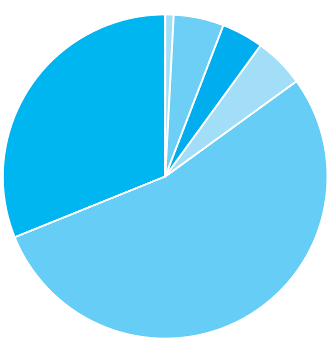
THE FINANCIAL YEAR

FOR THE PERIOD ENDED 30 SEPTEMBER 2011 UNDER REVIEW

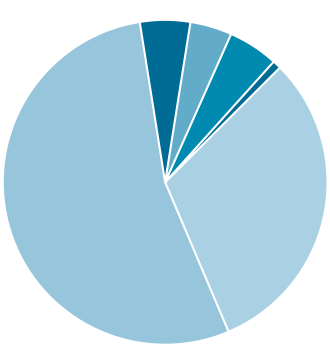
The financial year that ended 30 September 2011 has been rewarding for stakeholders. Despite the uncertainties associated with the aftermath of the global financial crisis and regulatory pressure to decrease interconnect rates, MTC achieved acceptable growth on subscriber numbers and revenue. The major contributor to improved performance came from revenue generated by MTC's pre-paid services.

Total Revenue

A revenue growth from N$ 1,409 billion to N$ 1,454.7 billion was accounted, which resulted in a growth of 3,2% year on year. As a result of proper management on the segments of the market the split between the different revenue accounting vote remained the same with the only exception of a 1% move between interconnect income and handset sales. The decrease accounted on interconnect revenue was a direct result of regulatory interference whereby revenue was decreased from N$ 0.50 to N$ 0.30 as from 1 January 2011. As stated under note 3 from the financial statements, handset sales increased by 17% compared to the previous financial year.



REVENUE	2011
Prepaid	54%
Postpaid	31%
Roaming	5%
Interconnect	5%
Handsets	4%
Other	1%

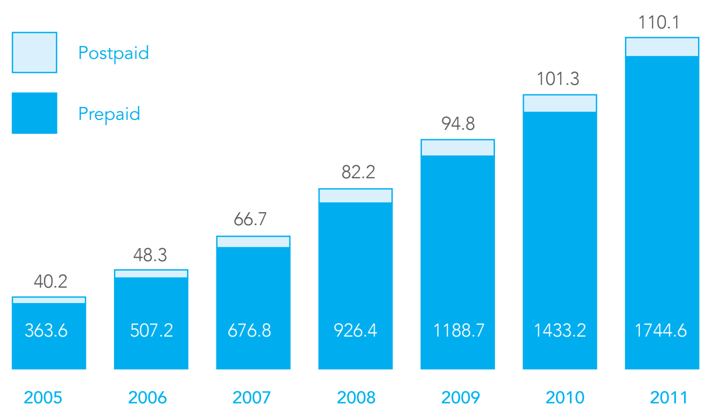


REVENUE	2010
Prepaid	54%
Postpaid	31%
Roaming	5%
Handsets	5%
Interconnect	4%
Other	1%

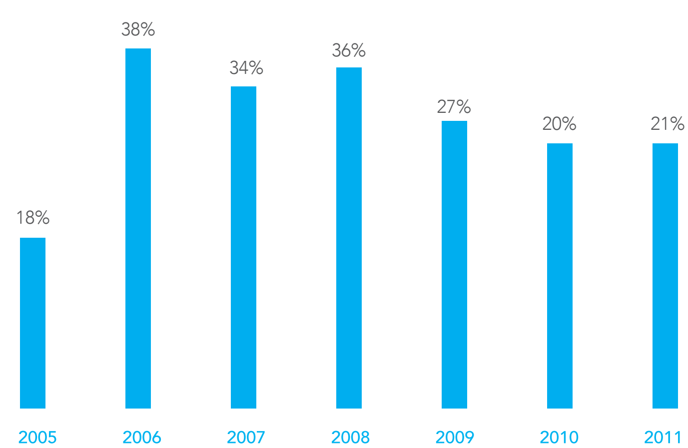
Subscribers

The number of customers increased by 21% to 1,854.7 million. This was largely due to MTC's strategy of retaining current customers and achieving 60% of the net adds for the industry. The number customers reported at 30 September 2011 were 1,745 million for prepaid and 110,000 for postpaid.

SUBSCRIBERS



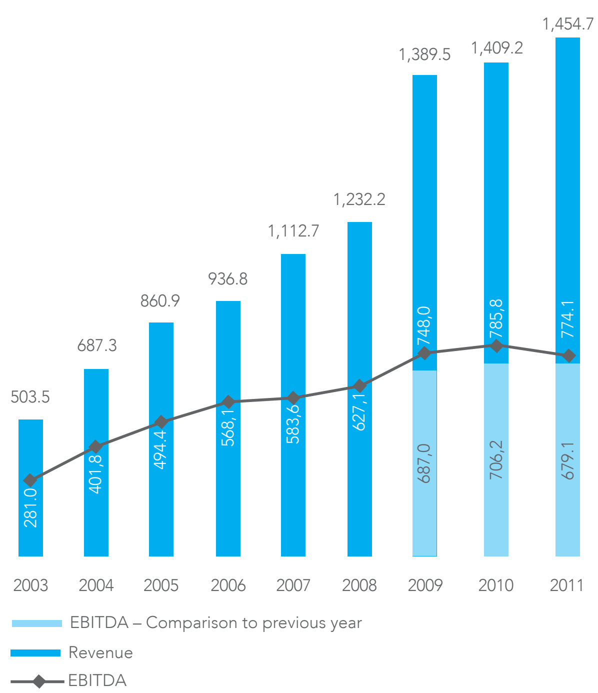
SUBSCRIBER GROWTH RATE



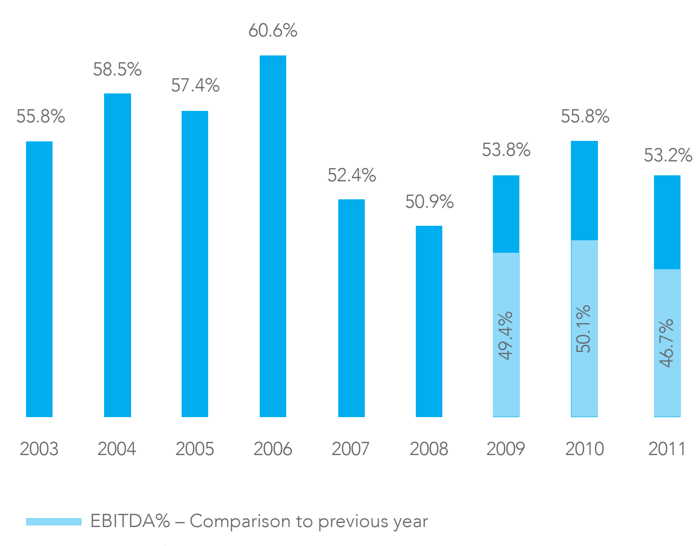
EBITDA (Earnings before interest, taxes, depreciation and amortisation)

MTC's EBITDA margin decreased from 55,8% to 53,2% for the year under review as a result of numerous factors. An increase in direct cost and direct network operating cost was led by higher rental cost of leased lines and network repair and maintenance costs to support the network expansion, as well as the increase in traffic volumes. The cost of leased lines increased by 24,8% and the repair and maintenance of the network by 32,7%. The unfavourable foreign exchange movement for the Namibia Dollar impacted EBITDA negatively as well. MTC reported an EBITDA of 53,2% after the capitalisation of the free handsets offered on the contract connect packages compared to the 55,8% of the previous financial year. An amount of N$ 95 million was capitalised.

REVENUE VS EBITDA (NAD '000 000)



EBITDA MARGINS

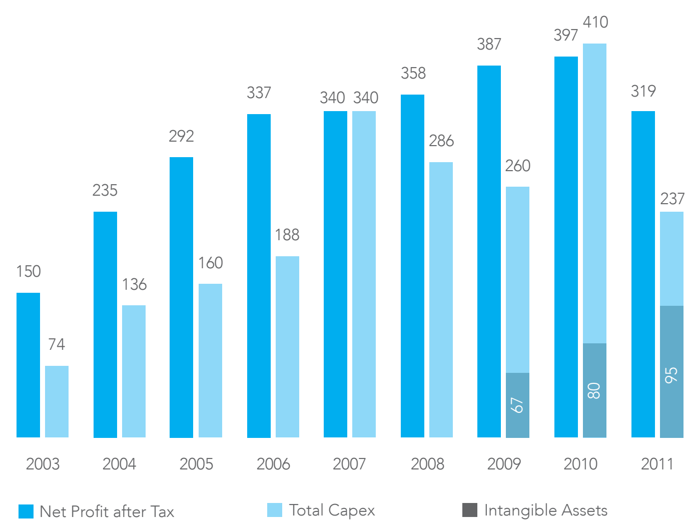


Capital Investments

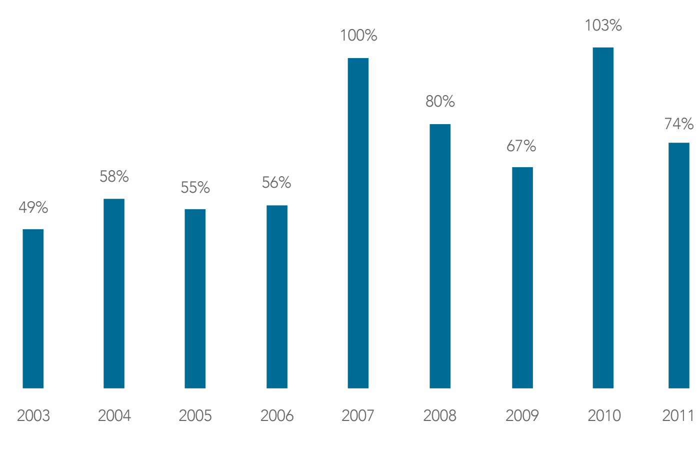
Capital expenditure slowed down compared to the previous financial year, but still encompassed a substantial amount of net income after tax. The amount invested for the financial year under review amounted N$ 236,6 million, and 74% of profit after tax. All capital expenditure was incurred at the ruling exchange rate on the transaction date.

A major portion of the capital investment was made on technical aspects to ensure capacity at the demand of customers as well as providing excellent service to customers. All capital projects were funded from own resources, resulting from MTC's positive cash flow position.

CAPEX VS NET PROFIT AFTER TAX (NAD '000 000)



CAPITAL EXPENDITURE AS A % OF NET INCOME AFTER TAX



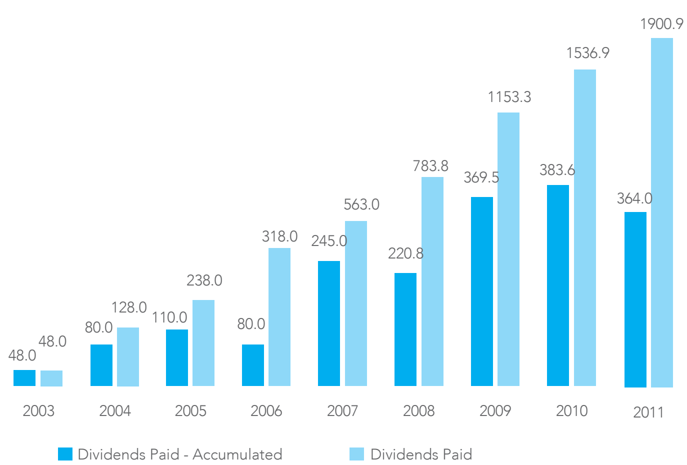
Depreciation and Amortization

MTC's depreciation increased by N$ 84 million to N$ 303 million for the financial year ended 30 September 2011. This was due to the high capital investment made during the last few years.

Accounting environment

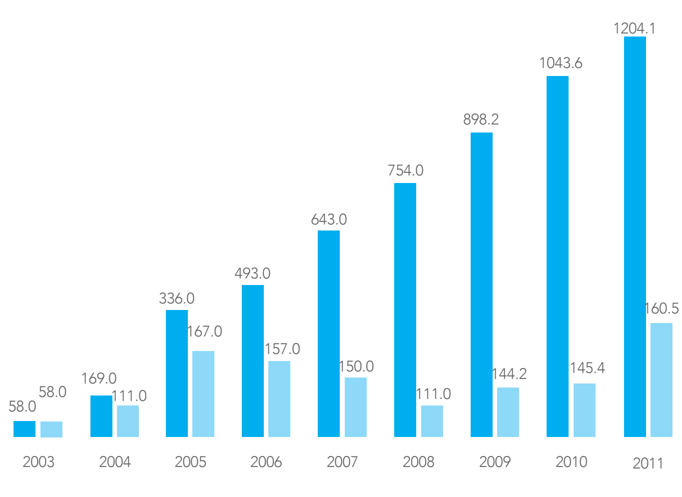
The financial statements are compliant with International Financial Reporting Standards.

DIVIDENDS PAID



Dividends paid for the year under review decreased by N$ 19.6 million or 5.1% mainly as a result of the decreased profit after tax. The payment of dividends as declared by the board was 100% of profit after tax as the previous financial year.

INCOME TAX PAID



Company income tax paid for the financial year ended increased from N$ 145,4 million to N$ 160,50 million mainly as a result of the wear and tear allowance as per Tax legislation of Namibia.

ANNUAL FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2011

Directors	D H Conradie (Chairman) A M Ferreira Geraldes (Managing Director) (*) C Moreira Da Cruz (*) F J Azevedo Padinha (Alternative Director)* L van Wyk I Kandji-Murangi A L Ntinda * Portuguese
Business	Provision of a cellular network and related services in Namibia
Secretary	Festus Mbandeka
Country of incorporation and domicile	Namibia
Registered office	Corner of Hamutenya Wanehepo Ndadi & Mose Tjitendero Street PO Box 23051 Windhoek Namibia
Auditors	Deloitte & Touche
Bankers	Bank Windhoek Limited First National Bank of Namibia Limited Standard Bank Namibia Limited Nedbank Namibia Limited Nampost Savings Bank
Registration number	94/458
Holding company	Namibia Post and Telecommunications Holdings Limited

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STATEMENT OF RESPONSIBILITY

BY THE DIRECTORS ENDED 30 SEPTEMBER 2011

The directors are responsible for monitoring the preparation of and the integrity of the financial statements and other information contained in this annual report.

In order for the board to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The board has ultimate responsibility for the system of internal controls and reviews its operation primarily through the audit committee.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the group's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

The financial statements are prepared in accordance with International Financial Reporting Standards and incorporate responsible disclosure in line with the accounting philosophy of the group. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimated.

The directors believe that the company will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the annual financial statements.

The annual financial statements for the year ended 30 September 2011 set out on pages 4 to 53 were approved by the Board of Directors on 5 December 2011 and are signed on its behalf by:

Director
D Conradie

Director
A M F Geraldes

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MOBILE TELECOMMUNICATIONS LIMITED

We have audited the group annual financial statements and annual financial statements of Mobile Telecommunications Limited, which comprise the consolidated and separate statement of financial position as at 30 September 2011, and the consolidated and separate statement of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statement of cashflow for the year then ended, and a summary of significant accounting policies and other explanatory notes and the directors' report, as set out on pages 4 to 53.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Namibia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Mobile Telecommunications Limited as at 30 September 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Namibia.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
ICAN practice number: 9407

Per: Jens Kock
Partner
PO Box 47
Windhoek
Namibia
15 December 2011

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

The directors herewith submit their report which forms part of the annual financial statements of the company and the group annual financial statements for the financial year ended 30 September 2011.

Nature of Business

MTC conducts business as a registered telecommunications provider. The principle nature of the business is to invest in the telecommunications infrastructure of Namibia for provisioning of total communication solutions to the customer base. Although MTC is an autonomous Namibian company, it also provides international telecommunication solutions through direct liaison with providers of telecommunication services worldwide. The nature of the business did not change during the year under review.

The following business activities are conducted through subsidiaries:

- Jurgens 34 (Pty) Ltd
  - Letting of property
- Windhoek General Administrators (Pty) Ltd
  - Dormant
- MTC Social Responsibility Trust
  - Trust established to harness resources for establishing and maintaining infrastructure with the principal focus on the care, welfare and support for children or orphans who can not rely on the support of their parents and are homeless. The trustees have decided to unwind the trust from 30 June 2009 onwards. As at 30 September 2011 the Trust had a cash and cash equivalents balance of N$ nil and a trade and other receivables balance of N$ 306 061. The trust will be deregistered as soon as the receivable is collected.

Financial results

The results of operations are set out on page 6.

The financial position of the group is set out in the statements of financial position on page 7.

Group revenue for the year under review was N$ 1,452,9 million (2010: N$ 1,406,7 million) representing a growth of 3% over the prior year which was mainly as a result of the growth of the subscriber base and the launch of new products and services. Group profit from operations decreased by N$ 96 million (2010: N$ 47,2 million) mainly due to the increased personnel costs and depreciation (RAN/Licences and Devices) and amortisation.

Subscriber base	2011	2010
Prepaid	1,744,587	1,534,528
Postpaid	110,088	101,297
Total	1,854,675	1,635,825

Share capital

The authorised and issued share capital remained unchanged during the year under review. Details of the authorised, issued and unissued share capital at 30 September 2010 are set out in note 16 to the financial statements.

Shareholding	2011	2010
Namibia Post and Telecommunications Holdings Limited	66%	66%
Africatel Holdings B.V.	34%	34%
Total	100%	100%

Dividends Distributed	2011	2010
	N$ '000	N$ '000
Declared 3 December 2009, paid 15 December 2009	-	67,830
Declared 3 December 2009, paid 8 January 2010	-	131,670
Declared 9 July 2010, paid 22 July 2010	-	121,523
Declared 3 December 2010, paid 13 December 2010	213,003	62,603
Declared 21 June 2011, paid 8 July 2011	151,000	-
Total	364,003	383,626

Dividend declared subsequent to year end

On 5 December 2011, a dividend of N$ 169,000 was declared, but has not yet been paid out to the shareholders.

Capital expenditure

For the year under review, capital expenditure approved was N$ 450 million (2010: N$ 307 million) which included capital expenditure carried forward from the previous financial year. The expenditure was funded out of internal cash generated from

REPORT OF THE DIRECTORS

operations, with the main aim to ensure capacity in the existing network and extensive coverage within Namibia.

Property, plant and equipment

There has been no change in the nature or use of the group's and company's property, plant and equipment.

Subsidiaries

Details of the company's interest in its subsidiaries at 30 September 2011 are set out on page 32 in note 12.

Directors and secretary

Particulars of the present directors and secretary are given on page 1.

The Namibia Post and Telecommunications Holdings Limited, NPTH, board of directors replaced its directors on the MTC board of directors during the year. The following directors were appointed during year, effective 1 October 2010:

Ms Itah Kandji-Murangi
Mr Asser Landulandje Ntinda
Mr Dirk Hendrik Conradie (Chairman)

The following directors were replaced on the above mentioned date:

S Motinga (Chairman)
S Black
P U Kauta

Subsequent events

No events or circumstances which materially affect the interpretation of the financial statements have arisen between 30 September 2011 and the date of this report.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	Group 2011 N$'000	Group 2010 N$'000	Company 2011 N$'000	Company 2010 N$'000
REVENUE	3	1,452,850	1,406,725	1,452,850	1,406,725
OTHER INCOME		1,849	2,497	2,107	2,132
TOTAL INCOME		1,454,699	1,409,222	1,454,957	1,408,857
Changes in inventories of finished goods		81,349	79,784	81,349	79,784
Direct costs		278,214	237,320	278,214	237,321
Sales and marketing		73,554	75,892	73,554	75,892
General and administration		104,758	92,616	103,921	92,222
Personnel costs		142,694	137,777	142,694	137,777
Depreciation		174,942	154,861	174,868	154,787
Amortisation		128,252	64,319	128,252	64,319
PROFIT FROM OPERATIONS	3	470,936	566,653	472,105	566,755
Finance income	4	13,027	18,772	13,024	18,766
Finance costs	5	5,103	1,667	5,103	1,339
PROFIT BEFORE TAXATION		478,860	583,758	480,026	584,182
Taxation	7	160,008	187,008	160,294	187,052
PROFIT FOR THE YEAR		318,852	396,750	319,732	397,130
Other comprehensive income		-	-	-	-
Taxation thereon		-	-	-	-
TOTAL COMPREHENSIVE INCOME, FOR THE YEAR, NET OF TAX		318,852	396,750	319,732	397,130
Profit attributable to:					
Equity holders of the parent		318,852	396,750	319,732	397,130
Total comprehensive income attributable to:					
Equity holders of the parent		318,852	396,750	319,732	397,130
EARNINGS PER SHARE (cents)					
- Basic and diluted	8	1,275,4	1,587,0	1,278,9	1,588,5
DIVIDENDS PAID PER SHARE (cents)		1,456	1,535	1,456	1,535

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2011

		Group		Company	
	Notes	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	9	939,733	1,022,717	937,059	1,019,969
Intangible assets	11	224,535	218,228	224,535	218,228
Investment in subsidiaries	12	-	-	2,508	2,345
Long term deposit	22.3	75,113	38,886	75,113	38,886
		1,239,381	1,279,831	1,239,215	1,279,428
CURRENT ASSETS					
Inventories	13	73,140	90,229	73,140	90,229
Trade and other receivables	14	138,753	153,444	138,724	153,415
Cash and cash equivalents	15	245,015	267,348	245,004	266,215
		456,908	511,021	456,868	509,859
TOTAL ASSETS		1,696,289	1,790,852	1,696,083	1,789,287
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	16	25,000	25,000	25,000	25,000
Retained income		1,096,089	1,141,240	1,095,557	1,139,828
Total equity		1,121,089	1,166,240	1,120,557	1,164,828
NON-CURRENT LIABILITIES					
Long term liability	17	-	45,940	-	45,940
Trade and other payables	19	1,087	3,059	1,087	3,059
Deferred taxation	18	268,318	279,114	268,333	279,040
		269,405	328,113	269,420	328,039
CURRENT LIABILITIES					
Trade and other payables	19	192,005	200,811	191,976	200,583
Deferred revenue	20	89,564	81,783	89,564	81,783
Taxation		24,226	13,905	24,566	14,054
		305,795	296,499	306,106	296,420
TOTAL EQUITY AND LIABILITIES		1,696,289	1,790,852	1,696,083	1,789,287

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Share capital N$'000	Retained income N$'000	Total N$'000
GROUP			
Balance at 30 September 2009	25,000	1,128,116	1,153,116
Comprehensive income for the year	-	396,750	396,750
Ordinary dividends	-	(383,626)	(383,626)
Balance at 30 September 2010	25,000	1,141,240	1,166,240
Comprehensive income for the year	-	318,852	318,852
Ordinary dividends	-	(364,003)	(364,003)
Balance at 30 September 2011	25,000	1,096,089	1,121,089
COMPANY			
Balance at 30 September 2009	25,000	1,126,324	1,151,324
Comprehensive income for the year	-	397,130	397,130
Ordinary dividends	-	(383,626)	(383,626)
Balance at 30 September 2010	25,000	1,139,828	1,164,828
Comprehensive income for the year	-	319,732	319,732
Ordinary dividends	-	(364,003)	(364,003)
Balance at 30 September 2011	25,000	1,095,557	1,120,557

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

		Group		Company	
	Notes	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		1,469,390	1,385,520	1,469,648	1,384,860
Cash paid to suppliers and employees		(699,975)	(565,253)	(698,939)	(564,499)
Cash generated from operations	21.1	769,415	820,267	770,709	820,361
Interest paid		(5,103)	(1,667)	(5,103)	(1,339)
Interest received		13,027	18,772	13,024	18,766
Taxation paid	21.2	(160,483)	(145,360)	(160,489)	(145,350)
Net cash flows from operating activities		616,856	692,012	618,141	692,438
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(127,267)	(231,708)	(127,267)	(231,708)
Acquisitions of intangible assets		(109,353)	(178,325)	(109,353)	(178,325)
Proceeds on disposal of property, plant and equipment		3,598	592	3,598	592
Proceeds on disposal on intangibles		1,598	-	1,598	-
Construction deposit paid		(36,227)	(38,886)	(36,227)	(38,886)
Net movement in subsidiary company loan		-	-	(163)	(141)
Net cash flows from investing activities		(267,651)	(448,327)	(267,814)	(448,468)
CASH FLOWS FROM FINANCING ACTIVITIES					
Long term liabilities raised		-	45,940	-	45,940
Dividends paid		(364,003)	(383,626)	(364,003)	(383,626)
Net cash flows from financing activities		(364,003)	(337,686)	(364,003)	(337,686)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(14,798)	(94,001)	(13,676)	(93,716)
NET FOREIGN EXCHANGE DIFFERENCES		(7,535)	15	(7,535)	15
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		267,348	361,334	266,215	359,916
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	245,015	267,348	245,004	266,215

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements set out on pages 4 to 53 are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities recorded at fair value. All monetary information and figures presented in these financial statements are stated in thousands of Namibia Dollar (N$ '000), since that is the currency in which the majority of the group's transactions are denominated. The policies applied are consistent with those applied in the previous year.

Statement of compliance

The financial statements of the company and group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of Namibia.

Changes in accounting policy and disclosures

The accounting policies adopted by the group are consistent with those of the previous financial year except as follows:

The group has adopted the following new and amended IFRS and IFRIC interpretations during the year. The adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the group. They did however give rise to additional disclosures, including in some cases, revision to accounting policies.

The principal effect of these changes are as follows:

IFRS 2 Amendments to IFRS 2 Share-based Payments – Group cash-settled share-based payment arrangements

The amendment to IFRS 2 clarifies the scope and the accounting for group cash-settled share-based payment transactions and is effective 1 January 2010.

IAS 32 Amendment to IAS 32 Financial Instruments: Presentation - Classification of rights issues

The amendment is effective 1 February 2010. The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss.

Amendments to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures

Amendment to IFRS 1 relates to the utilisation of transitional provisions in IFRS 7 and is effective 1 July 2010. The Company does not expect an impact on the financial statements.

2009 Annual Improvements to IFRS effective 1 January 2010

IFRS 5 Non-current assets held for sale and discontinued operations

Clarifies that the disclosures required in respect of non-current assets or disposal groups held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRS's only apply if specifically required for such as non-current assets or discontinued operations.

IFRS 8 Operating segments

Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

IAS 1 Presentation of financial statements

Clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments as the option of the counterparty do not affect its classification.

IAS 7 Statement of cash flows

Explicitly states that on expenditure that result in a recognised asset can be classified as a cash flow from investing activities.

IAS 17 Leases

The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains.

IAS 36 Impairment of assets

Clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes.

IAS 39 Financial instruments: Recognition and measurement Assessment of loan prepayment penalties as embedded derivatives

The amendment clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of the lost interest for the remaining term of the host contract.

IAS 39 Financial instruments: Recognition and measurement Scope exemption for business combination contract

The amendment clarifies that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell and acquire at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken.

IAS 39 Financial instruments: Recognition and measurement Cash flow hedging

The amendment clarifies that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period the hedged forecast cash flow affect profit or loss.

2010 Annual Improvements to IFRS effective 1 July 2010
IFRS 3 Business Combinations – Measurement of non-controlling interest

Limits the scope of the measurement choices that only the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall either be measured at fair value or at the present ownership instruments' proportionate share of the acquiree's net identifiable assets.

IFRS 3 Business Combinations – Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS

Clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and measurement, that eliminate the exemption for contingent consideration, do not apply to the contingent consideration that arose from business combination whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

IFRS 3 Business Combinations – Measurement of non-controlling interest

Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. However, if the entity replaces the acquiree's awards that expires as a consequence of the business combination, these are recognised as post-combination expenses.

IAS 27 Consolidated and Seperate Financial Statements - Transition requirments for amendments made as a results of IAS 27 Consolidated and Seperate Financial Statements

Clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

Basis of consolidation

The group annual financial statements consolidate the financial statements of the company and all subsidiaries as at 30 September each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2011 (continued)

1.1 Basis of preparation (continued)

Basis of consolidation (continued)

Subsidiaries are defined as those companies in which the group, either directly or indirectly, has more than one half of the voting rights, has the right to appoint more than half the board of directors or otherwise has the power to control the financial and operating activities of the entity. All entities which the group has the ability to control are consolidated from the effective dates of acquisition, being the date the group obtains control, up to the dates effective control is ceased.

The identifiable assets and liabilities of companies acquired are assessed and included in the statement of financial position at their fair values as at the date of acquisition.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

Set off

Assets and liabilities are offset, if a legally enforceable right exists to set off current assets against current liabilities. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.2 Significant accounting judgements, estimations and assumptions

Judgements made by management

The preparation of the group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect reported amounts and related disclosures. However, uncertainty about these could result in actual results that differ from these estimates. Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Allowance for doubtful debts

The group has made significant judgements and estimates relating to allowances for doubtful debts. This allowance is created where there is objective evidence, for example probability of insolvency or significant financial difficulties of the debtor, that the company will not be able to collect all the amounts due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of the debtors that will not be able to pay.

Asset lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible assets

Intangible assets are amortised over their finite useful lives. The carrying amount of intangible assets is reviewed annually and adjusted for impairment if there is an indication that it may be impaired.

1.3 Summary of significant accounting policies

Impairment of non financial assets

Property, plant and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself. Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Impairment of intangible assets

The group determines whether intangible assets are impaired at least on an annual basis. This requires estimation of the value in use of the intangible assets. Estimating the value in use requires the group to make an estimate of the future cash flows associated with the respective assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year, except for the assumptions and key sources of estimation uncertainty with regard to retention bonuses as disclosed in note 19.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Certain internal costs, such as materials, work force and transportation, incurred to build or produce tangible assets are capitalized if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight line basis, over the estimated useful life of the asset to its residual value. Land is not depreciated. Capital work in progress is not depreciated as these assets are not yet available for use. Depreciation rates used are:

	2011 per annum	2010 per annum
Buildings	5%	5%
Computer and prepaid equipment	6.67 - 33%	6.67 - 33.3 %
Network equipment	5 - 20%	5 - 20%
Motor vehicles (excl. Land Cruisers)	16 - 25%	16 - 25%
Motor vehicles	20%	20%
Furniture and fittings	6 - 20%	6 - 20%
Leasehold improvements	8 - 33.3%	8 - 33.3%
Staff handsets	50%	50%
Projects	50%	50%

Residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Each significant component included in an item of property, plant and equipment is separately recorded and depreciated. The depreciation rates corresponds to the estimated average useful lives of the respective assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon

1.3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the item is derecognised.

General and special purpose buildings are generally classified as owner occupied. They are held at cost and depreciated as property, plant and equipment and not regarded as investment properties.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are recognised if any future economic benefits are expected and those benefits could be reliably measured. Intangible assets consist of software licences. The amortisation rate used is:

	2011 per annum	2010 per annum
Software licences	8 - 33.3%	8 - 33.3%
Contract devices	50%	50%
NetMan devices	33.30%	33.30%

The useful lives of intangible assets are assessed as either finite or indefinite. Intangibles with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense is recognised in the statement of comprehensive income.

The amortisation period and the amortisation method is reviewed at each financial year end. Changes in the expected useful life of the asset is accounted for by changing the amortisation period, as appropriate, and treated as changes in accounting estimates.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such asset. All other borrowing costs are recognised as an expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investments and other financial assets

Financial assets within the scope of IAS 39 : Financial Instruments are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in the statement of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are significant, and individually or collectively for financial assets that are not significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Financial liabilities

Financial liabilities are measured at amortised cost where a maturity date exists, or cost if no maturity date exists.

Amortised cost is calculated on the effective interest rate method. Gains and losses on subsequent measurement are taken to the statement of comprehensive income.

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Inventories

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

Cost is determined using the average cost per item purchased during the financial year.

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

Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.3 Summary of significant accounting policies (continued)

Provisions
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Post employment benefits

Defined contribution plans
Contributions in respect of defined contribution plans are recognised as an expense in the year to which they relate.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Group as lessee
Assets held under finance leases are initially recognised as the assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable, excluding discounts, rebates, and other sales taxes or duty. The group invoices independent service providers for the revenue billed by them on behalf of the group, when the deliverables are used.

The following specific recognition criteria must also be met before revenue is recognised:

1.3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Post-paid products

Post-paid products may include deliverables such as a SIM-card, a handset and a fixed period service and are defined as arrangements with multiple deliverables. The arrangement consideration is allocated to each deliverable based on the fair value of each deliverable on a standalone basis as a percentage of the aggregated fair value of the individual deliverables.

Revenue allocated to the identified deliverables in each revenue arrangement and the cost applicable to these identified deliverables are recognised based on the same recognition criteria of the individual deliverable at the time the product or service is delivered.

- Revenue from connect packages, which includes activation, SIM-cards and phone, is recognised over the period of the contract.
- Revenue from SIM-cards, representing activation fees, is recognised upon activation of the SIM-card by the post-paid customer.
- Revenue from handsets is recognised when the product is delivered.
- Monthly service revenue received from the customer is recognised in the period in which the service is rendered.
- Airtime revenue is recognised on the usage basis.

Pre-paid products

Pre-paid products may include deliverables such as a SIM-card, a handset and airtime and are defined as arrangements with multiple deliverables. The arrangement consideration is allocated to each deliverable based on the fair value of each deliverable on a standalone basis as a percentage of the aggregated fair value of the individual deliverables. Revenue allocated to the identified deliverables in each revenue arrangement and the cost a pplicable to these identified deliverables are recognised based on the same recognition criteria of the individual deliverable at the time the product or service is delivered.

- Revenue from SIM-cards, representing activation fees, is recognised upon activation of the SIM-card by the pre-paid customer.
- Airtime revenue is recognised on the usage basis. The unused airtime is deferred in full.
- Deferred revenue related to unused airtime is recognised when utilised by the customer.

Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in revenue.

Deferred revenue and costs related to unactivated starter packs, which do not contain any expiry date, is recognised in the period when the probability of these starter packs being activated becomes remote.

Data service revenue

Revenue net of discounts, from data services is recognised when the company has performed the related service and depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the company as commission for facilitating the service.

Sale of equipment

Revenue from equipment sales are recognised when the product is delivered and acceptance has taken place.

Revenue from equipment sales to third party service providers is recognised when delivery is accepted. No rights of return exist on sale to third party service providers.

Other revenue and income

Interconnect and international revenue

Interconnect and international revenue is recognised on the usage basis.

Interest

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

1.3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Rental income

Rental income arising from operating leases of the base stations and other equipment are recognised on a straight line basis over the lease terms.

Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to profit or loss.

The functional currency of the group is Namibia Dollar.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.
The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income 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 at the statement of financial position date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. IFRSs AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

The group has not applied the following IFRS Standards and IFRIC Interpretations that have been issued or amended but are not yet effective:

Effective for periods commencing on or after 1 January 2011

IAS 24 Related Party - Disclosures

IFRIC 14 Prepayments of a minimum funding requirement – Amendments to IFRIC 14

2010 Annual Improvements to IFRS effective 1 January 2011

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Accounting policy changes in the year of adoption; Revaluation basis as deemed cost; Use of deemed cost for operations subject to rate regulation
- IFRS 7 Financial Instruments: Disclosures – Clarifications of disclosures
- IAS 1 Presentation of Financial Statements – Clarification of statement of changes in equity
- IAS 34 Interim Financial Reporting – Significant events and transactions
- IFRIC 13 Customer Loyalty Programmes – Fair value of award credit

Effective for periods commencing on or after 1 July 2011

IFRS 1 Amendment - Severe hyperinflation and removal of fixed dates for first-time adopters

IFRS 7 Amendment – Disclosures – Transfer of financial assets

Effective for periods commencing on or after 1 January 2012

IAS 1 Presentation of financial statements - Presentation of items in other comprehensive income

IAS 12 Deferred Tax - Recovery of underlying assets

Effective for periods commencing on or after 1 January 2013

IFRS 9 Financial Instruments

IAS 19 Employee benefits

IAS 27 Consolidated and Seperate Financial Statements

IAS 28 Investment in Associates and Joint Ventures

IFRS 10 Consolidated Financial Statemets

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value measurement

IFRIC 20 Stripping costs in the production phase of a surface mine

None of the above standards have been early adopted.

The effect of the application of the remaining standards on the reported results, financial position and cash flows in future financial reporting periods has not yet been determined.

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
3. PROFIT FROM OPERATIONS				
Profit from operations is stated after:				
Income				
REVENUE	1,452,850	1,406,725	1,452,850	1,406,725
Contract	448,147	435,407	448,147	435,407
Connection fees	2,671	3,425	2,671	3,425
Call charges	185,127	206,562	185,127	206,562
Monthly subscription fees	254,651	219,733	254,651	219,733
Other income	5,698	5,687	5,698	5,687
Prepaid	790,541	754,390	790,541	754,390
Starter packs	5,902	7,914	5,902	7,914
Call charges	780,744	743,829	780,744	743,829
Other income	3,895	2,647	3,895	2,647
Roaming income	69,251	64,123	69,251	64,123
Contract	11,344	11,045	11,344	11,045
Visitors	57,907	53,078	57,907	53,078
Handset and accessories sales	73,074	62,949	73,074	62,949
Interconnect income	55,362	75,958	55,362	75,958
Franchise setup fee and royalties received	636	432	636	432
Bulk SMS Revenue	9,729	8,567	9,729	8,567
Site rental	6,110	4,899	6,110	4,899
Income from subsidiaries				
- Management fees - Jurgens 34 (Pty) Ltd	-	-	257	234

	Group		Company	
	2011	2010	2011	2010
	N$'000	N$'000	N$'000	N$'000
3. PROFIT FROM OPERATIONS (continued)				
Expenses				
Auditors' remuneration	942	836	928	805
- audit fees	942	836	928	805
Depreciation - property, plant and equipment	174,942	154,861	174,868	154,787
Loss on disposal of plant and equipment	915	182	915	182
Amortisation - intangible asset	128,252	64,319	128,252	64,319
Operating lease expense				
- premises	32,033	26,752	32,288	26,969
- subsidiary - Jurgens 34 (Pty) Ltd	-	-	255	232
- shareholder - NPTH Limited	9,542	8,607	9,542	8,607
- unrelated parties	4,341	4,809	4,341	3,844
- other	470	6,140	470	489
- radio sites and other	17,680	7,196	17,680	13,797
Fees for services - consulting fees	3,935	5,373	3,935	5,373
Staff costs	142,694	137,777	142,694	137,777
- salaries and wages	125,654	119,799	125,654	119,799
- pension fund contributions	7,324	6,973	7,324	6,973
- medical aid contributions	6,050	5,428	6,050	5,428
- staff training	1,073	1,947	1,073	1,947
- other staff cost	2,593	3,630	2,593	3,630
Number of employees at year end	407	395	407	395
4. FINANCE INCOME				
Interest received - loans and receivables	13,027	18,772	13,024	18,766
	13,027	18,772	13,024	18,766
5. FINANCE COSTS				
Interest paid - loans and receivables	5,103	1,667	5,103	1,339
	5,103	1,667	5,103	1,339

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2011 (continued)

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
6. DIRECTORS' EMOLUMENTS AND KEY MANAGEMENT REMUNERATION				
Executive directors:				
- emoluments as executives	2,883	2,892	2,883	2,892
	2,883	2,892	2,883	2,892
Non - executive directors:				
- fees as directors	430	322	430	322
Total directors' emoluments	3,313	3,214	3,313	3,214
Key management (excluding directors):				
Short term employee benefits	13,785	13,933	13,785	13,933
Long term employee benefits	689	697	689	697
	14,474	14,630	14,474	14,630
7. TAXATION				
Namibian normal tax				
- Current income tax	170,810	153,308	171,001	153,308
- Deferred income tax				
- relating to temporary differences	(10,802)	40,708	(10,707)	40,752
- change in rate of taxation	-	(7,008)	-	(7,008)
	160,008	187,008	160,294	187,052
Reconciliation of tax rate	%	%	%	%
Standard tax rate	34.0	34.0	34.0	34.0
Adjusted for:				
Temporary differences	(1.0)	(0.8)	(1.0)	(0.8)
Change in rate of taxation	-	(1.2)	-	(1.2)
Effective tax rate	33.0	32.0	33.0	32.0

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000

8. EARNINGS PER SHARE

RECONCILIATION OF HEADLINE EARNINGS				
Profit after taxation	318,852	396,750	319,732	397,130
Adjusted for:				
- Loss on disposal of plant and equipment	915	182	915	182
HEADLINE EARNINGS	319,767	396,932	320,647	397,312
WEIGHTED AVERAGE SHARES IN ISSUE ('000)	25,000	25,000	25,000	25,000
EARNINGS PER SHARE (Cents)				
- Basic and diluted	1,275,4	1,587,0	1,278,9	1,588,5
- Headline - basic and diluted	1,279,1	1,587,7	1,282,6	1,589,2

Basic and diluted earnings per share
The calculation is based on a profit of N$ 318,852,000 (2010: profit N$ 396,750,000) and on the weighted average of 25,000,000 (2010: 25,000,000) ordinary shares in issue during the year.

Headline earnings per share
The calculation is based on a profit of N$ 319,767,000 (2010: profit of N$ 396,932,000) and the weighted average of 25,000,000 (2010: 25,000,000) ordinary shares in issue during the year.

9. PROPERTY, PLANT AND EQUIPMENT

2011 Group	Land and buildings	Computer and prepaid	Vehicles, furniture and fittings equipment	Network equipment	Work in progress	Leasehold improvements	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Cost							
Balance at beginning of year	3,329	34,159	44,707	1,511,314	52,389	18,510	1,664,408
Additions	-	2,512	6,501	102,337	14,855	1,061	127,267
Disposals	-	(17,350)	(6,999)	(11,923)	-	-	(36,272)
Transfer	-	47	323	19,049	(19,536)	116	-
Transfer to intangible assets	-	-	-	-	(26,755)	-	(26,755)
Transfer to operating expenditure	-	-	-	-	(3,992)	-	(3,992)
Adjustment	-	-	-	(1,517)	-	-	(1,517)
Balance at end of year	3,329	19,369	44 ,532	1 ,619,261	16,961	19,687	1,723,139
Accumulated depreciation							
Balance at beginning of year	(581)	(25,571)	(24,100)	(579,896)	-	(11,543)	(641,691)
Depreciation for the year	(74)	(4,208)	(8,651)	(160,730)	-	(1,279)	(174,942)
Disposals	-	17,350	6,701	9,176	-	-	33,227
Balance at end of year	(655)	(12,429)	(26,050)	(731,450)	-	(12,822)	(783,406)
Carrying value							
At end of year	2,674	6,940	18,482	887,811	16,961	6,866	939,733
At beginning of year	2,748	8,588	20,607	931,418	52,389	6,967	1,022,718

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2011 Company	Land and buildings N$'000	Computer and prepaid N$'000	Vehicles, furniture and fittings equipment N$'000	Network equipment N$'000	Work in progress N$'000	Leasehold improve-ments N$'000	Total N$'000
Cost							
Balance at beginning of year	-	34,159	44,707	1,511,312	52,391	18,510	1,661,079
Additions	-	2,512	6,501	102,337	14,855	1,061	127,267
Disposals	-	(17,350)	(6,999)	(11,923)	-	-	(36,272)
Transfer	-	47	323	19,049	(19,536)	116	-
Transfer to intangible assets	-	-	-	-	(26,755)	-	(26,755)
Transfer to operating expenditure	-	-	-	-	(3,992)	-	(3,992)
Adjsutment	-	-	-	(1,517)	-	-	(1,517)
Balance at end of year	-	19,369	44,532	1,619,260	16,963	19,687	1,719,810
Accumulated depreciation							
Balance at beginning of year	-	(25,571)	(24,100)	(579,896)	-	(11,543)	(641,110)
Depreciation for the year	-	(4,208)	(8,651)	(160,730)	-	(1,279)	(174,868)
Disposals	-	17,350	6,701	9,176	-	-	33,227
Balance at end of year	-	(12,429)	(26,050)	(731,450)	-	(12,822)	(782,751)
Carrying value							
At end of year	-	6,940	18,482	887,810	16,963	6,866	937,059
At beginning of year	-	8,588	20,607	931,416	52,391	6,967	1,019,970

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2010 Group	Land and buildings N$'000	Computer and prepaid N$'000	Vehicles, furniture and fittings equipment N$'000	Network equipment N$'000	Work in progress N$'000	Leasehold improve-ments N$'000	Total N$'000
Cost							
Balance at beginning of year	3,329	49,134	38,618	1,353,526	23,464	21,590	1,489,661
Additions	-	3,923	8,530	165,276	52,389	1,590	231,708
Disposals	-	(17,520)	(2,566)	(21,777)	-	(4,868)	(46,731)
Transfer	-	-	83	8,884	(9,158)	191	-
Transfer to intangible assets	-	-	-	-	(10,230)	-	(10,230)
Reclassification between classes	-	(1,378)	42	5,404	(4,075)	7	-
Balance at end of year	3,329	34,159	44,707	1,511,313	52,390	18,510	1,664,408
Accumulated depreciation							
Balance at beginning of year	(507)	(42,041)	(20,117)	(459,047)	-	(11,075)	(532,787)
Depreciation for the year	(74)	(950)	(6,069)	(142,432)	-	(5,336)	(154,861)
Disposals	-	17,420	2,086	21,583	-	4,868	45,957
Balance at end of year	(581)	(25,571)	(24,100)	(579,896)	-	(11,543)	(641,691)
Carrying value							
At end of year	2,748	8,588	20,607	931,417	52,390	6,967	1,022,717
At beginning of year	2,822	7,093	18,501	894,479	23,464	10,515	956,874

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2010 Company	Land and buildings N$'000	Computer and prepaid N$'000	Vehicles, furniture and fittings equipment N$'000	Network equipment N$'000	Work in progress N$'000	Leasehold improve-ments N$'000	Total N$'000
Cost							
Balance at beginning of year	-	49,134	38,618	1,353,526	23,464	21,590	1,486,332
Additions	-	3,923	8,530	165,276	52,389	1,590	231,708
Disposals	-	(17,520)	(2,566)	(21,777)	-	(4,868)	(46,731)
Transfer	-	-	83	8,884	(9,158)	191	-
Transfer to intangible assets	-	-	-	-	(10,230)	-	(10,230)
Reclassification between classes	-	(1,378)	42	5,404	(4,075)	7	-
Balance at end of year	-	34,159	44,707	1,511,312	52,391	18,510	1,661,079
Accumulated depreciation							
Balance at beginning of year	-	(42,041)	(20,117)	(459,047)	-	(11,075)	(532,280)
Depreciation for the year	-	(950)	(6,069)	(142,432)	-	(5,336)	(154,787)
Disposals	-	17,420	2,086	21,583	-	4,868	45,957
Balance at end of year	-	(25,571)	(24,100)	(579,896)	-	(11,543)	(641,110)
Carrying value							
At end of year	-	8,588	20,607	931,416	52,391	6,967	1,019,969
At beginning of year	-	7,093	18,501	894,479	23,464	10,515	954,052

Additions were financed from cash resources.

Land and buildings comprise the following: Sectional titles unit 6 (186 m²) and unit 9 (210 m²) of United Buildings, erf 7640, Windhoek.

10. CHANGE IN ACCOUNTING ESTIMATE

In the current year the residual values and estimated useful lives of all categories of property, plant and equipment were reassessed in accordance with IAS 16 Property, plant and equipment. This resulted in a change in the estimated remaining useful life of net work equipment which have increased current year profits by N$ 10,762 million (2010: N$ 24,219 million). This increase in profit will result in increased depreciation charges in future periods of the same amount.

11. INTANGIBLE ASSETS

2011 Group	Computer software N$'000	Network software N$'000	Customer bases N$'000	Licences N$'000	Total N$'000
Cost					
Balance at beginning of year	16,173	83,911	252,316	5,728	358,128
Additions	6,467	2,671	100,003	213	109,353
Transfer from property, plant and equipment	50	21,650	5,055	-	26,755
Adjustment	-	-	247	-	247
Disposals	(9,521)	(21)	(83,414)	(317)	(93,273)
Balance at end of year	13,168	108,211	274,207	5,624	401,210
Accumulated amortisation and impairment					
Balance at beginning of year	(12,287)	(3,426)	(121,387)	(2,800)	(139,900)
Amortisation for the year	(3,089)	(31,523)	(92,704)	(936)	(128,252)
Disposals	9,521	21	81,618	317	91,477
Balance at end of year	(5,855)	(34,928)	(132,473)	(3,419)	(176,675)
Carrying value					
At end of year	7,312	73,283	141,734	2,205	224,535
At beginning of year	3,886	80,485	130,929	2,928	218,228

11. INTANGIBLE ASSETS (continued)

2011 Company	Computer software N$'000	Network software N$'000	Customer bases N$'000	Licences N$'000	Total N$'000
Cost					
Balance at beginning of year	15,944	83,911	252,316	5,728	357,899
Additions	6,467	2,671	100,003	213	109,353
Transfer from property, plant and equipment	50	21,650	5,055	-	26,755
Transfer	-	-	247	-	247
Disposals	(9,521)	(21)	(83,414)	(317)	(93,273)
Balance at end of year	12,939	108,211	274,207	5,624	400,981
Accumulated amortisation					
Balance at beginning of year	(12,058)	(3,426)	(121,387)	(2,800)	(139,671)
Amortisation for the year	(3,089)	(31,523)	(92,704)	(936)	(128,252)
Disposals	9,521	21	81,618	317	91,477
Balance at end of year	(5,626)	(34,928)	(132,473)	(3,419)	(176,446)
Carrying value					
At end of year	7,313	73,283	141,734	2,205	224,535
At beginning of year	3,886	80,485	130,929	2,928	218,228

Additions were financed from cash resources.

11. INTANGIBLE ASSETS (continued)

2010 Group	Computer software N$'000	Network software N$'000	Customer bases N$'000	Licences N$'000	Total N$'000
Cost					
Balance at beginning of year	16,133	1,606	137,154	25,834	180,727
Reclassification between classes	-	-	(20,409)	(20,409)	-
Additions	739	82,305	94,923	358	178,325
Transfer from property, plant and equipment	-	-	10,230	-	10,230
Disposals	(699)	-	(10,400)	(55)	(11,154)
Balance at end of year	16,173	83,911	252,316	5,728	358,128
Accumulated amortisation and impairment					
Balance at beginning of year	(10,472)	(1,018)	(55,233)	(20,012)	(86,735)
Reclassification between classes	-	-	(17,611)	(17,611)	-
Amortisation for the year	(2,514)	(2,408)	(58,943)	(454)	(64,319)
Disposals	699	-	10,400	55	11,154
Balance at end of year	(12,287)	(3,426)	(121,387)	(2,800)	(139,900)
Carrying value					
At end of year	3,886	80,485	130,929	2,928	218,228
At beginning of year	5,661	588	81,921	5,822	93,992

11. INTANGIBLE ASSETS (continued)

2010 Company	Computer software N$'000	Network software N$'000	Customer bases N$'000	Licences N$'000	Total N$'000
Cost					
Balance at beginning of year	15,904	1,606	137,154	25,834	180,498
Reclassification between classes	-	-	(20,409)	(20,409)	-
Additions	739	82,305	94,923	358	178,325
Transfer from property, plant and equipment	-	-	10,230	-	10,230
Disposals	(699)	-	(10,400)	(55)	(11,154)
Balance at end of year	15,944	83,911	252,316	5,728	357,899
Accumulated amortisation					
Balance at beginning of year	(10,243)	(1,018)	(55,233)	(20,012)	(86,506)
Reclassification between classes	-	-	(17,611)	(17,611)	-
Amortisation for the year	(2,514)	(2,408)	(58,943)	(454)	(64,319)
Disposals	699	-	10,400	55	11,154
Balance at end of year	(12,058)	(3,426)	(121,387)	(2,800)	(139,671)
Carrying value					
At end of year	3,886	80,485	130,929	2,928	218,228
At beginning of year	5,661	588	81,921	5,822	93,992

12. INVESTMENT IN SUBSIDIARIES

	Ownership		Company	
	2011 %	2010 %	2011 N$'000	2010 N$'000
Jurgens 34 (Proprietary) Limited				
Shares at cost	100	100	458	458
Indebtedness			2,049	1,887
Windhoek General Administrators (Proprietary) Limited				
Shares at cost	100	100	-	-
Indebtedness			-	-
MTC Social Responsibility Trust				
Shares at cost			-	-
Indebtedness			-	-
			2,507	2,345
Attributable to Mobile Telecommunications Limited				
Aggregate profits / (losses) after tax			831	(319)

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000

13. INVENTORIES

	Group 2011 N$'000	Group 2010 N$'000	Company 2011 N$'000	Company 2010 N$'000
Network consumables	21,275	35,186	25,863	35,186
Subscriber identity modules	11,664	9,828	11,664	9,828
Handset and accessories	40,201	45,215	35,613	45,215
	73,140	90,229	73,140	90,229
Inventory carried at net realisable value	21,167	34,989	25,883	34,989

The amount of write-down of inventories recognised as an expense is N$ 5,455,694 (2010: N$ 2,620,000).

	Group		Company	
	2011	2010	2011	2010
	N$'000	N$'000	N$'000	N$'000

14. TRADE AND OTHER RECEIVABLES

	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
Prepayments and deposits	17,275	16,577	17,273	16,575
Customers to the mobile network after provisions	107,420	124,844	107,420	124,844
Interconnect debtors	3,671	2,465	3,671	2,465
Other receivables	10,387	9,558	10,360	9,531
	138,753	153,444	138,724	153,415
Provisions for doubtful debts included in the above				
Balance at beginning of the year	(10,234)	(10,436)	(10,234)	(10,436)
Utilised during the year	7,897	8,275	7,897	8,275
Additionally provided	(6,221)	(8,073)	(6,221)	(8,073)
Balance at end of the year	(8,558)	(10,234)	(8,558)	(10,234)

Trade receivables are generally on 30 - 60 days terms.

15. CASH AND CASH EQUIVALENTS

	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
Cash at bank and in hand	101,128	110,659	101,117	109,526
Short-term bank deposits	143,887	156,689	143,887	156,689
Fair value of cash and cash equivalents	245,015	267,348	245,004	266,215

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Cash and cash equivalents comprises cash held by the group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximate their fair value.

16. SHARE CAPITAL

	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
Authorised and issued				
25,000,000 ordinary shares of N$1 each	25,000	25,000	25,000	25,000
	25,000	25,000	25,000	25,000

17. LONG TERM LIABILITY

The long term liability was incurred in respect of the MTC RAN modernisation and packet core unification project. The contract was concluded with Huawei on 26 October 2009, to the amount of USD 22,717,000, consisting of equipment to the value of USD 17,696,000, associated services to the value of USD 3,699,000 and a deferred payment of USD 1,321,000.

This project was implemented in the prior year, going live on 1 June 2010.

40% of the equipment component was repaid on order acceptance on 4 November 2009. The balance of this component is repayable in two equal instalments of USD 5,309,000 on 15 August 2011 and 2012 respectively.

The deferred payment is repayable in two equal instalments of USD 661,000 on 15 August 2011 and 2012 respectively.

The component relating to associated services was fully paid in the current financial year.

The amount due on 15 August 2011 was paid, and the balance payable on 15 August 2012 has been disclosed under trade and other payables at 30 September 2011.

No security was provided for this loan.

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000

18. DEFERRED TAXATION

The movement on the deferred taxation account is as follows:

	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
Balance at beginning of year	279,114	245,414	279,040	245,296
Income statement charge	(10,802)	33,700	(10,707)	33,744
Adjustment	6	-	-	-
At end of year	268,318	279,114	268,333	279,040
Comprising:				
Deferred income tax assets				
- Income received in advance	(34,837)	(30,671)	(34,837)	(30,671)
- Unrealised forex gain	-	(370)	-	(370)
- Provisions	160	(838)	160	(838)
- Straightlining of leases	(843)	(220)	(843)	(220)
	(35,520)	(32,099)	(35,520)	(32,099)
Deferred income tax liabilities				
- Capital allowances	229,333	246,373	229,348	246,298
- Inventories	67,037	59,895	67,037	59,895
- Prepayments	5,141	4,946	5,141	4,946
- Unrealised forex loss	2,327	-	2,327	-
	303,838	311,213	303,853	311,139
Net deferred tax liability	268,318	279,114	268,333	279,040

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000

19. TRADE AND OTHER PAYABLES

Trade payables	85,326	102,814	85,297	102,586
Trade payable relating to MTC RAN modernisation and packet core unification project	9,790	-	9,790	-
Accruals	80,504	91,407	80,504	91,407
VAT payable	15,406	7,744	15,406	7,744
Other payables	2,066	1,905	2,066	1,905
	193,092	203,870	193,063	203,642

Payables are non-interest bearing and are normally settled on 30-day terms.

The company accumulates 13% of a staff member's average cost to company package over five years of service and pays 70% and 30% of the accumulated value out to that employee after the fifth and seventh year of service respectively, provided the employee reached a performance score of 70% or higher in each of the five years. As this expense is dependent upon an uncertain future occurrence, the provision made reflects only an estimate.

The retention bonus cycle repeats itself from year six.

The reconciliation between the opening balance and closing balance of the retention bonus is as follows:

Opening balance at beginning of the year	3,845	4,518	3,845	4,518
Paid during the year	(1,904)	(747)	(1,904)	(747)
Provision for current year	-	74	-	74
Closing balance at end of the year	1,941	3,845	1,941	3,845
Non-current	1,087	3,059	1,087	3,059
Current	854	786	854	786
	1,941	3,845	1,941	3,845

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
20. DEFERRED REVENUE				
At the beginning of the year	81,783	72,800	81,783	72,800
Airtime sold during the year	948,192	931,908	948,192	931,908
Airtime utilised during the year	(940,411)	(922,925)	(940,411)	(922,925)
At the end of the year	89,564	81,783	89,564	81,783
Current	89,564	81,783	89,564	81,783
Total	89,564	81,783	89,564	81,783
21. NOTES TO STATEMENTS OF CASH FLOWS				
21.1 Cash generated by operations				
Profit before taxation	478,860	583,758	480,026	584,182
Adjustments for :				
Amortisation	128,252	64,319	128,252	64,319
Depreciation	174,942	154,861	174,868	154,787
Loss on disposal of plant and equipment	915	182	915	182
Operating expenditure transferred from work in progress	3,992	-	3,992	-
Interest paid	5,103	1,667	5,103	1,339
Interest received	(13,027)	(18,772)	(13,024)	(18,766)
Foreign exchange movement on cash and cash equivalents	7,535	(15)	7,535	(15)
Operating profit before working capital changes	786,572	786,000	787,667	786,028
Working capital changes	(17,157)	34,267	(16,958)	34,333
Decrease in inventories	17,089	195	17,089	195
Decrease / (increase) in trade and other receivables	14,691	(23,702)	14,691	(23,997)
Increase in deferred revenue	7,781	8,983	7,781	8,983
(Decrease) / increase in trade and other payables	(56,718)	48,791	(56,519)	49,152
Cash generated by operations	769,415	820,267	770,709	820,361

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
21. NOTES TO STATEMENTS OF CASH FLOWS (continued)				
21.2 Taxation paid				
Payable at the beginning of the year	13,905	5,957	14,054	6,096
Taxation charged to the income statement	170,810	153,308	171,001	153,308
Adjustment	(6)	-	-	-
(Payable) at the end of the year	(24,226)	(13,905)	(24,566)	(14,054)
Amounts paid	160,483	145,360	160,489	145,350
22. COMMITMENTS AND CONTINGENCIES				
22.1 Capital commitments				
Commitments in respect of capital expenditure:				
Approved and contracted for				
Network expansions	49,875	84,072	49,875	84,072
Retail stock	13,200	17,747	13,200	17,747
Other - property, plant and equipment	-	-	-	-
	63,075	101,819	63,075	101,819
Approved and not contracted for				
Network expansions	118,935	36,241	118,935	36,241
Retail stock	112,989	79,722	112,989	79,722
Other - property, plant and equipment	37,806	18,831	37,806	18,831
	269,730	134,794	269,730	134,794

This expenditure will be financed from cash generated from normal business operations.

22. COMMITMENTS AND CONTINGENCIES (continued)

22.2 Operating lease commitments - lessee

Future minimum rentals payable under non-cancellable operating leases are as follows as of 30 September:

Group and Company 2011	Radio sites N$'000	Premises Offices/Shops N$'000	Other N$'000	Total N$'000
Within one year	19,194	14,266	206	33,666
After one year but not more than five years	80,864	55,326	-	136,190
More than five years	389,360	43,135	-	432,495
	489,418	112,727	206	602,351
Group and Company 2010				
Within one year	14,260	14,529	447	29,236
After one year but not more than five years	52,586	58,672	175	111,433
More than five years	29,650	46,313	-	75,963
	96,496	119,514	622	216,632

22.3 Other commitments

Construction deposits

At 30 September 2011 the group had entered into other commitments of N$ 28,718,000 (2010: N$ 70,126,000) which relate to construction deposits for work in progress for the West African Cable Solution project. The final payment for the project will be done in October 2012.

23. RETIREMENT BENEFIT INFORMATION

The company operates a defined contribution scheme, the MTC Pension Fund (registration number 25/7/7/390), providing benefits based on the contributions of an employee and is administered by Alexander Forbes. This fund is registered under and governed by the Pension Funds Act, 1956 as amended. The fund will be valued every three years. The members of the fund can elect to contribute 7% or the maximum of 14 %, which will be matched by the employer by the % elected of the members' pensionable salaries. All contributions of the company are charged to the statement of comprehensive income as incurred. Employer contributions for the year are disclosed in note 3. The fair value of the fund's investments as at the funds' year end at 28 February 2011 were N$ 58,872,429 (2010: N$ 46,921,969).

23. RETIREMENT BENEFIT INFORMATION (continued)

In addition to the pension fund, the company also operates a group life scheme covering 100% of the total number of employees in cases of death and/ or permanent disability.

The group does not currently bear and is in no way contractually liable for the cost of funding post retirement medical aid benefits. The contribution to the Medical Aid Fund should an employee choose to continue membership of the scheme on retirement, is payable by the retiree.

A statutory actuarial valuation was performed on 28 February 2009 in which the valuator reported that the fund was in a sound financial position. The next statutory actuarial valuation will be performed on 29 February 2012.

24. BANK OVERDRAFT

The company has unsecured overdraft facilities at First National Bank Namibia totalling N$ 1 million (2010: N$ 1 million) with financial institutions, with a settlement facility in respect of guarantees of N$ 25 million (2010: N$ 25 million), with an additional N$ 20 million in an FEC facility, of which none is utilised. The facility in respect of guarantees (pre-settlement) at First National Bank of Namibia amounts to N$ 30 million (2010: N$ 30 million).

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise shareholder's loans, trade payables and a long term loan. The Group has no interest bearing borrowings. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk.

There has been no significant change during the financial year, or since the end of the financial year, to the types of financial risks faced by the Group, the approach to measurement of these financial risks or the objectives, policies and processes for managing these financial risks.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

25.1 Foreign currency risk management

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

"The Group incurs currency risk as a result of the following transactions which are denominated in a currency other than Namibia Dollar or South African Rand: purchases of equipment, consulting fees and borrowings. The currencies which primarily give rise to currency risk are the US Dollar (USD); Euro (EU) and Swiss Francs (CHF). The Group hedges its exposure to fluctuations on the translation into USD of its foreign creditors by using foreign exchange contracts.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.1 Foreign currency risk management (continued)

At 30 September 2011, the Group has not hedged any (2010: 65%) of its foreign currency creditors for which firm commitments existed at the statement of financial position date.

The group and the company normally pay all foreign amounts due close to order / delivery date.

Foreign exchange losses / (gains) recognised in the statements of comprehensive income:

	Group		Company	
	2011	2010	2011	2010
	N$'000	N$'000	N$'000	N$'000
- realised	7,535	(15)	7,535	(15)
- unrealised	(6,844)	(1,054)	(6,844)	(1,054)

The total fair value of the foreign exchange forward contract liability for both the group and the company at year end was:

	2011	2010
Foreign currency liability	N$'000	N$'000
To sell	-	3,891
Foreign currency asset		
To buy	3,676	-

The foreign exchange forward contracts outstanding at year end were as follows:

2011		N$'000	
Foreign currency asser	FEC value	Forward value	Fair value
To buy - US Dollar	2,649	18,331	22,007

2011		N$'000	
Foreign currency liability	FEC value	Forward value	Fair value
To sell - US Dollar	10,208	77,486	73,595

Open FEC's at year end with First National Bank Namibia have a purchased cost of N$ 8,593 million (2010: N$ 61,916 million) and with Bank Windhoek with a purchased cost of N$ 9,738 million (2010: N$ 15,571 million)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.1 Foreign currency risk management (continued)

The following table details the Group's sensitivity to the below-mentioned percentage strengthening and weakening in the functional currency against the relevant foreign currencies. This percentage is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign-denominated monetary items and adjusts their translations at the period end for the specified percentage change in foreign currency rates.

For the same percentage weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on the profit before taxation.

There were no changes in the methods and assumptions used in preparing the foreign currency sensitivity analysis.

	Group		Company	
Effect on profit before tax of amounts included in trade payables at year end:	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
USD				
Effect on profit before tax				
Increase of 5% in USD exchange rate	(2,542)	(3,069)	(2,542)	(3,069)
Decrease of 5% in USD exchange rate	2,542	3,069	2,542	3,069
Euro				
Effect on profit before tax				
Increase of 5% in Euro exchange rate	(252)	(126)	(252)	(126)
Decrease of 5% in Euro exchange rate	252	126	252	126
Swiss Francs				
Effect on profit before tax				
Increase of 5% in Swiss Francs exchange rate	(56)	(85)	(56)	(85)
Decrease of 5% in Swiss Francs exchange rate	56	85	56	85

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.1 Foreign currency risk management (continued)

Group and Company

At year end the following foreign currency denominated amounts were included in trade payables, for which no forward cover was taken:

	2011 N$'000	Conversion rate at 30 September 2011	2010 N$'000	Conversion rate at 30 September 2010
United States Dollars	50,841	8.02	72,186	7.00
Euro	5,033	10.78	2,517	9.52
Swiss Francs	1,126	8.86	1,696	7.13
At year end the following foreign currency denominated amounts were included in roaming debtors, for which no forward cover was taken:				
United States Dollars	9,023	8.02	10,497	7.00

25.2 Credit risk management

Credit risk is related to the risk of a third party failing with its contractual obligations resulting in a financial loss to the Group.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. In addition to this reputable financial institutions are used for investing and cash handling purposes. The maximum credit exposure is the carrying amount as disclosed in Note 14. There are no significant concentrations of credit risk within the group.

With respect to credit risk arising from the other financial assets of the company, which comprise cash and cash equivalents and short tem deposits with well known reputable Namibian banks, the company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these balances.

There has been no significant change during the financial year, or since the end of the financial year, to the Group's exposure to credit risk, the approach to the measurement or the objectives, policies and processes for managing this risk.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.2 Credit risk management (continued)

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
Cash and cash equivalents	245,015	267,348	245,004	266,215
Trade and other receivables - Namibia	129,730	142,947	124,210	142,918
Trade and other receivables - non-Namibian	9,023	10,497	14,515	10,497
Long term deposit	75,113	38,886	75,113	38,886
	458,882	459,678	458,843	458,516

No terms of financial assets were renegotiated.

With respect to trade and other receivables that are neither past due nor impaired, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
Neither past due nor impaired	106,017	106,834	105,989	106,805
Past due but not impaired:				
between 30 and 60 days	9,905	33,531	9,905	33,531
between 60 and 90 days	2,375	4,874	2,375	4,874
more than 90 days	20,456	8,205	20,456	8,205
Net carrying amount	138,753	153,444	138,724	153,415

25.3 Liquidity risk management

These risks may occur if the sources of funding, including operating cash flows, credit lines and cash flows obtained from financing operations, do not match with the group's financing needs, such as operating and financing outflows, investments, shareholder remuneration and debt repayments.

The Group has minimised its risk of illiquidity by ensuring that it has adequate banking facilities and reserve borrowing capacity.

The Group monitors its risk to a shortage of funds using monthly management accounts and general cash flow projections.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.3 Liquidity risk management (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 30 September based on contractual undiscounted payments.

Group 2011	On demand N$'000	Less than 3 months N$'000	3 to 12 months N$'000	1 to 5 years N$'000	> 5 years N$'000
Trade and other payables	-	192,005	-	1,087	-
	-	192,005	-	1,087	-
Group 2010					
Long term loan at fair value	-	-	-	51,575	-
Trade and other payables	-	200,811	-	3,059	-
	-	200,811	-	54,634	-

Company 2011	On demand N$'000	Less than 3 months N$'000	3 to 12 months N$'000	1 to 5 years N$'000	> 5 years N$'000
Trade and other payables	-	191,976	-	1,087	-
	-	191,976	-	1,087	-
Company 2010					
Long term loan at fair value	-	-	-	51,575	-
Trade and other payables	-	200,583	-	3,059	-
	-	200,583	-	54,634	-

25.4 Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximise shareholder value. The capital structure of the Group consists of debt, cash and cash equivalents and equity.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may issue new shares or obtain additional funding from its shareholders.

No changes were made in the objectives, policies and processes during the years ended 30 September 2011 and 30 September 2010. The Group is not subject to externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

2011 Group	Notes	Total N$'000	Loans and receivables N$'000	At fair value through profit or loss: Held for trading N$'000	Finance lease receivables and payables N$'000	Financial liabilities at amortised cost N$'000	Equity and non-financial assets and liabilities N$'000
Assets							
Non-current assets							
Property, plant and equipment	9	939,733	-	-	-	-	939,733
Intangible assets	11	224,535	-	-	-	-	224,535
Long term deposit		75,113	75,113	-	-	-	-
Current assets							
Inventories	13	73,140	-	-	-	-	73,140
Trade and other receivables	14	138,753	135,077	3,676	-	-	-
Cash and cash equivalents	15	245,015	245,015	-	-	-	-
Total assets		1,696,289	455,205	3,676	-	-	1,237,408
Equity							
Ordinary share capital	16	25,000	-	-	-	-	25,000
Retained income		1,096,089	-	-	-	-	1,096,089
Equity attributable to equity holders of the parent		1,121,089	-	-	-	-	1,121,089
Total equity		1,121,089	-	-	-	-	1,121,089
Non-current liabilities							
Trade and other payables	19	1,087	-	-	-	1,087	-
Deferred taxation	18	268,318	-	-	-	-	268,318
Current liabilities							
Trade and other payables	19	192,005	-	-	-	192,005	-
Deferred revenue	20	89,564	-	-	-	-	89,564
Taxation payable		24,226	-	-	-	-	24,226
Total liabilities		575,200	-	-	-	193,092	382,108
Total equity and liabilities		1,696,289	-	-	-	193,092	1,503,197

26. FINANCIAL INSTRUMENTS (continued)

26.1 Categories of financial instruments (continued)

2011 Company	Notes	Total N$'000	Loans and receivables N$'000	At fair value through profit or loss: Held for trading N$'000	Finance lease receivables and payables N$'000	Financial liabilities at amortised cost N$'000	Equity and non-financial assets and liabilities N$'000
Assets							
Non-current assets							
Property, plant and equipment	9	937,059	-	-	-	-	937,059
Intangible assets	11	224,535	-	-	-	-	224,535
Investment in subsidiaries	12	2,508	-	-	-	-	2,508
Long term deposit		75,113	75,113	-	-	-	-
Current assets							
Inventories	13	73,140	-	-	-	-	73,140
Trade and other receivables	14	138,724	135,048	3,676	-	-	-
Cash and cash equivalents	15	245,004	245,004	-	-	-	-
Total assets		1,696,084	455,166	3,676	-	-	1,237,242
Equity							
Ordinary share capital	16	25,000	-	-	-	-	25,000
Retained income		1,095,557	-	-	-	-	1,095,557
Equity attributable to equity holders of the parent		1,120,557	-	-	-	-	1,120,557
Total equity		1,120,557	-	-	-	-	1,120,557
Non-current liabilities							
Trade and other payables	19	1,087	-	-	-	1,087	-
Deferred taxation	18	268,333	-	-	-	-	268,333
Current liabilities							
Trade and other payables	19	191,976	-	-	-	191,976	-
Deferred revenue	20	89,564	-	-	-	-	89,564
Taxation payable		24,566	-	-	-	-	24,566
Total liabilities		575,526	-	-	-	193,063	382,463
Total equity and liabilities		1,696,083	-	-	-	193,063	1,503,020

26. FINANCIAL INSTRUMENTS (continued)

26.1 Categories of financial instruments (continued)

2010 Group	Notes	Total N$'000	Loans and receivables N$'000	At fair value through profit or loss: Held for trading N$'000	Finance lease receivables and payables N$'000	Financial liabilities at amortised cost N$'000	Equity and non-financial assets and liabilities N$'000
Assets							
Non-current assets							
Property, plant and equipment	9	1,022,717	-	-	-	-	1,022,717
Intangible assets	11	218,228	-	-	-	-	218,228
Long term deposit		38,886	38,886	-	-	-	-
Current assets							
Inventories	13	90,229	-	-	-	-	90,229
Trade and other receivables	14	153,444	153,444	-	-	-	-
Cash and cash equivalents	15	267,348	267,348	-	-	-	-
Total assets		1,790,852	459,679	-	-	-	1,331,174
Equity							
Ordinary share capital	16	25,000	-	-	-	-	25,000
Retained income		1,141,240	-	-	-	-	1,141,240
Equity attributable to equity holders of the parent		1,166,240	-	-	-	-	1,166,240
Total equity		1,166,240	-	-	-	-	1,166,240
Non-current liabilities							
Long term liability	17	45,940	-	45,940	-	-	-
Trade and other payables	19	3,059	-	-	-	3,059	-
Deferred taxation	18	279,114	-	-	-	-	279,114
Current liabilities							
Trade and other payables	19	200,811	-	3,891	-	196,920	-
Deferred revenue	20	81,783	-	-	-	-	81,783
Taxation payable		13,905	-	-	-	-	13,905
Total liabilities		624,612	-	49,831	-	199,979	374,802
Total equity and liabilities		1,790,852	-	49,831	-	199,979	1,541,042

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2011 (continued)

26. FINANCIAL INSTRUMENTS (continued)

26.1 Categories of financial instruments (continued)

2010 Company	Notes	Total N$'000	Loans and receivables N$'000	At fair value through profit or loss: Held for trading N$'000	Finance lease receivables and payables N$'000	Financial liabilities at amortised cost N$'000	Equity and non-financial assets and liabilities N$'000
Assets							
Non-current assets							
Property, plant and equipment	9	1,019,969	-	-	-	-	1,019,969
Intangible assets	11	218,228	-	-	-	-	218,228
Investment in subsidiaries	12	2,345	-	-	-	-	2,345
Long term deposit		38,886	38,886	-	-	-	-
Current assets							
Inventories	13	90,229	-	-	-	-	90,229
Trade and other receivables	14	153,415	153,415	-	-	-	-
Cash and cash equivalents	15	266,215	266,215	-	-	-	-
Total assets		1,789,287	458,516	-	-	-	1,330,771
Equity							
Ordinary share capital	16	25,000	-	-	-	-	25,000
Retained income		1,139,828	-	-	-	-	1,139,828
Equity attributable to equity holders of the parent		1,164,828	-	-	-	-	1,164,828
Total equity		1,164,828	-	-	-	-	1,164,828
Non-current liabilities							
Long term liability	17	45,940	-	45,940	-	-	-
Trade and other payables	19	3,059	-	-	-	3,059	-
Deferred taxation	18	279,040	-	-	-	-	279,040
Current liabilities							
Trade and other payables	19	200,583	-	3,891	-	196,692	-
Deferred revenue	20	81,783	-	-	-	-	81,783
Taxation payable		14,054	-	-	-	-	14,054
Total liabilities		624,459	-	49,831	-	199,751	374,877
Total equity and liabilities		1,789,287	-	49,831	-	199,751	1,539,705

26. FINANCIAL INSTRUMENTS (continued)

26.2 Fair values

The fair values of all financial instruments are substantially the same as the carrying values reflected in the statements of financial positions, for both the Group and the Company.

26.3 Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets of liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Valuation techniques:

Cash and cash equivalents are valued at their fair value based on their carrying value in an active market.

Forward contracts are valued by marking to market the forward contract with the exchange rate prevalent on each day in an active market.

Trade and other receivables are valued at amortised cost using the effective interest rate method, which substantially equals their fair value.

Trade and other payables are valued at amortised cost using the effective interest rate method, which substantially equals their fair value.

The long term liability is discounted at the effective discount rate applicable to the risks associated with this financial instrument.

As at 30 September 2011, the group held the following financial instruments measured at fair value:

Group	Total	Level 1	Level 2	Level 3
Assets measured at fair value:				
Trade and other receivables - FEC	3,676	3,676	-	-
	3,676	3,676	-	-
Company				
Assets measured at fair value:				
Trade and other receivables - FEC	3,676	3,676	-	-
	3,676	3,676	-	-

26. FINANCIAL INSTRUMENTS (continued)

26.3 Fair value hierarchy (continued)

As at 30 September 2010, the group held the following financial instruments measured at fair value:

Group	Total	Level 1	Level 2	Level 3
Liabilities measured at fair value:				
Long term liability	45,940	-	-	45,940
Trade and other payables - FEC	3,891	3,891	-	-
	49,831	3,891	-	45,940
Company				
Liabilities measured at fair value:				
Long term liability	45,940	-	-	45,940
Trade and other payables - FEC	3,891	3,891	-	-
	49,831	3,891	-	45,940
Reconciliation of long term liability				
Undiscounted value	51,575	-	-	51,575
Fair value adjustment	(6,921)	-	-	(6,921)
Interest	1,286	-	-	1,286
	45,940	-	-	45,940

27. RELATED PARTIES

Related party relationships exist between the company and its subsidiaries, fellow subsidiary, shareholders and key management. All transactions with related parties occurred under terms no less favourable than those arranged with third parties.

27.1 Subsidiaries

Details of income and expenditure relating to subsidiaries and investments in subsidiaries are disclosed in notes 3 and 12 respectively. No interest is charged on loans to subsidiaries.

27.2 Key management

The key management personnel of the company comprise the directors and the general managers. Amounts paid to key management are disclosed under directors' emoluments and key management remuneration in note 6.

27.3 Shareholders

The shareholders of the company are noted in the directors' report. The only significant transactions related to the shareholders are rentals paid and interconnect fees paid to the shareholder.

27.4 Fellow subsidiary

The company has an interconnect agreement with a fellow subsidiary regarding call traffic between the two companies and rent fibre optic lines for its operations from the fellow subsidiary.

27. RELATED PARTIES (continued)

27.4 Fellow subsidiary (continued)

Summary of balances and transactions with related parties

	Group		Company	
	2011 N$'000	2010 N$'000	2011 N$'000	2010 N$'000
Balance receivable from fellow subsidiary				
- Telecom Namibia	3,671	2,465	3,671	2,465
Balance payable to fellow subsidiary				
- Nampost Courier	(538)	(784)	(538)	(784)
- PT Investments	(40)	-	(40)	-
- PT Comunicacoes SA	(1,969)	-	(1,969)	-
- PT SI - Sistemas de Informacao SA	(1,480)	-	(1,480)	-
Property, plant and equipment purchased from subsidiaries				
- PT Comunicacoes, SA	-	6,162	-	6,162
- PT Inovacao	3,513	-	3,513	-
- PT SI Sistemas de Informacao	1,949	-	1,678	-
Management fees paid to PT Investimentos	2,250	2,384	2,250	2,384
Rent paid to NPTH Limited: Shareholder	9,542	8,607	9,542	8,607
Telephone and fax paid to Telecom Namibia	548	615	548	615
Net set rentals paid to Telecom Namibia	90,972	72,294	90,972	72,294
Net interconnect fees received from fellow subsidiary				
- Telecom Namibia	17,252	30,008	17,252	30,008
Net interconnect fees paid to fellow subsidiaries				
- PT Comunicacoes, SA	5,396	700	5,396	700

Interconnect debtors disclosed in Note 14, are included in the balance receivable from fellow subsidiary, Telecom Namibia.