

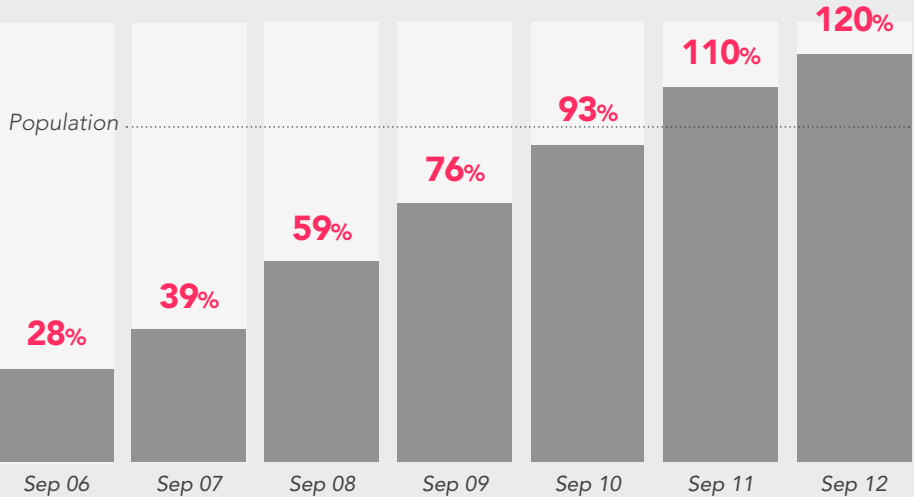
MANAGING DIRECTOR'S OVERVIEW

If our expectations for the year under review were conservative, it was due to the maturity on voice business: although, due to the significant acceleration of data services, we are very honoured to present a strong financial year showing a growth of two digits after the last two years which did not grow more than 3%.

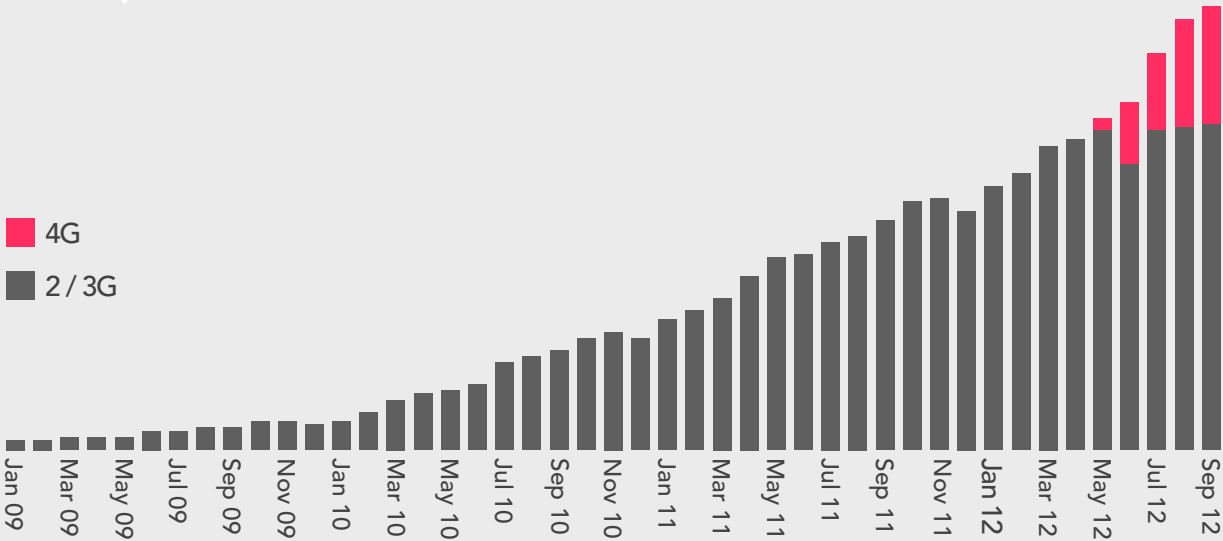
MTC is pushing the market beyond what was expected, such as passing the mark of 2,000,000 active subscribers, placing Namibia in a -position where active SIM connections constitute more than 100% of the population. The demand for internet access through NetMan SIM cards and for other devices like tablets and smartphones is multiplying the number of SIM cards,

resulting in a number amounting to more than the total of the Namibia population.

Data shows that all MTC's efforts are proving very positive for the sustainability of the tremendous investments and efforts. Although the data usage in our network is showing a growth of 1.8 fold for the current year, the revenues in-creased by 28%. This positive effect signifies that Mobile Broadband is already accounting for more than 9% of the total revenues during the full year. However, we need to stress that more than 80% of the investments were allocated to produce the current data performance in order to accommodate the huge data demand that is coming. Video, cloud and LTE is our future.

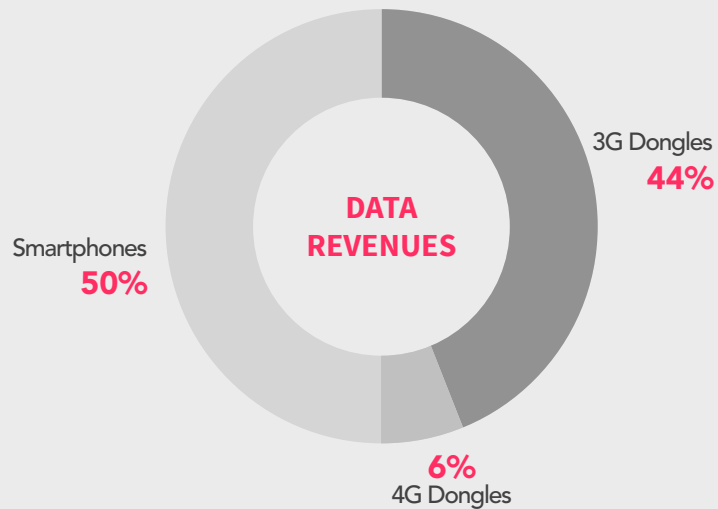
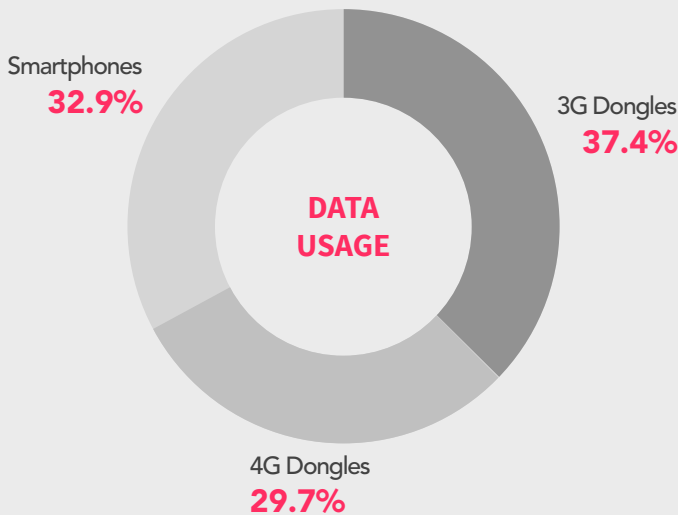
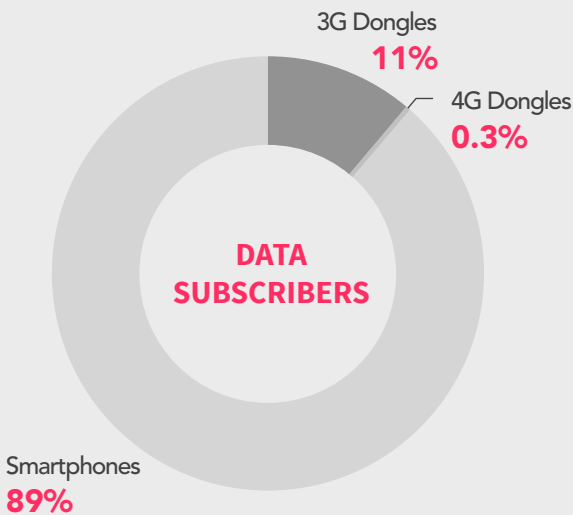


The introduction of 4GLTE by MTC, the second Operator to deploy on the African Continent, at the same time that the advanced countries in Europe were also introducing the technology, was a strategic decision. The success of NetMan, through the current 3G technology, is imposing the pressure in terms of capacity; requiring additional NodeB's (base stations), but the difficulty is to obtain Municipal authorisations in the capital. The new technology level is really proof for the future in terms of speed which we can provide to the users and accommodate ten times more capacity. Despite the fact that only dongle devices were in the market, the aim was to migrate the heavy users who were using laptops to the new technology, in order to offload the tremendous demand in the 3G network.



But in MTC we believe that technology is a means to an end, i.e. we base our business on introducing technology which improves the lives of people and makes our customers more efficient. In that stance, NetMan 4G was launched in a way that people could understand easily what benefits it provides to the user. The NetMan 4G campaign was awarded the accolade of second Best Africa Marketing Campaign for 2012 by AfricaCom (Informa Telecoms & Media).

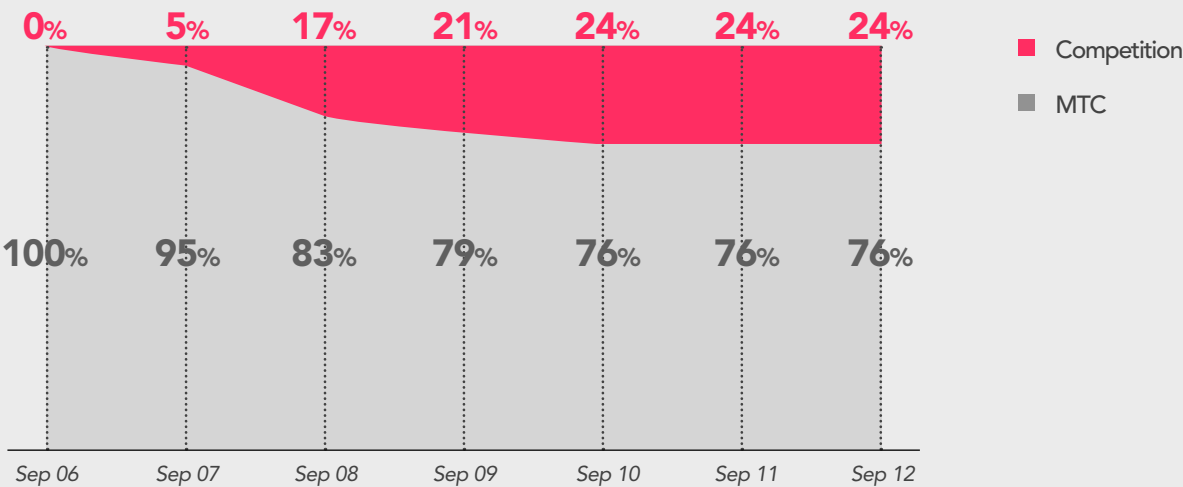
The Mobile Communications industry is accelerating the lives of the people in a way that we did not expect ten years ago. The “Smartphone Era” enabled tremendous multitasking by the users of these powerful devices; messaging, e-mails, browsing, social networks and videos accessible on a small screen that users carry inside their pockets. It is easy to believe international trends that almost 80% of the usage of these devices is for a purpose other than making voice calls.



THE MARKET

During the period under the review, MTC added a total of 187,923 new active SIM Connections, passing beyond the 2,000,000 mark, - reached in March 2012. The market shares remained stable with MTC accounting for more than 76% of the market.

As I mentioned before, multi SIM cards are the norm where subscribers are accessing the same information from several devices; smartphones, tablets, and also laptops. In that regard, MTC is rethinking the way we provide packages to accommodate these needs, and I will go through this in detail in the next sections.



THE REGULATORY ENVIRONMENT

The current financial year was the beginning of the second year after the commencement of the current Telecommunication Act 2009. After the first year of the institution of the Communication Regulatory Authority of Namibia , the current financial year was very active.

The major highlight was the awarding of the Services and Technology Neutral Licences which MTC received together with other operators. Simply, these new licences allow any operator to develop any services regardless of the technology that it is using, being either wireless or fixed technology. In that regard, MTC is very keen to accelerate the converged networks in order to provide more advanced services especially to the Enterprise Market. If voice is a necessity to Enterprises, and also internet access, connectivity between head offices and branches, introducing a full IP network with fiber at the office converged in a wireless mobile complemented with and WIFI can accelerate the affordability and reliability desirable unified communications including voice with or without video and internet access, regardless whether the user is accessing at the office or on the move. And that is what we are looking forward to providing in this new world.

Notwithstanding the above, we are also concerned with the fact that this license seems to be accessible to any entity. We are pro-competition because it makes us smarter and pushes us harder to providing more relevant services in an affordable - manner to the customers. However, ultra competition will have a negative effect and is not desirable and will not foster welfare of the consumers. To that effect we believe that CRAN will find a proper balance because of the billions of investments which needs to be recouped for the wealth of the industry.

Last but not least, our mobile GSM competitor is in the final stages of being acquired by the fixed line incumbent. At MTC we not only understand our competitive advantages but also what this new challenge could represent to us. Despite the fact that the Government operator will have a full fixed and GSM mobile network, MTC is ready again to defy the “laws of gravity”.

STRATEGIC POSTURING

All companies have their own beliefs and strive to go forward with those beliefs. MTC is clear that our business is to provide unified wireless communications; but after the strong infrastructure developed with fibre, and also to take advantage of new opportunities that the new regulatory regime is giving, our network is ready to expand connections through fibres to the final consumer's point, whether it is residential if it is needed and viable but primarily to enterprises.

The New Generation Networks, whether mobile or fixed is based on a single IP network with significant cost reductions, which at the same time will provide better management of the full network. That is what we are developing: reorganising all mobile to IP transmitted by fibre, which now only requires fibre extensions connected to the point of the customers. The back office of these networks requires a completely new full OSS/BSS (Operational Support System and Business Support Systems) to enable the services which customers are accessing by means of any connectivity. This tremendous transformation has been in place in MTC for the last two years but accelerating now to embrace extensive services and will provide MTC its own competitive advantage.

MTC has always understood that each Enterprise Customer requires specific needs, and the same time that Small and Medium-Size business requires simplicity. Based on that, MTC also strives to go further than providing telecommunications only because enterprises also need full information, communication and technology services. MTC can be the complete sole ICT provider including the connectivity, the information applications and the technology devices.

PARTING THOUGHTS

At this point in time MTC is crossing our "Cape of Good Hope", with its legendary turbulence. MTC is advancing fearlessly like Bartolomeu Dias circumnavigating the Cape. The Portuguese were successfully driving their vessels to explore new seas without maps, observing the stars at the night, using the astrolabe and the quadrant, and during the day taking the sun's declination and mapping winds and currents.

This remarkable history of the Portuguese explorers, accomplishing such important discoveries at that time, can be summarized in two words; innovation and determination. The telecommunications industry is facing equivalent tremendous challenges; the network operators will not control all of the services that are in the cloud, but will keep the control of - the pipes only. The operator networks manage these investments for the pipes to provide speed and reliability to the avalanche of data impacting these networks!