the measurement of the lease liability are included in the year in which the event of condition that triggers the payment of the variable costs occurs.

Where there are changes in the lease payments, the amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. Where the carrying amount of the right of use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the remaining amount of the remeasurement is recognised in profit or loss.

The remeasurement is performed by discounting the revised lease payments using a revised discount rate where there is a change in the lease term or where there is a change in the assessment of exercising an option contained in the contract. The discount rate is revised to the interest rate implicit in the remainder of the lease term if it can be readily determined, or at the relevant group entity's incremental borrowing rate at the date of the reassessment.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Basis of preparation continued...

2.11 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.

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.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Basis of preparation continued...

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.

2.12 Government grants

Government grants are recognised when there is reasonable assurance that:

- the entity 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.

2.13 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

3. New Standards and Interpretations

3.1 Standards and Interpretations effective and adopted in the current year

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

Standard/Interpretation
- Reference to the Conceptual Framework: Amendment to IFRS 3
- Annual Improvement to IFRS standards 2018- 2020: Amendments to IFRS 9
- Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16
- Onerous contracts - Cost of fulfilling a contract: Amendments to IAS 37
- IFRS 9 Financial Instruments - fees in the '10 percent' test for derogition of financial liabilities

3.2 Standards and Interpretations not yet effective

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be announced			
Classification of Liabilities as Current or Non-current — (Amendment to IAS 1)	01 January 2024	N	N	
Amendments to IFRS 17	01 January 2023	N	N	
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01 January 2023	N	N	
Definition of Accounting Estimates (Amendments to IAS 8)	01 January 2023	N	N	
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	01 January 2024	N	N	
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	01 January 2024	N	N	

Management has assessed the impact of these new and revised standards on the group and the company not to be material.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

4. Critical accounting estimates and judgements

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 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

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.

4.1 Key sources of estimation uncertainty

4.1.1 Trade receivables

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

Fair value estimation

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

4.1.2 Impairment testing

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

4.1.3 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.

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.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Critical accounting estimates and judgements continued...

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.

4.1.4 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.

4.1.5 Provisions

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

4.1.6 Leases

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

Determination of the appropriate rate to discount the lease payments.

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

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000

5. Property, plant and equipment

Balances at year end and movements for the year

	Land	Buildings	Motor vehicles	Fixtures and fittings	Cargo and operating equipment	Computer equipment	Construction in progress	Perway and Casino equipment	Rolling stock	Total
Reconciliation for the year ended 31 March 2023 - Group										
Balance at 1 April 2022										
At cost or revaluation	866,746	597,404	66,690	25,880	48,685	32,399	907	118,962	1,150,042	**2,907,715**
Accumulated depreciation and impairment	-	(114,541)	(40,965)	(23,552)	(23,254)	(25,203)	-	(65,776)	(509,936)	**(803,227)**
Carrying amount	**866,746**	**482,863**	**25,725**	**2,328**	**25,431**	**7,196**	**907**	**53,186**	**640,106**	**2,104,488**
Movements for the year ended 31 March 2023										
Additions from acquisitions	-	-	2,561	73	1,592	664	-	108	4,995	**9,993**
Depreciation	-	(17,392)	(6,162)	(479)	(1,963)	(1,295)	-	(2,725)	(37,583)	**(67,599)**
Disposals	-	-	-	-	-	(12)	-	-	(21,831)	**(21,843)**
Transfers	-	-	-	-	-	-	-	-	(14)	**(14)**
Property, plant and equipment at the end of the year	**866,746**	**465,471**	**22,124**	**1,922**	**25,060**	**6,553**	**907**	**50,569**	**585,673**	**2,025,025**
Closing balance at 31 March 2023										
At cost or revaluation	866,746	597,404	69,250	25,954	50,277	33,024	907	119,070	1,128,703	**2,891,335**
Accumulated depreciation and impairment	-	(131,933)	(47,126)	(24,032)	(25,217)	(26,471)	-	(68,501)	(543,030)	**(866,310)**
Carrying amount	**866,746**	**465,471**	**22,124**	**1,922**	**25,060**	**6,553**	**907**	**50,569**	**585,673**	**2,025,025**
Reconciliation for the year ended 31 March 2022 - Group										
Balance at 1 April 2021										
At cost or revaluation	683,265	597,403	55,335	6,128	44,902	31,949	907	82,496	1,157,250	**2,659,635**
Accumulated depreciation and impairment	-	(99,759)	(36,573)	(5,035)	(19,448)	(24,524)	-	(29,865)	(488,640)	**(703,844)**
Carrying amount	**683,265**	**497,644**	**18,762**	**1,093**	**25,454**	**7,425**	**907**	**52,631**	**668,610**	**1,955,791**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000

Property, plant and equipment continued...

	Land	Buildings	Motor vehicles	Fixtures and fittings	Cargo and operating equipment	Computer equipment	Construction in progress	Perway and Casino equipment	Rolling stock	Total
Movements for the year ended 31 March 2022										
Additions from acquisitions	-	-	11,998	-	-	22	-	1,843	3,616	**17,479**
Acquisitions through business combinations	183,481	-	53	1,491	1,697	814	-	1,312	-	**188,848**
Depreciation	-	(14,903)	(4,860)	(256)	(1,652)	(1,052)	-	(2,600)	(39,349)	**(64,672)**
Increase (decrease) through transfers from construction in progress	-	-	-	-	-	-	-	-	15,737	**15,737**
Increase (decrease) through other changes	-	122	-	-	-	-	-	-	-	**122**
Disposals	-	-	(228)	-	(68)	(13)	-	-	(8,508)	**(8,817)**
Property, plant and equipment at the end of the year	**866,746**	**482,863**	**25,725**	**2,328**	**25,431**	**7,196**	**907**	**53,186**	**640,106**	**2,104,488**
Closing balance at 31 March 2022										
At cost or revaluation	866,746	597,404	66,690	25,880	48,685	32,399	907	118,962	1,150,042	**2,907,715**
Accumulated depreciation and impairment	-	(114,541)	(40,965)	(23,552)	(23,254)	(25,203)	-	(65,776)	(509,936)	**(803,227)**
Carrying amount	**866,746**	**482,863**	**25,725**	**2,328**	**25,431**	**7,196**	**907**	**53,186**	**640,106**	**2,104,488**
Reconciliation for the year ended 31 March 2023 - Company										
Balance at 1 April 2022										
At cost or revaluation	683,265	597,404	66,513	6,128	44,207	27,669	907	84,339	1,150,042	**2,660,474**
Accumulated depreciation and impairment	-	(114,541)	(40,841)	(5,293)	(20,473)	(21,286)	-	(32,465)	(509,936)	**(744,835)**
Carrying amount	**683,265**	**482,863**	**25,672**	**835**	**23,734**	**6,383**	**907**	**51,874**	**640,106**	**1,915,639**
Movements for the year ended 31 March 2023										
Additions from acquisitions	-	-	2,561	-	460	79	-	78	4,995	**8,173**
Depreciation	-	(14,903)	(6,162)	(252)	(1,609)	(1,053)	-	(2,635)	(37,583)	**(64,197)**
Disposals	-	-	-	-	-	(12)	-	-	(21,831)	**(21,843)**
Transfers	-	-	-	-	-	-	-	-	(14)	**(14)**
Property, plant and equipment at the end of the year	**683,265**	**467,960**	**22,071**	**583**	**22,585**	**5,397**	**907**	**49,317**	**585,673**	**1,837,758**

Transcnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000										
Property, plant and equipment continued...										
Closing balance at 31 March 2023										
At cost or revaluation	683,265	597,404	69,073	6,128	44,667	27,709	907	84,417	1,128,703	**2,642,273**
Accumulated depreciation and impairment	-	(129,444)	(47,002)	(5,545)	(22,082)	(22,312)	-	(35,100)	(543,030)	**(804,515)**
Carrying amount	**683,265**	**467,960**	**22,071**	**583**	**22,585**	**5,397**	**907**	**49,317**	**585,673**	**1,837,758**
Reconciliation for the year ended 31 March 2022 - Company										
Balance at 1 April 2021										
At cost or revaluation	683,264	597,403	55,335	6,128	44,902	31,949	907	82,496	1,157,250	**2,659,634**
Accumulated depreciation and impairment	-	(99,759)	(36,573)	(5,035)	(19,448)	(24,524)	-	(29,865)	(488,640)	**(703,844)**
Carrying amount	**683,264**	**497,644**	**18,762**	**1,093**	**25,454**	**7,425**	**907**	**52,631**	**668,610**	**1,955,790**
Movements for the year ended 31 March 2022										
Additions from acquisitions	-	-	11,998	-	-	23	-	1,843	3,616	**17,480**
Depreciation	-	(14,903)	(4,860)	(256)	(1,652)	(1,052)	-	(2,600)	(39,349)	**(64,672)**
Prior period adjustment	-	-	-	-	-	-	-	-	15,737	**15,737**
Increase (decrease) through other changes	-	121	-	-	-	-	-	-	-	**121**
Disposals	-	-	(228)	-	(68)	(13)	-	-	(8,508)	**(8,817)**
Property, plant and equipment at the end of the year	**683,264**	**482,862**	**25,672**	**837**	**23,734**	**6,383**	**907**	**51,874**	**640,106**	**1,915,639**
Closing balance at 31 March 2022										
At cost or revaluation	683,264	597,404	66,513	6,128	44,207	27,669	907	84,340	1,150,042	**2,660,474**
Accumulated depreciation and impairment	-	(114,541)	(40,841)	(5,293)	(20,473)	(21,286)	-	(32,465)	(509,936)	**(744,835)**
Carrying amount	**683,264**	**482,863**	**25,672**	**835**	**23,734**	**6,383**	**907**	**51,875**	**640,106**	**1,915,639**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
6. Investment property				
Balances at year end and movements for the year				
Reconciliation for the year				
At Fair Value	1,231,601	1,190,829	1,231,601	1,190,829
Movements for the year				
Increase (decrease) through net exchange differences	(47,879)	40,772	(47,879)	40,772
Investment property at the end of the year	**1,183,722**	**1,231,601**	**1,183,722**	**1,231,601**
Closing balance at the end of the year				
At fair value	1,183,722	1,231,601	1,183,722	1,231,601
Carrying amount	**1,183,722**	**1,231,601**	**1,183,722**	**1,231,601**

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.

Fair Value Hierachy Information

Levels for value measurements Level 3:
Unobeservable inputs for the asset or liability

7. Lease liabilities

7.1 Lease liabilities comprise:

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Lease obligation	-	2,574	-	2,574

7.2 Amounts recognised in the statements of financial position

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Right-of-use assets				
Motor vehicles	-	2,378	-	2,378

Lease contract ended in December 2022, the company returned all vehicles not purchased.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

8. Investments in subsidiaries, joint ventures and associates

8.1 Investment in subsidiary

	Held by	Voting power	Carrying amount 2023	Carrying amount 2023
Swakopmund Station Hotel (Pty) Ltd	Transnamib Holdings limted	100.00%	6,109	6,109

Aquisition of 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.

A bargain purchase gain of N$ 33 485 000 was recognized through the income statement during the 2022 year under review. The gain arise from amount paid for the net assets.

The investment is held at cost and no impairment deemed necessary as the cost of the investment is lower than the par value of shares held.

Investments in joint ventures

Details of the group's material joint ventures at the end of the reporting period are as follows:

Name of joint venture	Owner interest %	Carrying amount 2023	Carrying amount 2022
GPT- Transnamib Concrete Sleepers (Pty) Ltd	50%	14,092	14,406
Namibia Rail Construction (Pty) Ltd	51%	3,424	2,996
		17,516	**17,402**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

Investments in subsidiaries, joint ventures and associates continued...

1.1 Summarised financial information for material joint ventures

	GPT- Transnamib Concrete Sleepers	Namibia Rail Construction
At 31 March 2023		
Non-current assets	23,241	4,724
Cash and Cash equivalents	324	892
Current assets	17,142	1,914
Non-current liabilities	(4,212)	-
Current liabilities	(8,607)	(816)
Revenue	66,403	9,294
Interest income	-	6
Depreciation and amortisation	(3,864)	-
Tax expense	(3,242)	(229)
Profit and loss	6,870	(106)
At 31 March 2022		
Non-current assets	16,892	2,546
Cash and Cash equivalents	1,912	1,902
Current assets	33,676	4,348
Non-current liabilities	(4,103)	-
Current liabilities	(19,860)	(1,975)
Revenue	93,412	4,056
Depreciation and amortisation	(1,617)	-
Interest income	-	7
Tax expense	(5,979)	593
Profit(loss) for the year	19,141	(1,290)

9. Inventories

Inventories comprise:

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Consumable stores	101,015	95,870	101,015	95,870
Cannabilized Locomotives	15,075	15,075	15,075	15,075
Swakopmund Station Hotel (Pty) Ltd- Inventory	1,429	1,114	-	-
	117,519	**112,059**	**116,090**	**110,945**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

10. Trade and other receivables

Trade and other receivables comprise:

Trade receivables- Freight debtors	72,561	98,781	72,561	98,781
Trade receivables- Property debtors	91,233	82,475	91,233	82,475
Other receivables- Spoornet	4,461	4,461	4,461	4,461
Other receivables- Swakopmund Station Hotel	3,891	3,131	-	-
Impairment Other receivables- Swakopmund Station Hotel	(146)	(102)	-	-
Trade receivables impairment	(105,592)	(106,255)	(105,592)	(106,255)
Trade receivables - net	66,408	82,491	62,663	79,462
RSA Vat receivable and Witholding taxes	4,262	4,653	4,084	3,447
Other receivables	19,872	50,979	19,872	50,979
Provision bad debts other	(14,565)	(27,294)	(14,565)	(27,294)
	75,977	110,829	72,054	106,594

Exposure to 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.

The company and it`s subsidiary 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.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

Trade and other receivables continued...

The following table provides information about the exposure to credit risk and ECLs for trade receivables from the customers as at 31 March 2023:

GROUP

	2023		2022	
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Freight Services				
Current: 1.07% (2022: 4.71%)	48,074	(537)	39,015	(4,318)
31 - 60 days past due: 2.92% (2022: 15.74%)	7,115	(208)	44,368	(2,043)
61 - 90 days past due: 18.23% (2022: 77.43%)	858	(156)	1,539	(1,437)
91 - 120 days past due: 100% (2022: 97%)	16,514	(15,029)	13,859	(13,859)
	72,561	**(15,930)**	**98,781**	**(21,657)**
Property rental				
Current: 41.2% (2022: 4.71%)	4,973	(961)	3,780	(2,342)
31 - 60 days past due: 44.8% (2022: 15.74%)	2,308	(1,225)	4,751	(4,042)
61 - 90 days past due: 49% (2022: 77.43%)	2,230	(1,188)	2,912	(2,720)
91 - 120 days past due: 100% (2022: 97%)	81,722	(81,826)	71,032	(71,032)
	91,233	**(85,200)**	**82,475**	**(80,136)**
Other receivables				
More than 120 days past due- 100%	14,569	(19,027)	48,417	(27,294)
Other receivables- Swakopmund Station Hotel	3,891	(146)	3,131	(102)
	18,460	(19,173)	51,548	(31,858)
	182,254	**(120,303)**	**232,804**	**(133,651)**

COMPANY

	2023		2022	
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Freight Services				
Current: 1.07% (2022: 4.71%)	48,074	(537)	39,015	(4,318)
31 - 60 days past due: 2.92% (2022: 15.74%)	7,115	(208)	44,368	(2,043)
61 - 90 days past due: 18.23% (2022: 77.43%)	858	(156)	1,539	(1,437)
91 - 120 days past due: 100% (2022: 97%)	16,514	(15,029)	13,859	(13,859)
	72,561	**(15,930)**	**98,781**	**(21,657)**
Property rental				
Current: 41.2% (2022: 4.71%)	4,973	(961)	3,780	(2,342)

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Trade and other receivables continued...				
31 - 60 days past due: 44.8% (2022: 15.74%)	2,308	(1,225)	4,751	(4,042)
61 - 90 days past due: 49% (2022: 77.43%)	2,230	(1,188)	2,912	(2,720)
91 - 120 days past due: 100% (2022: 97%)	81,722	(81,826)	71,032	(71,032)
	91,233	**(85,200)**	**82,475**	**(80,136)**
Other receivables				
More than 120 days past due- 100%	14,569	(19,027)	47,210	(31,755)
	178,363	**(120,157)**	**228,466**	**(133,548)**

11. Deferred tax

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
The analysis of deferred tax assets and deferred tax liabilities is as follows:				
Deferred tax assets:				
Liabilities for health care benefits accrued	150,160	137,689	150,160	137,689
Other provisions	6,873	9,259	6,873	9,259
Provisions for doubtful debts	28,837	33,387	28,837	33,387
Deferred tax balance from temporary differences other than unused tax losses	185,870	180,335	185,870	180,335
Tax losses available for set off against future taxable income	1,028,145	994,866	1,028,145	994,866
	1,214,015	**1,175,201**	**1,214,015**	**1,175,201**
Deferred tax liabilities:				
Property plant and equipment	(198,546)	(216,091)	(198,546)	(216,091)
Revaluation	(168,312)	(168,812)	(168,312)	(168,812)
Right to use assets	-	(761)	-	(761)
Unrecognised deferred tax	(847,157)	(789,537)	(847,157)	(789,537)
Net deferred tax assets	**(1,214,015)**	**(1,175,201)**	**(1,214,015)**	**(1,175,201)**
Details of set-off of deferred tax assets and liabilities				
Deferred Tax assets	1,209,132	1,175,201	1,209,132	1,175,201
Deferred Tax Liability	(1,209,132)	(1,175,201)	(1,209,132)	(1,175,201)
Total deferred tax liability per the statements of financial position	-	-	-	-

12. Operating lease receivables

12.1 Operating lease receivables comprise the following balances

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Operating lease receivable	34,428	32,404	34,428	32,404

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Operating lease receivables continued...

12.2 Information related to leasing activities

Operating leases, in which the company is the lessor, relate to investment property owned by Transnamib Holdings Limited with lease terms of between 1 year and 9 years with an extension option.

12.3 Future minimum lease payments receivable

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Not later than one year	51,082	58,450	51,082	58,450
Later than one year and not later than two years	50,642	51,082	50,642	51,082
Later than two years and not later than three years	41,700	50,642	41,700	50,642
Later than three years and not later than four years	27,418	41,700	27,418	41,700
Later than four years and not later than five years	20,357	27,418	20,357	27,418
Later than five years	88,889	109,247	88,889	109,247
	280,088	**338,539**	**280,088**	**338,539**

13. Loan to group company

Loan to group company comprises the following balances

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Swakopmund Station Hotel (Pty) Ltd	-	-	148,946	148,946
Loan is interest free and payable on demand				
Current assets	-	-	-	-
	-	**-**	**-**	**-**

14. Other non-financial assets

Non-financial asset

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
At the beginning of the year				
Accumulated fair value adjustments	3,411	3,225	3,411	3,225
Carrying amount	**3,411**	**3,225**	**3,411**	**3,225**
Carrying amount at the end of the year	**3,411**	**3,225**	**3,411**	**3,225**
At the end of the year				
Accumulated fair value adjustments	3,411	3,225	3,411	3,225
Carrying amount	**3,411**	**3,225**	**3,411**	**3,225**

Funds held at IJG at and interest rate of 7.75%;
(2022:4.45%)

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
15. Cash and cash equivalents				
15.1 Cash and cash equivalents included in current assets:				
Cash				
Cash on hand	1,123	1,605	27	68
Balances with banks	195,518	75,425	186,887	67,287
	196,641	**77,030**	**186,914**	**67,355**
15.2 Overdrawn cash and cash equivalents included in current liabilities				
Bank overdrafts	(6,881)	(13,587)	(6,881)	(13,587)
15.3 Net cash and cash equivalents				
Current assets	196,641	77,030	186,914	67,355
Current liabilities	(6,881)	(13,587)	(6,881)	(13,587)
	189,760	**63,443**	**180,033**	**53,768**
16. Issued capital				
Authorised and issued share capital				
Authorised				
1 000 000 Ordinary shares of N$ 1 each	1,000,000	1,000,000	1,000,000	1,000,000
Issued				
277 266 030 Ordinary shares of N$ 1 each	277,266	277,266	277,266	277,266
17. Reserves				
17.1 Classification of reserves				
Revaluation Reserve	1,307,724	1,307,724	1,307,724	1,307,724
Reserve for remeasurement of Post Medical Aid Retirement	(32,740)	(32,740)	(32,740)	(32,740)
Other non distributable reserved	580,112	580,112	580,112	580,112
Accumulated Loss	(782,774)	(299,312)	(811,097)	(435,727)
Total reserves and accumulated loss	**1,072,322**	**1,555,784**	**1,043,999**	**1,419,369**

17.2 Nature and purpose of reserves

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

18. Provisions

Provisions
Group and Company

	Other provisions	Provision-VET levy	Provision-Penalties and Interest (VAT, PAYE and Import VAT)	Total
Balance as at 01 April 2022	**1,217**	**24,063**	**151,207**	**176,487**
New provisions	-	-	-	-
Increase in existing provisions	1,006	-	243,787	244,793
Provision used	(846)	(1,906)	-	(2,752)
Balance as at 31 March 2023	**1,377**	**22,157**	**394,994**	**418,528**
Balance as at 01 April 2021	**997**	**18,526**	**95,377**	**114,900**
New provisions	-	-	-	-
Increase in existing provisions	1,415	5,537	55,830	62,782
Provision used	(1,195)	-	-	(1,195)
Balance as at 31 March 2022	**1,217**	**24,063**	**151,207**	**176,487**

19. Trade and other payables

Trade and other payables comprise:

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Trade payables	438,292	393,571	433,391	385,304
Provision leave	17,362	17,961	16,088	16,055
Accrued expenses	59,112	73,457	47,117	68,612
Provision bonus	5,736	5,448	5,392	5,134
Other payables	-	(95)	-	(95)
Employee vendors	301	(78)	301	(78)
Other deposits	2,039	2,430	2,039	2,430
Value added tax	119,637	84,759	119,183	84,759
Total trade and other payables	**642,479**	**577,453**	**623,511**	**562,121**

20. Legal Settlement- Liability

Legal Settlement- Liability comprise:

	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Legal settlement	3,602	3,178	3,602	3,178

Legal settlement relates to the settlement agreement of the case against Central Gas. Transnamib is obligated to provided rental to the tenant for a period of three 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 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
21. Deferred income				
Deferred income comprise:				
Opening Balance	631,072	949,523	631,072	949,523
Release to income statement	(210,672)	(164,934)	(210,672)	(164,934)
Government loan written off	-	(81,602)	-	(81,602)
Low interest loan benefit received on Chineses loan-written off	-	(166,038)	-	(166,038)
Grants received	301,290	94,123	301,290	94,123
	721,690	**631,072**	**721,690**	**631,072**

22. Post retirement medical 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

22.0.1 The amounts recognised in the balance sheet are determined as follows:

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Opening balance	(435,458)	(425,226)	(435,458)	(425,226)
Benefits paid	29,372	29,504	29,372	29,504
Net expense recognised	(63,165)	(39,736)	(63,165)	(39,736)
	(469,251)	**(435,458)**	**(469,251)**	**(435,458)**
Current service cost	55,921	47,478	56,190	47,478
Interest cost	7,244	7,001	6,975	7,001
Acturial (losses) gains	-	(14,743)	-	(14,743)
	63,165	**39,736**	**63,165**	**39,736**
Defined benefit plan balances at year end				
Included in non-current liabilities	(469,251)	(435,458)	(469,251)	(435,458)
Key assumptions used				
Discount rate	13%	12%	13%	12%

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 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 2.113% can be interpreted as the resulting accrued liability if the salary inflation rate is 1.0% higher than assumed

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
23. Other non-financial liabilities				
Other non-financial liabilities comprise:				
GRN Upgrade	42,220	18,557	42,220	18,557

Funds are held in the Nedbank account, and it is solely used for rail maintenance upon approval from the Ministry of Works.

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
24. Revenue				
Revenue comprises:				
Hotel income	74,437	-	-	-
Freight Revenue	454,796	411,458	454,796	411,458
Passenger Revenue	10,444	272	10,444	272
Rent income	70,255	57,553	70,255	57,553
Total revenue	**609,932**	**469,283**	**535,495**	**469,283**
25. Cost of sales				
Cost of sales comprise:				
Sale of goods- Hotel	(6,214)	-	-	-
Total cost of sales	**(6,214)**	**-**	**-**	**-**
26. Other income				
Other income comprises:				
Impairment loss reversed	-	11,240	-	11,240
Other recoveries- insurance	5,216	39,265	5,216	39,265
Other sundry income	1,770	67	1,088	67
Other income	986	1,100	986	1,100
Gain of claims bought	-	8,185	-	8,185
Project income- wash aways	-	55,369	-	55,369
Interest on Government loan written off	-	166,038	-	166,038
10% supervision fee and government grants	217,071	135,239	217,071	135,239
Bargain purchase	-	33,486	-	-
Total other income	**225,043**	**449,989**	**224,361**	**416,503**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
27. Other expenses				
Other expenses comprise:				
Admin and management fees paid	3,247	-	-	-
Bad debts	(6,529)	25,416	(6,529)	25,416
Casino expenses	12,000	-	-	-
Computer expenses	3,668	2,711	3,668	2,711
F&B expenses	2,022	-	-	-
Insurance	18,113	10,975	18,252	10,975
Legal expense	8,389	3,187	7,581	3,187
Medical expense	647	-	647	-
Municipal charges	56,418	43,081	44,101	43,081
Municipal charges	55,789	43,081	44,101	43,081
Security	7,215	9,631	6,050	9,631
Telephone and fax	1,682	761	1,633	761
Training	3,545	1,293	3,545	1,293
Training levy	3,179	3,348	3,179	3,348
Travel - Local	8,604	6,311	8,604	6,311
VET Levy	(1,907)	5,538	(1,907)	5,538
Total other expenses	**176,082**	**155,333**	**132,925**	**155,333**

28. Taxation

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Reconciliation between accounting profit and tax expense				
Accounting (Loss(/ Profit	(483,462)	88,274	(478,299)	54,788
Tax at the applicable tax rate pf 32% (2022-32%)	(154,708)	28,248	(153,056)	17,532
Tax effect of				
Permanent Difference	42,292	(66,444)	42,292	(66,444)
Temporary Difference	112,416	38,196	110,764	48,912

The estimated tax loss available for set off against future taxable income is N$ 3 212 955

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
29. Cash used in operations				
(Loss) / profit for the year	**(483,462)**	**88,274**	**(478,299)**	**54,788**
Adjustments for:				
Finance income	(2,565)	(1,605)	(2,418)	(1,605)
Finance costs	13,018	11,421	13,009	11,421
Depreciation and amortisation expense	69,965	69,791	66,563	69,791
Fair value (gains)and losses	47,879	(40,772)	47,879	(40,772)
Income from equity accounting investments	(3,863)	(8,913)	(3,863)	(8,913)
Impairment loss reversed	-	(8,165)	-	(8,165)
Movements in retirement benefits assets and liabilities	33,793	24,976	33,793	24,976
Gains from remeasurement of IFRS 16	(743)	-	(743)	-
(Gains) and losses on disposal of non-current assets	21,191	3,030	21,191	3,030
Movement in provisions	242,040	61,587	242,040	61,587
Gains from claims purchased	-	(11,219)	-	(11,219)
Bargain purchase gain	-	(33,486)	-	-
Change in working capital				
Movement in inventories	(5,460)	(9,764)	(5,145)	(9,764)
Movement in Trade Receivables	37,223	(36,045)	34,539	(36,045)
Interest on loan reversed	-	(166,039)	-	(166,039)
Movement in operating lease receivables	(2,024)	-	(2,024)	-
Movement in Trade payables	62,656	151,300	61,391	151,300
Movement in Deferred Income	(210,671)	(164,934)	(210,671)	(164,934)
Net cash flows from operations	**(181,023)**	**(70,563)**	**(182,758)**	**(70,563)**

30. Related parties

30.1 Other related parties

Entity name	Nature of relationship
The Government of the Repulic of Namibia	Shareholder
Refer to the Directors Report	Directors
Investment in Associates	Refer to note 8
Swakopmund Station Hotel (Pty) Ltd	Investment in Subsidiary

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

Related parties continued...

30.2 Directors emoluments

31 March 2023 Name	Directors emoluments paid / receivable for services as director from group
T.Mberirua	127
G. Michaels	324
J. Shikongo-Asino	280
Dr. K. Keyser	117
J.Hatutale	132
P. Ndeunyema	97
L. Matthews (Chairperson	165
Adv S Tjijorkisa (Deputy) Chairperson	132
V. Mberema	156
I.N. Ikela	148
Dr. M. Ochurub	156
Total directors emoluments	1,834

`31 March 2022 Name	Fees for services as director
G. Michaels	220
J. Shikongo-Asino	203
L. Matthews (Chairperson	15
Adv S Tjijorkisa (Deputy) Chairperson	215
V. Mberema	203
I.N. Ikela	166
Dr. M. Ochurub	203
Total directors emoluments	1,225

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

Related parties continued...

30.3 Related party transactions and balances

	Shareholder	Subsidiaries	Associates	Key management personnel of the entity or its parent	Total
Year ended 31 March 2023					
Related party transactions					
Funds Received from the Government of the Republic of Namibia	301,289	-	-	-	**301,289**
Directors Emoluments	-	-	-	1,834	**1,834**
Dividends received	-	-	3,750	-	**3,750**
Outstanding balances for related party transactions					
Amounts receivable- Swakopmund Station Hotel (Pty) Ltd	-	148,946	-	-	**148,946**
Period ended 31 March 2022					
Related party transactions					
Funds Received from the Government of the Republic of Namibia	94,123	-	-	-	**94,123**
Funds Received from the Government of the Republic of Namibia- Capital contribution	120,382	-	-	-	**120,382**
Directors Emoluments	-	-	-	1,225	**1,225**
Dividends received	-	-	4,750	-	**4,750**
Outstanding balances for related party transactions					
Amounts receivable- Swakopmund Station Hotel (Pty) Ltd	-	148,946	-	-	**148,946**

31. Financial instruments and risk management

Overview

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

- Credit risk
- Liquidity Risk
- Market Risk

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

Financial instruments and risk management continued...

31.1 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.

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

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.

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

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

Financial instruments and risk management continued...

31.1.1 Catergories of financial instruments

Catergories of Financial Liabilities	**Amortised cost**	**Leases**	**Over 5 years**	**Total**
Year ended 31 March 2023 - Group				
Trade and other payables excluding non-financial liabilities (Note 19)	642,479	-	-	**642,479**
Other financial liabilities A (Note 20)	-	-	3,602	**3,602**
Bank overdraft (Note 15)	6,881	-	-	**6,881**
	649,360	**-**	**3,602**	**652,962**
Catergories of Financial Assets				
Trade and other receivables	75,977	-	-	**75,977**
Cash and Cash equivalents	196,641	-	-	**196,641**
	272,618	**-**	**-**	**272,618**
Period ended 31 March 2022 - Group				
Catergories of Financial Liabilities				
Trade and other payables excluding non-financial liabilities (Note 19)	577,453	-	-	**577,453**
Other financial liabilities A (Note 20)	-	-	3,178	**3,178**
Lease liabilities (Note 7)	-	2,574	-	**2,574**
Bank overdraft (Note 15)	13,587	-	-	**13,587**
	591,040	**2,574**	**3,178**	**596,792**
Catergories of Financial Assets				
Trade and other receivables	106,594	-	-	**106,594**
Cash and Cash equivalents	77,030	-	-	**77,030**
	183,624	**-**	**-**	**183,624**

Catergories of Financial Liabilities	**Amortised cost**	**Leases**	**Over 5 years**	**Total**
Year ended 31 March 2023 - Company				
Trade and other payables excluding non-financial liabilities (Note 19)	623,511	-	-	**623,511**
Other financial liabilities A (Note 20)	-	-	3,602	**3,602**
Bank overdraft (Note 15)	6,881	-	-	**6,881**
Total non-derivatives	**630,392**	**-**	**3,602**	**633,994**
Catergories of Financial Assets				
Trade and other receivables	72,054	-	-	**72,054**
Cash and Cash equivalents	186,914	-	-	**186,914**
	258,968	**-**	**-**	**258,968**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

Financial instruments and risk management continued...

Period ended 31 March 2022 - Company				
Catergories of Financial Liabilities				
Trade and other payables excluding non-financial liabilities (Note 19)	562,121	-	-	**562,121**
Other financial liabilities A (Note 20)	3,178	-	3,178	**6,356**
Lease liabilities (Note 7)	-	2,574	-	**2,574**
Bank overdraft (Note 15)	13,587	-	-	**13,587**
	578,886	**2,574**	**3,178**	**584,638**
Catergories of financial assets				
Trade and other receivables	106,594	-	-	**106,594**
Cash and Cash equivalents	67,355	-	-	**67,355**
	173,949	**-**	**-**	**173,949**

32. Comparative disclsoure

During the year the below accounts has been reclassified the impact is shown below:

Impact on Statement of Comprehensive income:

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Customs Fines and Penalties	(243,787)	(55,830)	(243,787)	(55,830)
Other income	243,787	55,830	243,787	55,830
	-	-	-	-

Impact on Statement of Financial Position

Increase in Trade debtors	11,675	11,676	11,675	11,676
Increase in Trade creditors	(13,817)	(11,891)	(13,817)	(11,891)
Increase in bank balances	2,142	215	2,142	215
	-	-	-	-

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$ `000	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated

33. Restatement of prior year figures

There was three (3) Locomotives removed from the Fixed Asset Register during 2018, a correcting entry was passed during 2020. However the entry credited a balance account instead of an Income statement account. The effect was that during 2020 the Profit and Loss was understated with N$ 10 289 499.

During the financial year 31 March 2019 and as part of the year`s useful life review, the auditors recalculated depreciation which lead to an audit adjustment of N$ 5 446 994. The fixed asset register could not be updated and therefore resulting in a difference between the Fixed asset register and the General Ledger.

In the Financial year 31 March 2021, a SAP consultant was appointed to update the Fixed Asset Register, during this process the below came to light.

- Asset 302135 (Loco 33-006) was already scrapped In the Fixed Asset Register and therefore could not be updated4
- Asset 300137 (Loco- 33-474) depreciation recalculation was higher than net book value

During the current year management has made an adjustment of N$ 32 403 834 to Retained Earnings with regards to the lease smoothing in terms of IFRS 16 requirements. The adjustment was made due to prior years journals not posted.

<u>The retrospective correction of the errors results in adjustments as follows:</u>

	Group 31 March 2022 As Restated	Company 31 March 2022 As Restated
Effect on the statement of financial position		
Effect on equity		
Increase in Retained earnings	(48,141)	(48,141)
Effect on Assets		
Increase in Rolling Stock	15,737	15,737
Increase in Non- Current Assets	32,404	32,404

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Detailed Income Statement

Figures in N$ `000	Notes	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Revenue	24				
Passenger Income		10,444	272	10,444	272
Rendering of services		454,796	411,458	454,796	411,458
Rent income		70,255	57,553	70,255	57,553
Sale of goods		74,437	-	-	-
		609,932	**469,283**	**535,495**	**469,283**
Cost of sales	25				
Sale of goods		(6,214)	-	-	-
Gross profit		**603,718**	**469,283**	**535,495**	**469,283**
Other income	26				
10% Supervision Fees and Government Grants Received		217,071	301,275	217,071	301,275
Bargain purchase		-	33,486	-	-
Commission		986	1,100	986	1,100
Gain on aquisition		-	8,186	-	8,186
Government income		-	55,369	-	55,369
Impairment loss reversals		-	11,240	-	11,240
Other recoveries- Insurance Income		5,216	39,265	5,216	39,265
Other sundry income		1,088	68	1,088	68
Sundry income		682	-	-	-
		225,043	**449,989**	**224,361**	**416,503**

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Detailed Income Statement

Figures in N$ `000	Notes	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Administrative expenses					
Admin and management fees paid		(3,247)	-	-	-
Admin and selling expenses		(214)	-	-	-
Advertising		(23)	(19)	(23)	(19)
Amortisation - contract assets		(83)	-	-	-
Annual Duty and Secreterial fees		(1)	(1,429)	-	(1,429)
Auditors remuneration - Fees		(1,191)	(686)	(756)	(686)
Bad debts		6,530	(25,416)	6,530	(25,416)
Bank charges		(943)	(500)	(642)	(500)
Casino expenses		(12,000)	-	-	-
Computer expenses		(3,668)	(2,711)	(3,668)	(2,711)
Consulting fees		(1,321)	(798)	(820)	(798)
Consumables		-	837	-	837
Credit card commission		(415)	-	-	-
Depreciation - property, plant and equipment		(67,599)	(64,671)	(64,197)	(64,671)
Depreciation - right-of-use assets		(2,366)	(5,120)	(2,366)	(5,120)
Directors fees		(156)	-	-	-
Discount allowed		(1)	-	(1)	-
Employee costs - salaries		(407,176)	(380,642)	(381,733)	(380,642)
Entertainment		(242)	(108)	(242)	(108)
Environmentl levy		(294)	(432)	(294)	(432)
F&B expenses		(2,022)	-	-	-
Fines and penalties		(243,787)	(55,830)	(243,787)	(55,830)
Hotel maintenance expense		(3,216)	-	-	-
Hotel Rooms expenses		(2,719)	-	-	-
Hotel Uniforms		(15)	-	-	-
Incorporation costs		-	(211)	-	(211)
Information technology expense		(328)	-	-	-
Insurance		(18,113)	(10,975)	(17,258)	(10,975)
IT expense		(4)	(59)	(4)	(59)
Laundry recovery		571	-	-	-
Legal expense		(8,389)	(3,187)	(7,581)	(3,187)
Legal settlement		-	(600)	-	(600)
Levies		(865)	(827)	(865)	(827)
Marketing expenses		(3,424)	-	-	-
Medical expense		(647)	-	(647)	-
Municipal charges		(56,418)	(43,081)	(44,101)	(43,081)
Operating lease charges		(78,612)	(68,311)	(77,894)	(68,311)
Operating rentals SSH		(589)	-	-	-
Other expense		(428)	(404)	(428)	(404)
Petrol and oil		(228,075)	(146,338)	(228,075)	(146,338)
Postage		(257)	(28)	(102)	(28)
Printing and stationery		(1,002)	(604)	(851)	(604)
Protective clothing		(1,348)	(1,186)	(1,349)	(1,186)
Recruitment costs		(9)	(8)	-	(8)
Repairs and maintenance		(69,261)	(26,263)	(69,221)	(26,263)

Transnamib Holdings Limited

(Registration Number 99/114)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2023

Detailed Income Statement

Figures in N$ `000	Notes	Group 31 March 2023	Group 31 March 2022 As Restated	Company 31 March 2023	Company 31 March 2022 As Restated
Security		(7,215)	(9,631)	(6,050)	(9,631)
Subscriptions		(881)	(1,348)	(881)	(1,348)
Telephone and Fax		(1,682)	(761)	(1,633)	(761)
VET Levy		1,908	(5,538)	1,908	(5,538)
Training		(3,545)	(1,294)	(3,545)	(1,294)
Training levy		(3,179)	(3,348)	(3,179)	(3,348)
Travel - Local		(8,602)	(6,311)	(8,602)	(6,311)
		(1,236,563)	**(867,838)**	**(1,162,357)**	**(867,838)**
Operating profit(loss)					
Other gains and losses					
Fair value gain		(47,879)	40,773	(47,879)	40,773
Gain or loss on sale - property, plant and equip.		(21,191)	(3,030)	(21,191)	(3,030)
		(69,070)	**37,743**	**(69,070)**	**37,743**
(Loss) / profit from operating activities		**(476,872)**	**89,177**	**(471,571)**	**55,691**
Finance income					
Interest revenue		2,565	1,605	2,418	1,605
Finance costs					
Interest paid		(13,018)	(11,421)	(13,009)	(11,421)
Share of profit and loss from equity accounted investments					
Income from equity accounted investments		3,863	8,913	3,863	8,913
(Loss) / profit for the year		**(483,462)**	**88,274**	**(478,299)**	**54,788**

transnamib
rail it!