ANNUAL REPORT 2016

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mtc

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EXECUTIVE COMMITTEE

Thinus Smit
Chief Finance Officer

Patience Kanalelo
Head: Corporate Legal Services and Company Secretary

Miguel Geraldes
Managing Director

Carlos Malab
Chief Technology Officer

Tim Ekandjo
Chief Human Capital & Corporate Affairs Officer, Human Resources

Alvin Korkie
Chief Commercial Officer

CHAIRMAN'S COMMENTARY

Elvis Nashilongo
Chairman

MTC revisited its vision and mission statements in 2016 with a view of aligning them to our current realities. The old vision and mission statement has served us well for the past 22 years, but due to ever changing circumstances in such a fast paced technological environment, we needed to revisit our long term vision to remain a competitive, and cutting edge telecommunications company that our customers can be proud of.

Our new vision statement reads that MTC wants to be the communication partner of choice. We do not just want to be a telecommunications company, but indeed a partner. We will work tirelessly to become our customers' undoubted choice for all their communication needs.

Our mission is to improve the lives of our customers through a quality network, infrastructure and highly skilled human capital. Of paramount importance is that we intend to improve lives through technology, and importantly, doing so with a proud and skilled workforce that is ever ready to serve our customers with pride.

Our strategies going forward will therefore make our customers the focal point, because our very existence is centered on our customers. MTC will only implement a product or service when we are entirely certain that it will improve the lives of our customers.

My fellow Directors and I are very proud to be associated to such a dynamic team of young, experienced and innovative Namibians driving and advancing the objectives of MTC every day. We recognise the strength and commitment of our employees, and the role they play in the success of MTC.

We are aware that most people in rural areas are still part of the digital divide, and we have re-doubled our efforts to include them by having recently launched the oSmartPhona campaign, an ongoing project where we rolled out highly subsidised smartphones to give rural Namibians access to the digital world. This project amounted to N$1 billion and we are proud of this investment as it is an investment in our people.

As a proudly Namibian company, we remain committed to thinking global but acting local, by providing only the best and latest technologies to all our customers.

It remains our inherent responsibility to reinvest in the communities we do business with, and remain the best socially responsible corporate with the various social and community projects we support. We are proud of the contributions we have made so far and will continue to make. We will not shy away from continuing to invest in areas such as sport, arts and culture, ICT, for health, development education and supporting the various trade fairs.

We take full cognisance of the economic situation our country currently finds itself in, and we will make it our responsibility to continue providing quality and affordable products and services.

We enter the year 2017 full of confidence, renewed strength, and wish to thank all our customers for their continued and unconditional support for the past 22 years. We will never take your support for granted as we make the connection to you as our partner of choice.

MANAGING DIRECTOR'S OVERVIEW

Miguel Geraldes
Managing Director

Despite an extremely challenging year in the Namibian economy, MTC has continued to outperform its target by achieving an increase of 3.2% in revenue, compared to the 2% increase in 2015, surpassing the N$2.2 billion in revenue of 2015. This positive financial performance is attributed to a well - executed strategy that focused on data, new and innovative products and excellent cost management.

Revenues Up

3.2%

MTC has committed N$1 billion towards rolling out connectivity in rural Namibia. To ensure that people in rural areas are able to connect, we provided highly subsidised smartphones making them available at N$399 per handset. The oSmartPhona roadshow is continuous and we will be rolling out over 15,000 smartphones countrywide. We have already seen a positive uptake of data in the areas where we already rolled out these phones which demonstrates that people in rural areas will make use of opportunities if included in the digital age.

Data remains our key focus, and we increased our total number of customers using data from 45% in 2015 to 62% in 2016 which represents a 17% increase. The increase is attributed to realisation of our aggressive strategy by investing in network infrastructure which is on par with the most developed countries. Encompassing an investment into the submarine cable WACS, a national fiber backbone transmission countrywide with redundancy through SA, and a very wide 3G and 4G network covering all main cities of Namibia. Furthermore introducing innovative data products in the market as part of our offer.

Data Customers

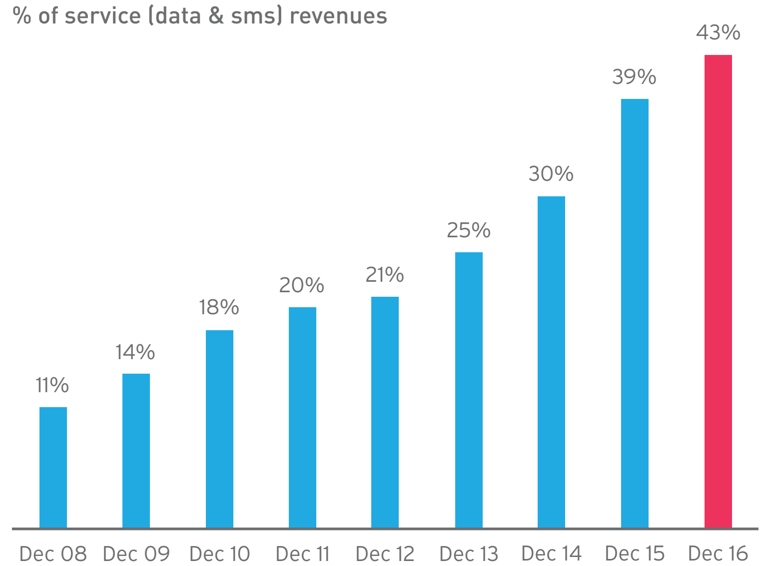
62%

MTC reached another important milestone by becoming the first operator in Africa to trial the new 4.5G technology. The event officiated by His Excellency, The President Dr. Hage Geingob was successful, showing tremendous speeds of 1 Gigabit per second.

We have seen a continued demand in the uptake of data, as MTC continues to offer affordable data with adequate capacity. We have thus seen an increase in our data traffic from 39% in 2015 to 43% in 2016.

Data Revenues

% of service (data & sms) revenues



We remain committed to becoming a partner of choice and providing only the best technologies that improve lives in line with our vision.

THE TECHNOLOGY ENVIRONMENT

MTC has seen the demand for data increase while voice services have stabilised. The Technology Team is continuing to provide for this ever-increasing demand of data that remains central to the MTC business strategy.

In technical terms, MTC has synchronised its network components to take advantage of its Data Growth. To deliver on customers' demand for data, continues to present a challenge to MTC, in the sense that we try to proactively anticipate customer need and appetite for new technologies and services by teaming up with our vendors. An example of this was our trial test of 4.5G (MTC was the first in Africa) and the launch of 4G-Advance in Windhoek, April 2016.

During the year under review, the MTC Perfect Network Project, entailed the aggressive rollout and expansion of 3G data services to rural areas. This resulted in the increase of 3G coverage to 65% of Namibia's population.

Continuous improvements to MTC's network elements is an indication that such demand is endless. Simultaneous with every network upgrade the demand for data capacity increases automatically.

MTC increased its rural 3G coverage by introducing U900 to remote areas – the project will continue into 2017. This coincided with the launch of a cross-subsidised 3G mobile phones to MTC customers in rural areas, to enable them to make use of the improved 3G network.

- Additional capacity in urban areas was added by upgrading our 3G sites from the traditional 3-sector to 6-sector sites, which resulted in an additional 50% capacity covering these areas.

- MTC continued with its IP Network modernisation and swapped 120 MW links with IP capable links for the deployment of 3G to rural areas.

- The data demand was somewhat relieved with the commercial launch of Long Term Evolution Advanced (LTE-Advance) within Windhoek, a process that required MTC to re-farm its DCN spectrum.

- The growth in data required MTC to increase its Transmission Fiber Backbone Network from a 40G to a 140G system and to complete the coastal ring expansion.

- MTC continued to invest in site autonomy by adding and replacing batteries serving a power back up to sites - a process that will continue for the next 3 years.

- The Olympia Head Office Standby generator replacement project, at a cost of N$5.5 million, was completed towards the end of the 2016 financial year.

- Towards the goal of a fully-fledged IP Network, which is planned to be completed by the end of 2017, IP Core Routers, now in service and taking live traffic, were installed in Prosperita, Olympia and Oshakati Server rooms.

- Project Perfect Network phase 1 and 2 concluded during the financial year under review with the addition of 124 expansions completed. Phase 3 will continue throughout 2017 - the total expansion will encompass +337% increase in LTE(4G) resources and expanding +259% resources of the 3G layer network, while also expanding MTC's backhauling to carry all the above radio resources, as well expanding the EPC computational core resources, and finalizing the IP network to the level of BSC.

COMMERCIAL OPERATIONS

Trade Fairs

The period under review was again filled with various activities. The Windhoek Show was our first main event in the financial year. Other trade fairs and shows included the Tourism Expo and of course the largest trade fair in Namibia, the MTC Ongwediva Annual Trade fair where we collected an award for the "Best ICT Exhibit".

Products & Services

From a products and services perspective, it was yet another busy year focusing on innovation. There were various enhancements made to existing data bundles. Seeing the launch of a cost-effective bundles while simultaneously offering larger bundles for the ever increasing data appetite. MTC proudly added a new member to the "Aweh family", Oka Aweh which targeted the lower end of the market with a 3-day product vs. the traditional 7-day product.

On the new product development side, MTC launched Netman TurboBoost. This product allows standard speed access to customers based on their service plan and is linked to a specific Fair Use Policy (FUP). Once customers reaches the FUP, they can choose to "TurboBoost" their speed, or still have access to the Internet at a reduced speed. This product gave true unlimited Internet access to MTC customers from as little as N$ 179.00 per month.

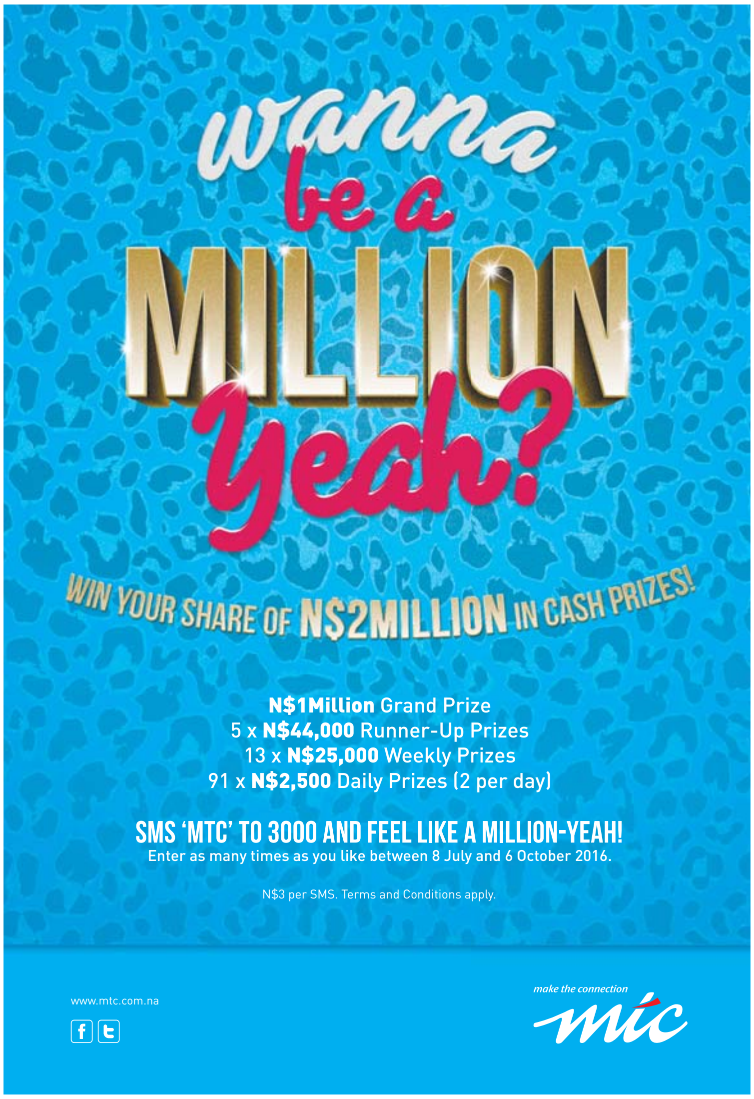
On the enterprise side, MTC launched MoBiz. This product simplified MTC's offer to the Business community. The product features a subscription fee that includes Free SMS, Free Minutes and Free Data. Customers that have more than 5 Service Plans will benefit from a discount based on the volume of service plans per customer. As part of the data offering to corporate customers, we introduced a TurboBoost option with similar workings to our residential customer base.

The highlight in terms of innovation came in April 2016 when MTC successfully launched the commercial use of LTE-advanced (LTE-A) and inaugurated the first 4.5G trial on the African continent with the first ever-recorded 1 Gigabit per second speed.

With regards to roaming, MTC committed itself to work with the local regulator, and under the guidance of Communications Regulators Association of Southern Africa (CRASA), we successfully reduced roaming data rates on two of our South African Partner networks. Customers are now accessing data at much more affordable rates whilst roaming in South Africa.

Promotions & Campaigns

During the year, MTC launched a number of SMS promotions, the most successful being the Million Yeah Campaign, where MTC gave away N$2 million in cash prizes, the top prize being N$1 million.



With data taking center stage towards the latter part of the year, MTC launched a campaign to educate customers on the usage and management of data. With numerous applications such as video and pictures being up and downloaded, it became clear that customers were not fully aware of the implications these applications have on their consumption. MTC felt obliged to educate customers accordingly and ensure they would not exhaust their data unnecessarily.

The largest campaign by far was the "OsmartPhona" campaign. MTC embarked on a national network upgrade, taking 3G services into many areas where 3G was previously not available, predominantly in the rural areas of the country. The main aim was to bridge not only the digital divide, but also the urban and rural divide.

Our roadshow, which crisscrossed most parts of Namibia, delivered a very high spec smartphone handset into the market at a highly subsidised price resulting in retail price of N$ 399 per device. At each of these road shows customers were able to trade up their old handsets. Further more acquire a 3G-enabled smart phone including 5GB of free data. Customers were also assisted with opening various social media accounts such as email, Facebook and WhatsApp.

The Roadshow put over 20 000 handsets into the hands of customers whom, for the first time ever, had the opportunity to use and experience the Internet. The results of the campaign delivered double digit growth in terms of data consumption and saw Average Revenue per User (ARPU) increases far beyond our expectations.

Towards the end of 2015 calendar year, MTC introduced the new iPhone 6S and 6S Plus and a number of other new handsets into the market, including the new Samsung ranges.

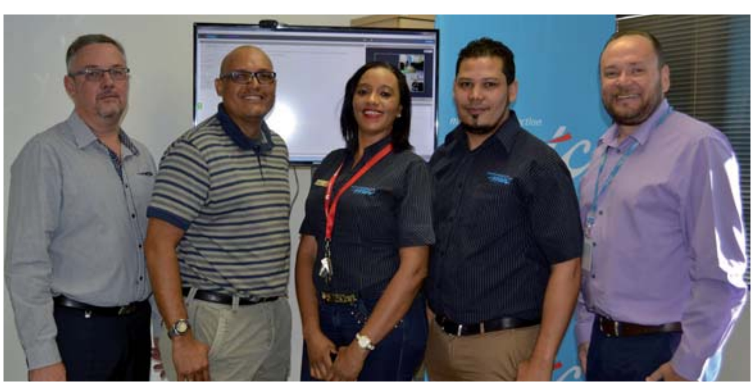
In November 2015 MTC launched their Christmas "Selfie " campaign, calling all Namibians to take a "selfie" and submit to MTC via a dedicated WhatsApp number. Five hundred participants could win N$500 worth of airtime and have their "Selfie" used in our advertising.

During the period under review, MTC conducted several research surveys. The highlight of this was the Customer Value Management Survey. The primary objective of this research exercise was to enable MTC to enhance and improve its overall connection with its customers, in order to continuously provide the best options, retain and grow customers and improve profits.

For the first time ever, MTC scored 80% (ideal is 83%) in this survey.

Retail

On the retail side of business, MTC developed an advanced Q Flow system and tested it successfully. Yetu - TV was implemented and deployed in all Mobile Homes. Yetu - TV will allow communication to staff via live video feed to all 34 MobileHomes giving a platform for management to engage with staff around the country, provide training and the dissemination of critical information quickly and effectively.



Key Accounts

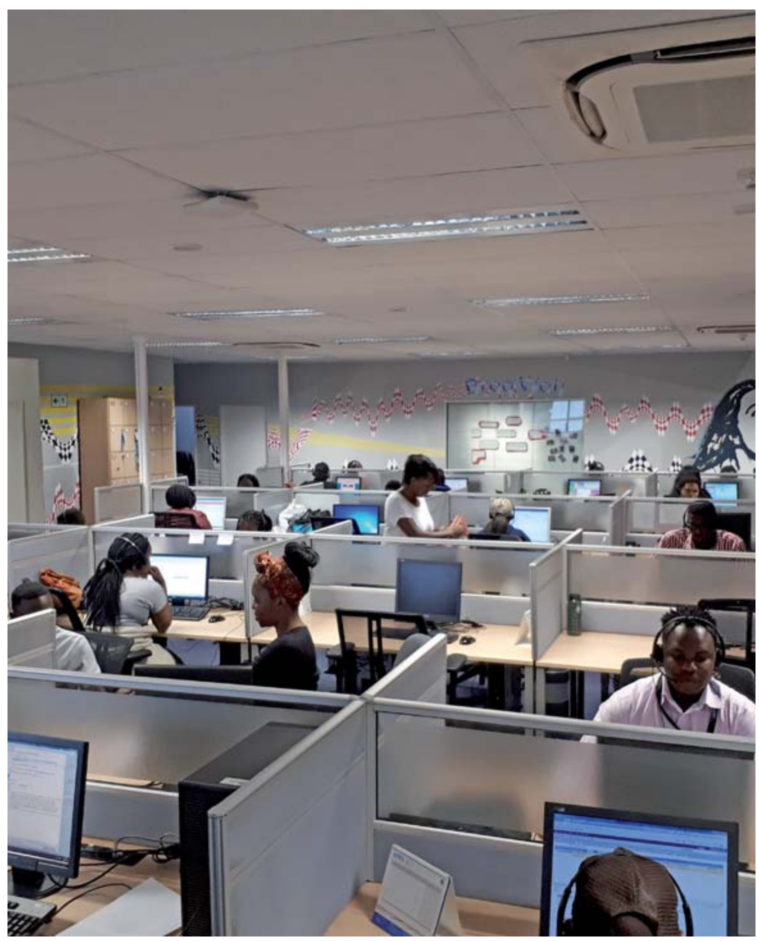
Key Accounts implemented the Connect SMS initiative. Connect SMS allow Key Accounts to send notifications to customers informing them of their contracts that are due for renewal or any other relevant information of importantce to the customer. Since implementation approximately 500 - 600 SMS per month were sent out. From an acquisition perspective, we witnessed a positive growth on Voice and M2M achieving 23% above target.

Key Accounts participated in several trade shows presentating our Business offerings to SME and large businesses.

1. Ongwediva Annual Trade Fair
2. Annual Women's Summit
3. Dundee Precious Metals Golf Day

Customer Service

Finally, from a customer service standpoint, we experienced another excellent year. The Call Centre delivered on their KPA's and for the first time achieved an overall of 90% in the Service Quality survey in September 2016. In terms of Internet access supply time; 100% was achieved for delivery within 7 days; 100% was achieved for the initial supply time for mobile PostPaid connection within 7 days. In terms of faults reported; 99.9% were resolved within 24 hours. 92% of all customer complaints were also resolved within 24 hours.



THE HUMAN CAPITAL ENVIRONMENT

Overview

With the recent review of our Vision and Mission statement, we are incredibly proud that these statements place great emphasis on employee development, and the desire to achieve our results through our people. This places our employees in the centre of our development, and the achievement of our objectives.

Scholarships

MTC's scholarship program has continued to produce graduates that are ready for the job market. This is because we allow our graduates an opportunity to become familiar with the work environment by exposing them to on-the-job training during their holidays. To this end, we are happy to announce that 94% of our students would receive permanent employment at MTC upon completion of their studies. MTC invests over N$600,000 per annum on scholarships and also have an Internal Bursary scheme, as well as an Interest Free Study Loan Scheme, for our employees who wish to further their studies.

MTC also sponsored the student inventor and all round technology whiz, 20-year-old Simon Petrus from Abraham Iyambo Secondary School in Ohangwena region, who rose to prominence with his multiple innovations that makes calls without the need for a sim card. The device comes with a light bulb, fan and charger socket. Powered by a radiator, the handset is able to make calls anywhere through the use of radio frequencies. Housed in a box, the device can also stream a single television channel. Iyambo will receive a full scholarship from MTC to study at a University of his choice.

Institute of People Management

MTC is the official sponsor of the Namibia Institute of People Management, an institution dedicated to professionalising the Human Resource industry in Namibia. Together with Institute of People Management Namibia (IPM Namibia).

MTC envisions to ensure that all Human Resource professionals become accredited, and comply to one set of ethical standards. IPM Namibia introduced HR standards, and has become only the 5th country in Africa to roll out these standards to all Human Resource professionals. We are proud of our partnership with IPM Namibia because it allows us to develop people management at a national level and inform and influence positive change in the interest of the Namibian workforce.

Employment Equity

MTC continues to exceed with Namibia's Employment Equity and Affirmative Action Act expectations. To this end, our total workforce boast with an impressive record of 54% male and 46% female, with very good representation across different levels. We do so not only to simply comply, but because we genuinely believe in a free and equal society where men and women are equal before the law. We are therefore fully compliant with our Affirmative Action Report.

Industrial Relations

The internal Employee Engagement Forum continues to be the sole representative of staff at all levels in the organisation. This forum is tasked to represent, negotiate on behalf, and look after the interest of our employees pertaining to all basic conditions of employment. MTC enjoys a harmonious and mutually respectable relationship with the Employee Engagement Forum which is testimony that a sound industrial relations environment is possible, where there is continuous engagement.

THE CORPORATE SOCIAL INVESTMENT PROGRAMME

The Corporate Social Investment Agenda

MTC has maintained its status of being the leading Namibian corporate when it comes to corporate social investment in the areas of Sports, ICT, Health and Education.

Sports

MTC has ended its 14-year partnership with the Namibia Premier League after the 3 year contract came to its natural end. This followed failed negotiations when the NPL increased its budget with 64% which became unaffordable to MTC. Our annual sponsorship to the league amounted to N$15 million per annum, that calcultated to an investment of over N$140 million in 14 years.

With the end of the NPL sponsorship, MTC will diversify into different sports codes and continue to be a prominent contributing brand in the Namibian sports fraternity.

MTC has invested N$3.3 million in the MTC Nestor Sunshine Boxing & Fitness Academy and is proud to have developed a two- time world champion in the past year, indeed a remarkable achievement for Namibia. Recently, the MTC Sunshine Academy produced another world champion in the person of Julius Indongo, who won the IBF and IBO Jnr Welterweight world titles in Russia with a record 40 second knock-out which will go down as one of the fastest knock-outs in boxing history.

The purpose for our investment in sport remains twofold, firstly because we see sport as a unifier, and secondly because we want to create role models that will inspire the youth of Namibia to become anything they want to be.

MTC Namibian Music Awards

MTC remains the main sponsor of the single biggest music event in Namibia, the Namibian Annual Music Awards. The past year has reached a new milestone with the NAMA brand taking it from simply a local brand to becoming a global brand. The NAMAs was live streamed to over 48 million people in Nigeria through Trace TV. This year our Male and Female Artist of the Year walked away with brand new cars which they can call their own. MTC invested over N$7.5 million in the 2016 Music Awards which promises to continually produce music legends.

MTC Namibia Sports Awards

This year, MTC once again sponsored the Annual MTC Namibia Sports Awards, a national platform that celebrate and recognise the achievements of all Namibian athletes, both abled and those who are differently abled. With the assistance of MTC, the Namibia Sports Commission increased the prize monies in the different categories which now sees the Sports Men and Women of the year walking away with N$100,000 while the Sports Achiever of the Year walks away with N$200,000. We believe that our athletes deserve better recognition, and these rewards should therefore match their achievements.

Trade Fairs

MTC maintained its presence at most Trade Fairs and commercial shows across the country. Having participated in 90% of all trade fairs, with the biggest being the Ongwediva Trade Fair, we continue to play a role in local town development and keeping our brand top of mind.

MTC's total investment in participating in all Trade Fairs amounted to N$1.9 million for the financial year under review.

THE REGULATORY ENVIRONMENT

MTC recognises and values the role of the Communications Regulatory Authority of Namibia (CRAN) in the industry and is supportive of principles of the Communications Act, which commenced in May 2011.

During this financial year under review CRAN has made great strides in the industry, which impacted MTC's operations as follows:

- Regulations prescribing National Numbering Plan of 1 April 2016 with an obligation for payment of all Active SIM cards of N$ 1 each. With MTC's approximately 2.5 million subscribers the obligation has a great effect on Operational Costs.
- The new telecommunication licensee, Demshi Investment Holdings (Pty) Ltd was awarded with a numbering license on 27 September 2016, MTC welcomes and believes that further competition in the market can only be to the consumer's advantage.
- Number Portability implementation is imminent and should be implemented within the next financial year.

MTC remains committed and supportive of the mandate of the CRAN and trusts that as the Regulator grows, speed to approval of applications will also improve.

THE CHIEF FINANCIAL OFFICER'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The economic condition of Namibia for the year under review was challenging. Stability and freedom in the country, as well as from the political side, support a solid base to operate in. An upward Consumer Price Index and the continuous drought, limited cash resources among the customer base. The commodity for competition change and competitors was not only other operators in the telecommunication industry, but businesses compete for the same disposable income in the hand of the common customer. Changes in the buying pehaviour of the pre-paid platform, as well as long term commitments on the post-paid platform, were based on the availability of money.

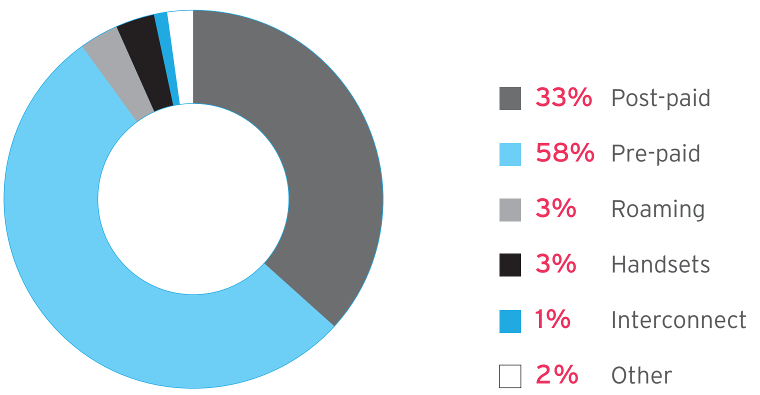
Consistent improvement on controlling of expenses and the monitoring of Bad Debts resulted in the positive results that were reported for the financial year under review. The partnerships with solid suppliers and firm negotiations on Service Level Agreements resulted in a lower than CPI increase on certain areas of the costs. The trade-off of longer term commitments versus a lower annual increase was the outcome of the negotiations.

The company generated strong cash flow and maintained a stable balance sheet for the year ended 30 September 2016. EBITDA margins expanded through maintaining consistent revenue levels against the background of economic slowdown. Increased uncertainties in the South African economy caused for further depreciation of the local currency and rising inflation. The continuous drought caused for increased food prices and strain on cash resources amongst the customer base. Disposable income is shared with other market contenders and sound cost management efforts has paid off to see the increase of net profit after tax with 17.9%, from N$491.4 million in 2015 to N$579.4 million in 2016.

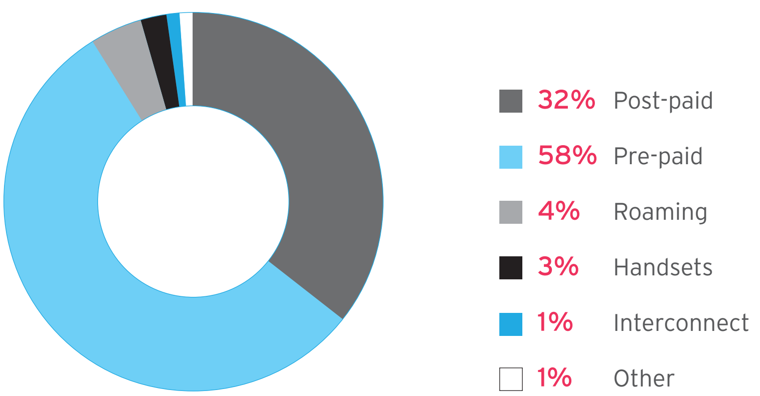
Revenues

For the financial year under review MTC reported increased revenues of 3.2% from N$2,250.5 million in 2015 compared to N$2,323.5 million during 2016. This was mainly as a result of launching new products and growth in subscriber base.

Revenue components 2016



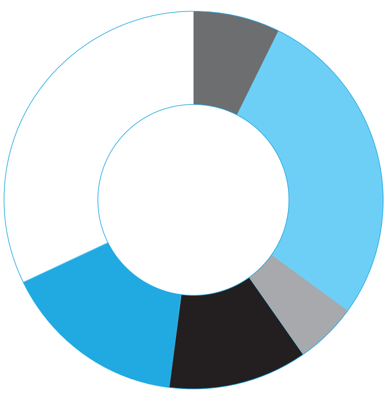
Revenue components 2015



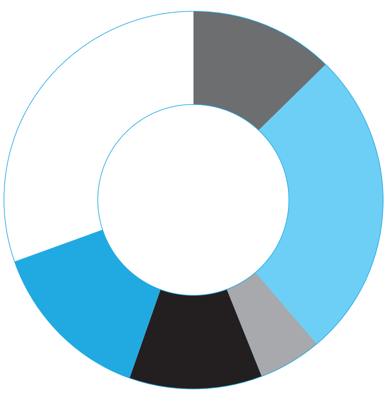
Expenditure

Continuous improvement in cost management and the monitoring of Bad Debts resulted in low deviation from the previous year expenditure. Personnel cost reported an inflationary and performance increase of 8.1% with a decrease in operational cost as a result of the post-paid contract renewal customer complaint, that was registered with CRAN the previous year, ruled in favour of MTC. MTC maintains a strong relationship with suppliers, and conducts firm negotiations on Service Level Agreements which resulted in a lower than CPI increase for certain cost components. Cost efficiency is further gained through long-term commitments being negotiated with lower annual increases.

Cost Breakdown 2016



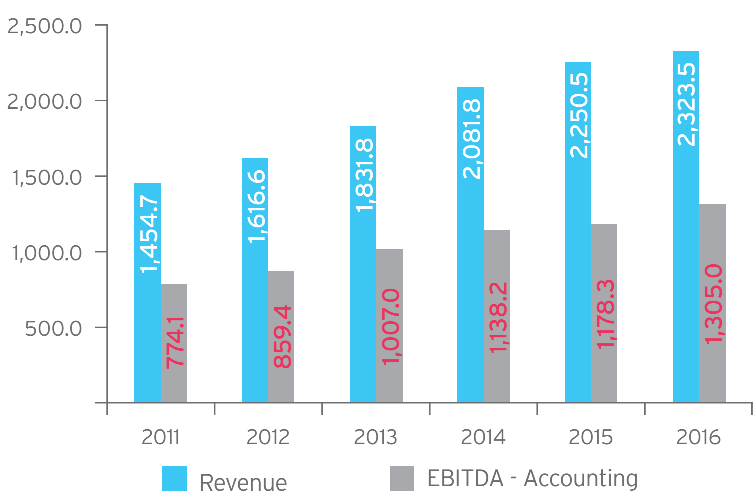
Cost Breakdown 2015



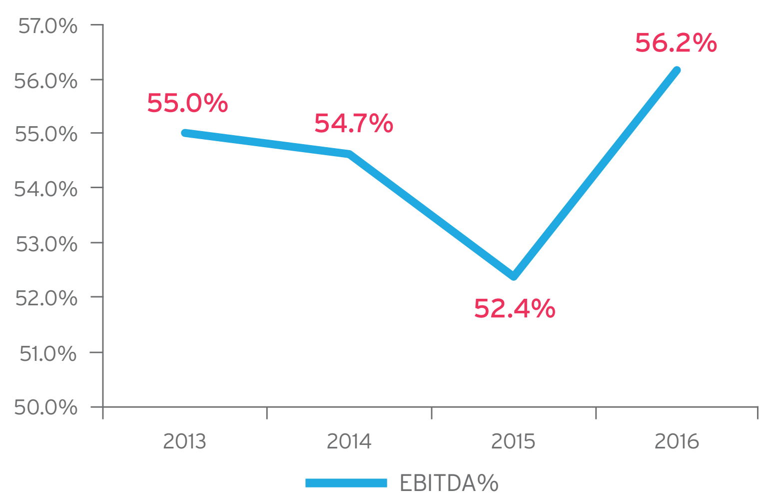
EBIDTA

Despite higher capital expenditure for the year under review, the company achieved a much higher "cash-margin" as a result of its superior profitability. High levels of customer-service satisfaction in the data age, and significantly reducing operational expenditure, remains a value driver for the company. Operational efficiency through cost discipline remains the main contributor to the increased value and margin for EBITDA. An EBITDA margin of 56.2% was reported for the financial year ended 30 September 2016.

Revenue vs EBITDA



EBITDA%



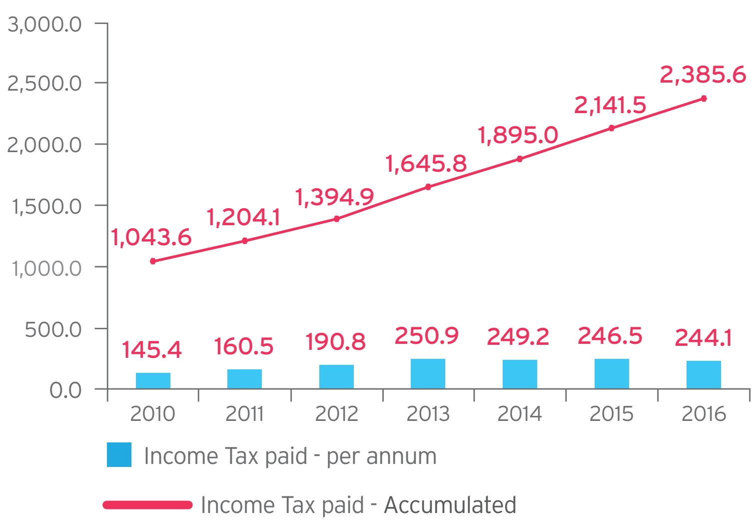
Taxation

The income taxation paid of N$244 million decreased by 1% from the previous financial year. The effective tax rate increased from 31.92% to 31.97% as a result of movement in temporary tax differences from decreased capital allowances. The corporate tax rate decreased from 33% to 32% in the year ended 30 September 2016 and the permanent differences also decreased.

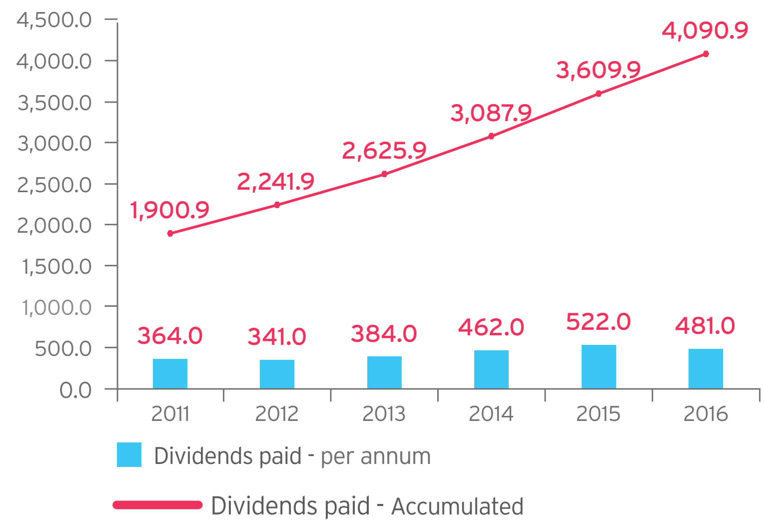
Dividends

A dividend of N$330 million was declared on 6 December 2016. This is 27.4% more than N$259 million declared in 2015. With a dividend policy of payment of at least 50% of Net profit after tax, MTC has consistently outperformed this strategy, and again paid out 100% of Net profit after tax.

Income Tax paid N$'000



Dividends paid



Net profit

The company executed well on strategy and reported a 17.9% increase on net profit after tax, from N$491.4 million in 2015 to N$579.4 million for the year ended 30 September 2016. Strong commercial momentum in the uptake of smartphones, and increased renewals to higher-end packages, is just a few of the strategies that helped increase revenues. The increase was complimented with a cap on operational cost, and lean strategy for overall increased efficiency.

THE BOARD OF DIRECTORS

Lorna Mbwale
Director

Miguel Geraldes
Managing Director

Elvis Nashilongo
Chairman

Steve Galloway
Director

Tulimeke Munyika
Director

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

GENERAL INFORMATION

Directors	A M Ferreira Geraldes (*) T M Munyika E E Nashilongo L P Mbwale S Galloway L H Soares Rosa (**) * Portuguese ** Brazilian
Nature of business and principal activities	Provision of a cellular network and related services in Namibia
Company Secretary	Patience Kanalelo
Country of incorporation and domicile	Namibia
Registered office	Corner of Hamutenya Wanehepo Ndadi & Mose Tjitendero Streets Olympia 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
Company registration number	94/458
Holding company	Namibia Post and Telecommunications Holdings Limited incorporated in Namibia

ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors are required in terms of the Namibian Companies Act, No 28 of 2004 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 30 September 2017 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 20.

The annual financial statements set out on pages 21 to 71, which have been prepared on the going concern basis, were approved by the board of directors on 05 December 2016 and were signed on their behalf by:

Director
E E Nashilongo

Director
A M Ferreira Geraldes

INDEPENDENT AUDITORS' 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 statements of financial position as at 30 September 2016, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows 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 21 to 71.

Directors' Responsibility for the Annual Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate 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 auditors 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, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Mobile Telecommunications Limited as at 30 September 2016, 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)

Per: H de Bruin
Partner
Windhoek
Namibia
9 December 2016

Resident partners:
E Tjipuka (Managing Partner), RH McDonald,
H de Bruin, J Cronjè, A Akayombokwa , AT Matenda

Director: G Brand

Associate of Deloitte Africa,
a Member of Deloitte Touche Tohmatsu Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 2016.

1. Nature of Business

MTC conducts business as a registered telecommunications provider. The principal 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 2016 the Trust had a cash and cash equivalents balance of N$ nil (2015: nil) and a trade and other receivables balance of N$ nil (2015: nil). The trust is in the process of being deregistered.

2. Financial results

The group and company's results of operations are set out on page 23.

The financial position of the group and company are set out in the statements of financial position on page 24.

Group and company revenue increased by 3.2% from N$2 250.5 million in the prior year to N$2 323.5 million for the year ended 30 September 2016 which was mainly as a result of the growth of the subscriber base and the launch of new products and services.

The group recorded a net profit after tax for the year ended 30 September 2016 of N$579.4 million, mainly due to a demand for new products and services. This represented an increase of 17.9% from the net profit after tax of the prior year of N$491.4 million.

The company recorded a net profit after tax for the year ended 30 September 2016 of N$579.5 million, mainly due to a demand for new products and services. This represented an increase of 17.9% from the net profit after tax of the prior year of N$491.5 million.

Subscriber base	2016	2015
Pre-paid	2 266 344	2 226 874
Post-paid	157 865	150 659
Total	**2 424 209**	**2 377 533**

3. 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 2016 are set out in note 16 to the financial statements.

Shareholding	2016	2015
Namibia Post and Telecommunications Holdings Limited	66%	66%
Africatel Holdings B.V.	34%	34%
Total	**100%**	**100%**

4. Dividends Distributed

	2016 N$ '000	2015 N$ '000
Declared 7 December 2015, paid 23 December 2015	153 120	-
Declared 7 December 2015, paid 31 December 2015	78 880	-
Declared 20 June 2016, paid 29 June 2016	84 660	-
Declared 20 June 2016, paid 30 June 2016	164 340	-
Declared 9 December 2014, paid 11 December 2014	-	89 420
Declared 9 December 2014, paid 16 December 2014	-	173 580
Declared 16 June 2015, paid 30 June 2015	-	88 060
Declared 16 June 2015, paid 25 June 2015	-	170 940
Total	**481 000**	**522 000**

DIRECTORS' REPORT (continued)

5. Dividend declared subsequent to year end

On 6 December 2016, a dividend of N$330 000 000 was declared, but has not yet been paid out to the shareholders at the date of these financial statements.

6. Capital expenditure

For the year under review, capital expenditure approved was N$513 million (2015: N$373 million) which included capital expenditure carried forward from the previous financial year. The capital expenditure incurred was N$488 million (2015: N$385 million), which was funded out of internal cash generated from operations, with the main aim to ensure capacity in the existing network and extensive coverage within Namibia.

7. Property, plant and equipment

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

8. Subsidiaries

Details of material interests in subsidiary companies are presented in the group annual financial statements in note 12.

9. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Changes
A M Ferreira Geraldes*	Managing Director	Executive	
T M Munyika	Director	Non-executive	
A Amupolo	Director	Non-executive	Resigned 11 March 2016
A L Ntinda	Director	Non-executive	Resigned 30 September 2016
C A M P A Brandao**	Director	Non-executive	Resigned 15 June 2016
M N Schroeder**	Alternate Director	Non-executive	Resigned 15 June 2016
M Kudumo	Director	Non-executive	Resigned 30 September 2016
E E Nashilongo	Chairperson	Non-executive	Appointed 01 October 2016
L P Mbwale	Director	Non-executive	Appointed 01 October 2016
S Galloway	Director	Non-executive	Appointed 01 October 2016
L H Soares Rosa**	Director	Non-executive	Appointed 16 June 2016

* Portuguese
** Brazilian

10. Subsequent events

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2016

		Group		Company	
	Notes	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
Revenue	3	2 323 533	2 250 548	2 323 533	2 250 548
Other income		1 321	6 240	1 735	6 617
Total income		**2 324 854**	**2 256 788**	**2 325 268**	**2 257 165**
Changes in inventories of finished goods		(109 479)	(191 370)	(109 479)	(191 370)
Direct costs		(413 258)	(407 960)	(413 258)	(407 960)
Sales and marketing		(79 072)	(82 048)	(79 072)	(82 048)
General and administration		(178 267)	(175 326)	(178 578)	(175 595)
Personnel costs		(239 793)	(221 777)	(239 793)	(221 777)
Depreciation		(198 302)	(231 987)	(198 228)	(231 913)
Amortisation		(282 678)	(237 971)	(282 678)	(237 971)
Profit from operations	3	**824 005**	**708 349**	**824 182**	**708 531**
Finance income	4	27 695	13 527	27 694	13 526
Finance costs	5	(27)	(62)	(27)	(62)
Profit before taxation		**851 673**	**721 814**	**851 849**	**721 995**
Taxation	7	(272 305)	(230 412)	(272 362)	(230 506)
Profit for the year		**579 368**	**491 402**	**579 487**	**491 489**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**579 368**	**491 402**	**579 487**	**491 489**
Profit attributable to:					
Owners of the parent		579 368	491 402	579 487	491 489
Total comprehensive income attributable to:					
Owners of the parent		579 368	491 402	579 487	491 489
EARNINGS PER SHARE					
Per share information					
Basic and diluted earnings per share (Cents)	8	2 317.47	1 965.60	2 317.95	1 967.40
Dividends paid per share information					
Interim (Cents)	8	996.00	1 036.00	996.00	1 036.00
Final (Cents)	8	928.00	1 052.00	928.00	1 052.00
		1 924.00	2 088.00	1 924.00	2 088.00

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

		Group		Company	
	Notes	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	9	830 122	845 196	827 818	842 818
Intangible assets	11	466 246	445 200	466 246	445 200
Investment in subsidiaries	12	-	-	3 083	2 981
Long term deposit		30 974	10 163	30 974	10 163
		1 327 342	1 300 559	1 328 121	1 301 162
Current Assets					
Inventories	13	63 671	69 383	63 671	69 383
Trade and other receivables	14	132 200	107 553	132 200	107 553
Cash and cash equivalents	15	442 605	370 605	442 553	370 560
		638 476	547 541	638 424	547 496
Total assets		1 965 818	1 848 100	1 966 545	1 848 658
EQUITY AND LIABILITIES					
Equity					
Share capital	16	25 000	25 000	25 000	25 000
Retained income		1 258 750	1 160 382	1 259 093	1 160 606
		1 283 750	1 185 382	1 284 093	1 185 606
LIABILITIES					
Non-Current Liabilities					
Deferred taxation	17	235 268	235 972	235 673	236 320
Current Liabilities					
Trade and other payables	18	248 093	247 123	248 052	247 089
Deferred revenue	19	163 603	173 401	163 603	173 401
Current tax payable		35 104	6 222	35 124	6 242
		446 800	426 746	446 779	426 732
Total liabilities		682 068	662 718	682 452	663 052
Total equity and liabilities		1 965 818	1 848 100	1 966 545	1 848 658

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital N$'000	Retained income N$'000	Total equity N$'000
GROUP			
Balance at 01 October 2014	25 000	1 190 980	1 215 980
Profit for the year	-	491 402	491 402
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	491 402	491 402
Dividends	-	(522 000)	(522 000)
Total contributions by and distributions to owners of company recognised directly in equity	-	(522 000)	(522 000)
Balance at 01 October 2015	25 000	1 160 382	1 185 382
Profit for the year	-	579 368	579 368
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	579 368	579 368
Dividends	-	(481 000)	(481 000)
Total contributions by and distributions to owners of company recognised directly in equity	-	(481 000)	(481 000)
Balance at 30 September 2016	25 000	1 258 750	1 283 750
Note	16		

	Share capital N$'000	Retained income N$'000	Total equity N$'000
COMPANY			
Balance at 01 October 2014	25 000	1 191 117	1 216 117
Profit for the year	-	491 489	491 489
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	491 489	491 489
Dividends	-	(522 000)	(522 000)
Total contributions by and distributions to owners of company recognised directly in equity	-	(522 000)	(522 000)
Balance at 01 October 2015	25 000	1 160 606	1 185 606
Profit for the year	-	579 487	579 487
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	579 487	579 487
Dividends	-	(481 000)	(481 000)
Total contributions by and distributions to owners of company recognised directly in equity	-	(481 000)	(481 000)
Balance at 30 September 2016	25 000	1 259 093	1 284 093
Note	16		

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	Group 2016 N$'000	Group 2015 N$'000	Company 2016 N$'000	Company 2015 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		2 300 207	2 301 868	2 300 621	2 302 245
Cash paid to suppliers and employees		(1 021 621)	(1 096 254)	(1 021 939)	(1 096 518)
Cash generated from operations	20	1 278 586	1 205 614	1 278 682	1 205 727
Interest income		27 695	13 527	27 694	13 526
Finance cost		(27)	(62)	(27)	(62)
Tax paid	21	(244 127)	(246 525)	(244 127)	(246 527)
Net cash from operating activities		1 062 127	972 554	1 062 222	972 664
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	9	(184 375)	(108 895)	(184 375)	(108 895)
Proceeds on disposal of property, plant and equipment	9	523	8 054	523	8 054
Purchase of other intangible assets	11	(293 457)	(250 908)	(293 457)	(250 908)
Net movements in loan to subsidiary		-	-	(102)	(103)
Construction deposit paid		(30 974)	627	(30 974)	627
Net cash from investing activities		(508 283)	(351 122)	(508 385)	(351 225)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(481 000)	(522 000)	(481 000)	(522 000)
Total cash movement for the year		72 844	99 432	72 837	99 439
Cash at the beginning of the year		370 605	278 009	370 560	277 957
Net foreign exchange differences		(844)	(6 836)	(844)	(6 836)
Total cash at end of the year	15	442 605	370 605	442 553	370 560

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Basis of preparation

The annual financial statements set out on pages 21 - 71 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 Dollars (N$ '000), since that is the functional currency.

These accounting policies are consistent with the previous period.

1.1 Statement of compliance

The financial statements of the company and group have been prepared in accordance with International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of Namibia. References to " the group " includes the company, unless stated otherwise.

1.2 Consolidation

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.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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.

ACCOUNTING POLICIES (continued)

1.3 Significant accounting judgements, estimations and assumptions

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 are 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.

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 reporting 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 18.

ACCOUNTING POLICIES (continued)

1.4 Property, plant and equipment

Property, plant and equipment are 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 capitalised 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:

	2016 per annum	2015 per annum
Buildings	5%	5%
Computer and prepaid equipment	8.28 - 100%	8.28 - 63.16%
Network equipment	4.6 - 60%	4.6 - 60%
Motor vehicles (excl. Land Cruisers)	16 - 25%	16 - 25%
Motor vehicles	9.6 - 25%	9.6 - 25%
Furniture and fittings	5.26 - 26.09%	5.26 - 20%
Leasehold improvements	16.67 - 46.15%	16.67 - 33.3%
Staff handsets	50 - 100%	50%
Projects	50%	50%

Residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. Refer to note 10 for the effect of this review on the current annual financial statements.

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 profit or loss and other comprehensive income.

An item of property, plant and equipment is derecognised upon 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 profit or loss and other 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.

1.5 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:

	2016 per annum	2015 per annum
Computer software	8 - 70.59%	8 - 70.59%
Network software	7 - 33.33%	7 - 33.33%
Customer bases	8 - 66.67%	8 - 63.15%
Licenses	20%	20%

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 profit or loss in the statement of profit or loss and other comprehensive income.

ACCOUNTING POLICIES (continued)

1.5 Intangible assets (continued)

The amortisation period and the amortisation method is reviewed at each financial year end. Changes in the expected useful life of the assets are accounted for by changing the amortisation period, as appropriate, and treated as changes in accounting estimates. Refer to note 10 for the effect of this review on the current annual financial statements.

1.6 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.

1.7 Investments and other financial assets

Financial assets within the scope of "IAS 39: Financial Instruments recognition and measurement" are classified as 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. At year end the group's financial assets consist of loans and receivables and financial instruments at fair value through profit or loss.

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 profit or loss in the statement of profit or loss and other 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 reporting 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised as finance costs in profit and loss. Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

1.8 Impairment of financial assets

The group assesses at each reporting 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 profit or loss in the statement of profit or loss and other comprehensive income.

ACCOUNTING POLICIES (continued)

1.8 Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

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 profit or loss in the statement of profit or loss and other 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 the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

1.9 Financial liabilities

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable cost. Financial liabilities are measured at amortised cost where a maturity date exists, or cost if no maturity date exists.

Subsequently amortised cost is calculated on the effective interest rate method. Gains and losses on subsequent measurement are taken to profit or loss in the statement of profit or loss and other comprehensive income.

1.10 Derecognition of financial assets and liabilities

Financial assets

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

- the Group has transferred substantially all the risks and rewards of the asset, or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

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

1.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if: There is a currently enforceable legal right to offset the recognised amounts and There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.12 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. Cash and cash equivalents are classified as loans and receivables and are subsequently recognised at amortised cost.

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.

1.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is incurred in bringing each product to its present location and condition are accounted for by using the weighted average cost per item purchased during the financial year. Net realisable value is the estimated selling price in the ordinary course of business, less

ACCOUNTING POLICIES (continued)

1.13 Inventories (continued)

estimated costs of completion and the estimated costs necessary to make the sale.

1.14 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 profit or loss and other 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.

Defined contribution plans

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

1.15 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 lease payments 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.

1.16 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:

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

ACCOUNTING POLICIES (continued)

1.16 Revenue recognition (continued)

Post-paid products (continued)

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.

Based on usage commencing on activation date. Unused airtime is deferred in full and recognised in the month of usage or on termination of the contract by the subscriber.

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 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 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, are 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.

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.

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.

ACCOUNTING POLICIES (continued)

1.17 Tax

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 reporting date.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred 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 tax assets is reviewed at each reporting 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 tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting 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 reporting date.

Current and deferred tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other 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.

1.18 Translation of foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

The functional currency of the group is Namibia Dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, there were no standards and interpretations which became effective for the group to adopt.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 October 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 16 Leases	01 January 2019	Impact is currently being assessed.
IFRS 9 Financial Instruments	01 January 2018	Unlikely there will be a material impact.
IFRS 15 Revenue from Contracts with Customers	01 January 2018	Not expected to impact results but may result in additional disclosures.
Amendment s to IAS 7: Disclosure initiative	01 January 2017	Unlikely there will be a material impact
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017	Unlikely there will be a material impact.
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016	Unlikely there will be a material impact.
IFRS 14 Regulatory Deferral Accounts	01 January 2016	Unlikely there will be a material impact.
Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption	01 January 2016	Unlikely there will be a material impact.
Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	01 January 2016	Unlikely there will be a material impact.
Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	01 January 2016	Unlikely there will be a material impact.
Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016	Unlikely there will be a material impact.
Amendment to IAS 19: Employee Benefits: Annual Improvements project	01 January 2016	Unlikely there will be a material impact.
Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016	Unlikely there will be a material impact.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Profit from operations

Profit from operations for the year is stated after accounting for the following:

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
REVENUE	2 323 533	2 250 548	2 323 533	2 250 548
Contract	**771 290**	**714 972**	**771 290**	**714 972**
Connection fees	3 548	3 690	3 548	3 690
Call charges	167 038	167 383	167 038	167 383
Monthly subscription fees	524 464	473 207	524 464	473 207
Other income	76 240	70 692	76 240	70 692
Pre-paid	**1 349 114**	**1 308 342**	**1 349 114**	**1 308 342**
Starter packs	8 639	7 542	8 639	7 542
Call charges	1 333 503	1 292 953	1 333 503	1 292 953
Other income	6 972	7 847	6 972	7 847
Roaming income	**62 007**	**84 114**	**62 007**	**84 114**
Contract	8 571	6 719	8 571	6 719
Visitors	53 436	77 395	53 436	77 395
Handset and accessories sales	73 478	78 126	73 478	78 126
Interconnect income	31 092	32 514	31 092	32 514
Bulk SMS Revenue	28 920	24 997	28 920	24 997
Site rental	7 632	7 483	7 632	7 483
Income from subsidiaries				
- Management fees - Jurgens 34 (Pty) Ltd	-	-	414	377

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
3. Profit from operations (continued)				
EXPENSES				
Auditors' remuneration	1 565	1 489	1 531	1 461
- audit fees	1 565	1 489	1 531	1 461
Bad debts written off	24 333	30 379	24 333	30 379
Bad debts recovered	(12 584)	(11 339)	(12 584)	(11 339)
Depreciation on property, plant and equipment	198 302	231 987	198 228	231 913
(Loss) Profit on disposal of plant and equipment	(519)	3 621	(519)	3 621
Amortisation - intangible asset	282 678	237 971	282 678	237 971
Operating lease charges				
Premises				
- subsidiary - Jurgens 34 (Pty) Ltd	-	-	550	499
- shareholder - NPTH Limited	17 301	15 978	17 301	15 978
- unrelated parties	10 398	11 261	10 398	11 261
- other	1 068	783	1 068	783
Radio sites and other	28 551	25 577	28 551	25 577
	57 318	53 599	57 868	54 098
Fees for services - consulting fees	2 172	3 835	2 172	3 835
Personnel costs	**239 793**	**221 777**	**239 793**	**221 777**
- salaries and wages	209 132	190 948	209 132	190 948
- pension fund contributions	11 952	11 143	11 952	11 143
- medical aid contributions	9 191	8 952	9 191	8 952
- staff training	3 391	5 198	3 391	5 198
- other staff cost	6 127	5 536	6 127	5 536
Number of employees at year end	564	546	564	546

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
4. Finance income				
Interest revenue				
Loans and receivables	27 695	13 527	27 694	13 526
5. Finance costs				
Loans and receivables	27	62	27	62
6. Directors' emoluments and key management remuneration				
Executive directors:				
- emoluments as executives	5 959	4 203	5 959	4 203
	5 959	4 203	5 959	4 203
Non - executive directors:				
- Fees as directors	703	789	703	789
Total directors' emoluments	**6 662**	**4 992**	**6 662**	**4 992**
Key management (excluding directors):				
Short term employee benefits	19 981	19 588	19 981	19 588
Long term employee benefits	999	979	999	979
	20 980	20 567	20 980	20 567

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
7. Taxation				
MAJOR COMPONENTS OF THE TAX EXPENSE				
Current				
- Namibian income tax - current period	273 009	244 618	273 009	244 620
Deferred tax				
Originating and reversing temporary differences	(704)	(6 617)	(647)	(6 525)
Changes in tax rates	-	(7 589)	-	(7 589)
	(704)	(14 206)	(647)	(14 114)
	272 305	**230 412**	**272 362**	**230 506**
RECONCILIATION OF THE TAX EXPENSE				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	32.00%	33.00%	32.00%	33.00%
Permanent differences	(0.03)%	(1.08)%	(0.03)%	(1.07)%
	31.97%	**31.92%**	**31.97%**	**31.93%**

8. Earnings per share

	Group 2016	Group 2015	Company 2016	Company 2015
Basic and diluted earnings per share				
From continuing operations (c per share)	2 317.47	1 965.60	2 317.95	1 967.40

Basic and diluted earnings per share of the group was based on earnings of N$ 579 368 000 (2015: N$ 491 402 000) and a weighted average number of ordinary shares of 25 000 000 (2015: 25 000 000).

Basic and diluted earnings per share of the company was based on earnings of N$ 579 487 000 (2015: N$ 491 849 000) and a weighted average number of ordinary shares of 25 000 000 (2015: 25 000 000).

	Group 2016	Group 2015	Company 2016	Company 2015
Reconciliation of profit or loss for the year to basic and diluted earnings				
Profit or loss for the year attributable to equity holders of the parent	579 368	491 402	579 487	491 489

Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
8. Earnings per share (continued)				
Headline earnings and diluted headline earnings per share				
Headline earnings per share (c)	2 319.55	1 951.10	2 320.02	1 952.90
Reconciliation between earnings (loss) and headline earnings (loss)				
Basic earnings	579 368	491 402	579 487	491 489
Adjusted for:				
Loss (profit) on disposal of plant and equipment	519	(3 621)	519	(3 621)
	579 887	487 781	580 006	487 868
Reconciliation between diluted earnings (loss) and diluted headline earnings (loss)				
Diluted earnings	579 368	491 402	579 487	491 489
Adjusted for:				
Loss (profit) on disposal of plant and equipment	519	(3 621)	519	(3 621)
	579 887	487 781	580 006	487 868
Dividends per share				
Interim (c)	996.00	1 036.00	996.00	1 036.00
Final (c)	928.00	1 052.00	928.00	1 052.00

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Property, plant and equipment

GROUP	2016			2015		
	Cost N$'000	Accumulated depreciation N$'000	Carrying value N$'000	Cost N$'000	Accumulated depreciation N$'000	Carrying value N$'000
Buildings	3 329	(1 025)	2 304	3 329	(951)	2 378
Leasehold improvements	41 194	(36 879)	4 315	40 571	(27 117)	13 454
Computer and prepaid equipment	114 127	(76 795)	37 332	112 662	(63 773)	48 889
Vehicles, furniture and fittings	57 890	(36 246)	21 644	54 267	(31 897)	22 370
Network equipment	1 528 854	(786 142)	742 712	1 519 967	(763 372)	756 595
Capital - Work-in-progress	21 815	-	21 815	1 510	-	1 510
Total	**1 767 209**	**(937 087)**	**830 122**	**1 732 306**	**(887 110)**	**845 196**
COMPANY						
Leasehold improvements	41 194	(36 879)	4 315	40 571	(27 117)	13 454
Computer and prepaid equipment	114 127	(76 795)	37 332	112 662	(63 773)	48 889
Vehicles, furniture and fittings	57 890	(36 246)	21 644	54 267	(31 897)	22 370
Network equipment	1 528 854	(786 142)	742 712	1 519 967	(763 372)	756 595
Capital - Work-in-progress	21 815	-	21 815	1 510	-	1 510
Total	**1 763 880**	**(936 062)**	**827 818**	**1 728 977**	**(886 159)**	**842 818**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Transfers	Transfer to intangible assets	Transfer to operating expenditure	Transfer from construction deposit	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Buildings	2 378	-	-	-	-	-	-	(74)	2 304
Leasehold improvements	13 454	1 148	-	-	-	-	-	(10 287)	4 315
Computer and prepaid equipment	48 889	6 082	(1)	3	-	-	-	(17 641)	37 332
Vehicles, furniture and fittings	22 370	7 448	(126)	74	-	-	-	(8 122)	21 644
Network equipment	756 595	147 882	-	290	-	-	123	(162 178)	742 712
Capital - Work-in-progress	1 510	21 815	-	(367)	(1 142)	(1)	-	-	21 815
	845 196	184 375	(127)	-	(1 142)	(1)	123	(198 302)	830 122

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Disposals	Transfers	Transfer to intangible assets	Transfer to operating expenditure	Transfer from construction deposit	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Buildings	2 452	-	-	-	-	-	-	(74)	2 378
Leasehold improvements	24 940	1 640	-	247	-	-	-	(13 373)	13 454
Computer and prepaid equipment	67 914	5 029	(14)	5 990	-	-	-	(30 030)	48 889
Vehicles, furniture and fittings	19 800	9 226	(212)	1 268	-	-	-	(7 712)	22 370
Network equipment	833 272	91 490	(2 465)	1 900	-	-	13 196	(180 798)	756 595
Capital - Work-in-progress	13 051	1 510	-	(9 405)	(3 640)	(6)	-	-	1 510
	961 429	108 895	(2 691)	-	(3 640)	(6)	13 196	(231 987)	845 196

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2016

	Opening balance	Additions	Disposals	Transfers	Transfer to intangible assets	Transfer to operating expenditure	Transfer from construction deposit	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Leasehold improvements	13 454	1 148	-	-	-	-	-	(10 287)	4 315
Computer and prepaid equipment	48 889	6 082	(1)	3	-	-	-	(17 641)	37 332
Vehicles, furniture and fittings	22 370	7 448	(126)	74	-	-	-	(8 122)	21 644
Network equipment	756 595	147 882	-	290	-	-	123	(162 178)	742 712
Capital - Work-in-progress	1 510	21 815	-	(367)	(1 142)	(1)	-	-	21 815
	842 818	**184 375**	**(127)**	**-**	**(1142)**	**(1)**	**123**	**(198 228)**	**827 818**

Reconciliation of property, plant and equipment - Company - 2015

	Opening balance	Additions	Disposals	Transfers	Transfer to intangible assets	Transfer to operating expenditure	Transfer from construction deposit	Depreciation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Leasehold improvements	24 940	1 640	-	247	-	-	-	(13 373)	13 454
Computer and prepaid equipment	67 914	5 029	(14)	5 990	-	-	-	(30 030)	48 889
Vehicles, furniture and fittings	19 800	9 226	(212)	1 268	-	-	-	(7 712)	22 370
Network equipment	833 272	91 490	(2 465)	1 900	-	-	13 196	(180 798)	756 595
Capital - Work-in-progress	13 051	1 510	-	(9 405)	(3 640)	(6)	-	-	1 510
	958 977	**108 895**	**(2 691)**	**-**	**(3 640)**	**(6)**	**13 196**	**(231 913)**	**842 818**

Additions were financed from cash resources.

Land and buildings comprise the following:

Sectional titles unit 6 (186 m^2) and unit 9 (210 m^2) of United Buildings, erf 7640, Windhoek.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Change in accounting estimate

In the current year the residual values and estimated useful lives of all categories of property, plant and equipment as well as Intangible assets were reassessed in accordance with IAS 16 Property, plant and equipment and IAS 38 Intangible assets. This resulted in a change in the estimated remaining useful life of property plant and equipment and intangible assets.

The financial impact of the change in the estimated remaining useful lives was a increase of the current year depreciation and amortisation charges, resulting in decreased current year profit before taxation of N$65.591 million (2015: profit before taxation increased by N$17.143 million).

The increase in the current year charges for depreciation and amortisation due to the change in the estimated useful lives will result in effectively reducing the charges in future periods and therefore effectively increase profit before taxation for those future periods.

The financial impact of this change in the accounting estimate for the future periods are not disclosed per future financial period since this is considered to be impracticable.

11. Intangible assets

GROUP	2016			2015		
	Cost N$'000	Accumulated depreciation N$'000	Carrying value N$'000	Cost N$'000	Accumulated depreciation N$'000	Carrying value N$'000
Licenses	1 159	(692)	467	1 159	(461)	698
Computer software	348 247	(199 753)	148 494	337 989	(90 274)	247 715
Network software	351 948	(170 642)	181 306	203 506	(149 039)	54 467
Customer bases	275 541	(139 562)	135 979	277 775	(135 455)	142 320
Total	**976 895**	**(510 649)**	**466 246**	**820 429**	**(375 229)**	**445 200**
COMPANY						
Licenses	1 159	(692)	467	1 159	(461)	698
Computer software	348 247	(199 753)	148 494	337 989	(90 274)	247 715
Network software	351 948	(170 642)	181 306	203 506	(149 039)	54 467
Customer bases	275 541	(139 562)	135 979	277 775	(135 455)	142 320
Total	**976 895**	**(510 649)**	**466 246**	**820 429**	**(375 229)**	**445 200**

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible assets (continued)

Reconciliation of intangible assets
GROUP - 2016

	Opening balance	Additions	Disposals	Transfer from property, plant and equipment	Transfer from construction deposit	Amortisation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Licenses	698	-	-	-	-	(231)	467
Computer software	247 715	14 910	-	1 142	-	(115 273)	148 494
Network software	54 467	139 523	-	-	10 040	(22 724)	181 306
Customer bases	142 320	139 024	(915)	-	-	(144 450)	135 979
	445 200	293 457	(915)	1 142	10 040	(282 678)	466 246

Reconciliation of intangible assets
GROUP - 2015

	Opening balance	Additions	Disposals	Transfer from property, plant and equipment	Transfer from construction deposit	Amortisation	Total
Licenses	930	-	-	-	-	(232)	698
Computer software	235 654	64 313	-	3 640	3 197	(59 089)	247 715
Network software	50 248	36 603	-	-	9 541	(41 925)	54 467
Customer bases	130 795	149 992	(1 742)	-	-	(136 725)	142 320
	417 627	250 908	(1 742)	3 640	12 738	(237 971)	445 200

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible assets (continued)

Reconciliation of intangible assets
COMPANY - 2016

	Opening balance	Additions	Disposals	Transfer from property, plant and equipment	Transfer from construction deposit	Amortisation	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Licenses	698	-	-	-	-	(231)	467
Computer software	247 715	14 910	-	1 142	-	(115 273)	148 494
Network software	54 467	139 523	-	-	10 040	(22 724)	181 306
Customer bases	142 320	139 024	(915)	-	-	(144 450)	135 979
	445 200	293 457	(915)	1 142	10 040	(282 678)	466 246

Reconciliation of intangible assets
COMPANY - 2015

	Opening balance	Additions	Disposals	Transfer from property, plant and equipment	Transfer from construction deposit	Amortisation	Total
Licenses	930	-	-	-	-	(232)	698
Computer software	235 654	64 313	-	3 640	3 197	(59 089)	247 715
Network software	50 248	36 603	-	-	9 541	(41 925)	54 467
Customer bases	130 795	149 992	(1 742)	-	-	(136 725)	142 320
	417 627	250 908	(1 742)	3 640	12 738	(237 971)	445 200

Additions were financed from cash resources.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Investment in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

COMPANY

Name of company	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Jurgens Thirty Four (Pty) Ltd	100.00 %	100.00 %	3 083	2 981
Windhoek General Administrators (Pty) Ltd	100.00 %	100.00 %	-	-
			3 083	**2 981**

The intercompany loan, has no fixed repayment terms and does not bear interest.

Attributable to Mobile Telecommunications Limited				
Jurgens Thirty Four (Pty) Ltd - Aggregate (loss)/profit after tax	-	-	(69)	170

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
13. Inventories				
Network consumables	6 010	8 847	6 010	8 847
Subscriber identity modules	14 230	15 438	14 230	15 438
Handset and accessories	43 431	45 098	43 431	45 098
	63 671	**69 383**	**63 671**	**69 383**
Inventory carried at net realisable value	8 559	18 000	8 559	18 000

The amount of write-down of inventories recognised as an expense is N$4 392 899 (2015: N$8 665 652).

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016	2015	2016	2015
	N$'000	N$'000	N$'000	N$'000
14. Trade and other receivables				
Prepayments and deposits	29 991	15 364	29 991	15 364
Interconnect debtors	41	-	41	-
Customers to the mobile network after provisions	91 583	80 571	91 583	80 571
Other receivables	10 585	11 618	10 585	11 618
	132 200	107 553	132 200	107 553

The carrying amount of trade and other receivables approximates their fair value.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(15 484)	(10 583)	(15 484)	(10 583)
Additional impairment provision	(25 016)	(25 272)	(25 016)	(25 272)
Amounts utilised during the period	25 015	20 371	25 015	20 371
	(15 485)	(15 484)	(15 485)	(15 484)

Trade receivables are generally on 30 - 60 days terms.

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	246 407	358 185	246 355	358 140
Short-term deposits	196 198	12 420	196 198	12 420
	442 605	370 605	442 553	370 560

Cash at bank 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
16. Share capital				
Authorised				
25 000 000 ordinary shares of N$1 each	25 000	25 000	25 000	25 000
Issued				
25 000 000 ordinary shares of N$1 each	25 000	25 000	25 000	25 000
17. Deferred taxation				
The movement on the deferred taxation account is as follows:				
Balance at beginning of year	(235 972)	(250 178)	(236 320)	(250 434)
Reduction due to rate change	-	7 589	-	7 589
Taxation recognised in profit or loss	704	6 617	647	6 525
At end of year	**(235 268)**	**(235 972)**	**(235 673)**	**(236 320)**
Comprising:				
Deferred income tax assets				
Income received in advance	56 845	59 393	56 845	59 393
Provisions	4 680	4 357	4 680	4 357
Straightlining of leases	6 038	4 396	6 038	4 396
Unrealised forex profit	953	-	953	-
Deferred taxation balance from temporary differences other than unused tax losses	68 516	68 146	68 516	68 146
Total deferred taxation asset	**68 516**	**68 146**	**68 516**	**68 146**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
17. Deferred taxation (continued)				
Deferred income tax liabilities				
Capital allowances	(293 175)	(293 883)	(293 581)	(294 231)
Inventories	(1 923)	(2 912)	(1 923)	(2 912)
Prepayments	(8 686)	(4 070)	(8 685)	(4 070)
Unrealised forex loss	-	(3 253)	-	(3 253)
Total deferred taxation liability	**(303 784)**	**(304 118)**	**(304 189)**	**(304 466)**
Deferred taxation liability	(303 784)	(304 118)	(304 189)	(304 466)
Deferred taxation asset	68 516	68 146	68 516	68 146
Total net deferred taxation liability	**(235 268)**	**(235 972)**	**(235 673)**	**(236 320)**
18. Trade and other payables				
Trade payables	66 507	52 685	66 507	52 686
VAT	25 868	21 219	25 870	21 221
Accruals	154 005	168 548	153 962	168 511
Other payables	1 713	4 671	1 713	4 671
	248 093	247 123	248 052	247 089

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000

18. Trade and other payables (continued)

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

	Group 2016 N$'000	Group 2015 N$'000	Company 2016 N$'000	Company 2015 N$'000
Opening balance at beginning of the year	1 712	1 994	1 712	1 994
Paid during the year	(1 748)	(1 921)	(1 748)	(1 921)
Provision for current year	1 591	1 639	1 591	1 639
Closing balance at end of the year	**1 555**	**1 712**	**1 555**	**1 712**

19. Deferred revenue

	Group 2016 N$'000	Group 2015 N$'000	Company 2016 N$'000	Company 2015 N$'000
At the beginning of the year	173 401	171 340	173 401	171 340
Airtime sold during the year	1 518 919	1 502 703	1 518 919	1 502 703
Airtime utilised during the year	(1 528 717)	(1 500 642)	(1 528 717)	(1 500 642)
At the end of the year	**163 603**	**173 401**	**163 603**	**173 401**
Current liabilities	163 603	173 401	163 603	173 401
Total	**163 603**	**173 401**	**163 603**	**173 401**

The carrying amount of trade and other payables approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
20. Cash generated from operations				
Profit before taxation	851 673	721 814	851 849	721 995
Adjustments for :				
Depreciation and amortisation	480 980	469 958	480 906	469 884
Net loss/(profit) on disposal of property, plant and equipment	519	(3 621)	519	(3 621)
Loss/(profit) on foreign exchange	844	6 836	844	6 836
Interest received - investment	(27 695)	(13 527)	(27 694)	(13 526)
Finance costs	27	62	27	62
Operating expenditure transferred from work in progress	1	6	1	6
Changes in working capital:				
Inventories	5 712	4 151	5 712	4 151
Trade and other receivables	(24 647)	45 081	(24 647)	45 079
Trade and other payables	970	(27 207)	963	(27 200)
Deferred revenue	(9 798)	2 061	(9 798)	2 061
	1 278 586	1 205 614	1 278 682	1 205 727
21. Tax paid				
Balance at beginning of the year	(6 222)	(8 129)	(6 242)	(8 149)
Current tax for the year recognised in profit or loss	(273 009)	(244 618)	(273 009)	(244 620)
Balance at end of the year	35 104	6 222	35 124	6 242
	(244 127)	(246 525)	(244 127)	(246 527)

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Group		Company	
	2016	2015	2016	2015
	N$'000	N$'000	N$'000	N$'000

22. Commitments and contingencies

Capital commitments

Commitments at year end in respect of capital expenditure:

	Group 2016 N$'000	Group 2015 N$'000	Company 2016 N$'000	Company 2015 N$'000
Approved and contracted for				
Network expansions	258 313	48 466	258 313	48 466
Retail stock	24 369	16 247	24 369	16 247
Other - property, plant and equipment	-	1 000	-	1 000
	282 682	65 713	282 682	65 713
Approved and not contracted for				
Network expansions	103 754	295 353	103 754	295 353
Retail stock	125 232	140 775	125 232	140 775
Other - property, plant and equipment	12 746	11 306	12 746	11 306
	241 732	447 434	241 732	447 434

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

Operating leases – as lessee (expense)

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

	Premises		
GROUP AND COMPANY	Radio sites	Offices/Shops	Total
2016	N$ '000	N$ '000	
Within one year	28 275	9 953	38 228
After one year but not more than five years	120 754	15 886	136 640
More than five years	555 082	-	555 082
	704 111	25 839	729 950
GROUP AND COMPANY			
2015			
Within one year	26 029	9 867	35 896
After one year but not more than five years	108 256	12 970	121 226
More than five years	451 433	1 987	453 420
	585 718	24 824	610 542

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Commitments and contingencies (continued)

Other commitments

Construction deposits

At 30 September 2016 the group had entered into commitments relating to the a network expansion project. Deposits paid before 30 September 2016 relating to work-in-progress on these projects amounted to N$ 30.974 million. The final payments of U$ 9.63 million for phase 2 of the project will be made during the 2017 financial year, upon completion of the specific phase of the capital project.

The construction deposit balance at 30 September 2015 of N$ 10.162 million related to payments for the 2G/3G/4G RFP Project as well as the project for RAN Expansion and Microwave Transmission. The phase of the projects to which these payments related were completed in the 2016 financial year and the full deposits were transferred to the relevant capital account before 30 September 2016.

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 Namibian Pension Funds Act, 1956 as amended. The fund will be valued every two 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 profit and loss in 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 2016 were N$ 159 364 520 (2015: N$ 143 337 319).

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 2015 and the valuation reported that the fund was in a sound financial position. The next statutory actuarial valuation will be performed on 28 February 2017.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Bank overdraft

The company has unsecured overdraft facilities at First National Bank Namibia totaling N$ 1 million (2015: N$ 1 million). The facility has expired at year end, but is currently under review. The EFT (same day service) at Standard Bank Namibia is N$ 5 million (2015: N$ 5 million), whilst the Debit and Credit Run facility is N$ 30 million (2015: N$ 30 million) from Standard Bank Namibia.

The group has an pre-settlement FEC facility at First National Bank Namibia of N$ 20 million (2015: N$ 20 million) and a FEC Trading facility at Standard Bank Namibia of N$ 40 million (2015: N$ 40 million).

25. Financial risk management objectives and policies

The group's principal financial liabilities, other than derivatives, comprise shareholder's loans and trade payables. 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.

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); Swiss Francs (CHF) and British Pound (GBP). At 30 September 2016, the group has not hedged any (2015: none) of its foreign currency creditors for which firm commitments existed at the reporting date.

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

	Group		Company	
Foreign exchange losses / (gains) recognised in the statements of comprehensive income:	**2016 N$'000**	**2015 N$'000**	**2016 N$'000**	**2015 N$'000**
Realised loss	844	6 836	844	6 836
Unrealised loss/(gain)	2 978	(10 175)	2 978	(10 175)

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Financial risk management objectives and policies (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:	**2016 N$'000**	**2015 N$'000**	**2016 N$'000**	**2015 N$'000**
USD				
Effect on profit before tax				
Increase of 5% in USD exchange rate	(836)	(1 009)	(836)	(1 009)
Decrease of 5% in USD exchange rate	836	1 009	836	1 009
Euro				
Effect on profit before tax				
Increase of 5% in Euro exchange rate	(786)	(765)	(786)	(765)
Decrease of 5% in Euro exchange rate	786	765	786	765
Swiss Francs				
Effect on profit before tax				
Increase of 5% in Swiss Francs exchange rate	(95)	(186)	(95)	(186))
Decrease of 5% in Swiss Francs exchange rate	95	186	95	186
GBP				
Effect on profit before tax				
Increase of 5% in GBP exchange rate	-	-	-	-
Decrease of 5% in GBP exchange rate	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Financial risk management objectives and policies (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:	2016 N$'000	Conversion rate at 30 September 2016	2015 N$'000	Conversion rate at 30 September 2015
United States Dollars	16 729	13.73	20 183	13.82
Euro	15 710	15.43	15 298	15.43
Swiss Francs	1 910	14.16	3 723	14.15
British Pounds	3	17.86	-	-
At year end the following foreign currency denominated amounts were included in roaming debtors, for which no forward cover was taken:				
United States Dollars	1 092	13.73	3 534	13.82

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Financial risk management objectives and policies (continued)

Credit risk management (continued)

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

	Group - 2016 N$'000	Group - 2015 N$'000	Company - 2016 N$'000	Company - 2015 N$'000
Cash and cash equivalents	442 605	370 605	442 553	370 560
Trade and other receivables - Namibia	117 205	104 019	117 205	104 019
Trade and other receivables - non-Namibian	14 995	3 534	14 995	3 534

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.

Neither past due nor impaired	113 895	94 206	113 895	94 206
Past due but not impaired:				
between 30 and 60 days	13 479	3 929	13 479	3 929
between 60 and 90 days	4 823	5 028	4 823	5 028
more than 90 days	3	4 390	3	4 390
Net carrying amount	132 200	107 553	132 200	107 553

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Financial risk management objectives and policies (continued)

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.

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

GROUP 2016	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	-	196 269	-	-	-
GROUP 2015					
Trade and other payables	-	200 012	-	-	-
COMPANY 2016					
Trade and other payables	-	196 226	-	-	-
COMPANY 2015					
Trade and other payables	-	199 976	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Financial risk management objectives and policies (continued)

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 2016 and 30 September 2015.

The group is not subject to externally imposed capital requirements.

26 Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss N$'000	Debt instruments at amortised cost N$'000	Financial liabilities at amortised Leases N$'000	Equity and non financial assets and liabilities N$'000	Total N$'000
Categories of financial instruments						
GROUP - 2016						
ASSETS						
Non-Current Assets						
Property, plant and equipment	9	-	-	-	830 122	830 122
Intangible assets	11	-	-	-	466 246	466 246
Long term deposit		-	-	-	30 974	30 974
Current Assets						
Inventories	13	-	-	-	63 671	63 671
Trade and other receivables	14	-	102 209	-	29 991	132 200
Cash and cash equivalents	15	-	442 605	-	-	442 605
Total Assets		-	544 814	-	1 421 004	1 965 818

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss N$'000	Debt instruments at amortised cost N$'000	Financial liabilities at amortised Leases N$'000	Equity and non financial assets and liabilities N$'000	Total N$'000
Categories of financial instruments						
GROUP - 2016						
EQUITY AND LIABILITIES						
Equity						
Equity Attributable to Equity Holders of Parent:						
Share capital	16	-	-	-	25 000	25 000
Retained income	16	-	-	-	1 258 750	1 258 750
		-	-	-	1 283 750	1 283 750
Total Equity		-	-	-	1 283 750	1 283 750
LIABILITIES						
Non-Current Liabilities						
Deferred taxation	17	-	-	-	235 268	235 268
Current Liabilities						
Current tax payable		-	-	-	35 104	35 104
Trade and other payables	18	-	-	196 268	51 825	248 093
Deferred revenue	19	-	-	-	163 603	163 603
Total Liabilities		-	-	196 268	485 800	682 068
Total Equity and Liabilities		-	-	196 268	1 769 550	1 965 818

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss N$'000	Debt instruments at amortised cost N$'000	Financial liabilities at amortised Leases N$'000	Equity and non financial assets and liabilities N$'000	Total N$'000
Categories of financial instruments						
GROUP - 2015						
ASSETS						
Non-Current Assets						
Property, plant and equipment	9	-	-	-	845 196	845 196
Intangible assets	11	-	-	-	445 200	445 200
Long term deposit		-	-	-	10 163	10 163
		-	-	-	1 300 559	1 300 559
Current Assets						
Inventories	13	-	-	-	69 383	69 383
Trade and other receivables	14	-	107 553	-	-	107 553
Cash and cash equivalents	15	-	370 605	-	-	370 605
		-	478 158	-	69 383	547 541
Total Assets		-	478 158	-	1 369 942	1 848 100

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss N$'000	Debt instruments at amortised cost N$'000	Financial liabilities at amortised Leases N$'000	Equity and non financial assets and liabilities N$'000	Total N$'000
Categories of financial instruments						
GROUP - 2015						
EQUITY AND LIABILITIES						
Equity						
Equity Attributable to Equity Holders of Parent:						
Share capital	16	-	-	-	25 000	25 000
Retained income	16	-	-	-	1 160 382	1 160 382
		-	-	-	1 185 382	1 185 382
Total Equity		-	-	-	**1 185 382**	**1 185 382**
LIABILITIES						
Non-Current Liabilities						
Deferred taxation	17	-	-	-	235 972	235 972
Current Liabilities						
Current tax payable		-	-	-	6 222	6 222
Trade and other payables	18	-	-	200 012	47 111	247 123
Deferred revenue	19	-	-	-	173 401	173 401
Total Liabilities		-	-	**200 012**	**462 706**	**662 718**
Total Equity and Liabilities		-	-	**200 012**	**1 648 088**	**1 848 100**

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss N$'000	Debt instruments at amortised cost N$'000	Financial liabilities at amortised Leases N$'000	Equity and non financial assets and liabilities N$'000	Total N$'000
Categories of financial instruments						
COMPANY - 2016						
ASSETS						
Non-Current Assets						
Property, plant and equipment	9	-	-	-	827 818	827 818
Intangible assets	11	-	-	-	466 246	466 246
Investments in subsidiaries	12	-	-	-	3 083	3 083
Long term deposit		-	-	-	30 974	30 974
		-	-	-	1 328 121	1 328 121
Current Assets						
Inventories	13	-	-	-	63 671	63 671
Trade and other receivables	14	-	102 209	-	29 991	132 200
Cash and cash equivalents	15	-	442 553	-	-	442 553
		-	544 762	-	93 662	638 424
Total Assets		-	544 762	-	1 421 783	1 966 545

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss N$'000	Debt instruments at amortised cost N$'000	Financial liabilities at amortised Leases N$'000	Equity and non financial assets and liabilities N$'000	Total N$'000
Categories of financial instruments						
COMPANY - 2016						
EQUITY AND LIABILITIES						
Equity						
Equity Attributable to Equity Holders of Parent:						
Share capital	16	-	-	-	25 000	25 000
Retained income	16	-	-	-	1 259 093	1 259 093
		-	-	-	1 284 093	1 284 093
Total Equity		-	-	-	1 284 093	1 284 093
LIABILITIES						
Non-Current Liabilities						
Deferred taxation	17	-	-	-	235 673	235 673
Current Liabilities						
Current tax payable		-	-	-	35 124	35 124
Trade and other payables	18	-	-	196 225	51 827	248 052
Deferred revenue	19	-	-	-	163 603	163 603
Total Liabilities		-	-	196 225	486 227	682 452
Total Equity and Liabilities		-	-	196 225	1 770 320	1 966 545

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss N$'000	Debt instruments at amortised cost N$'000	Financial liabilities at amortised Leases N$'000	Equity and non financial assets and liabilities N$'000	Total N$'000
Categories of financial instruments						
COMPANY - 2015						
ASSETS						
Non-Current Assets						
Property, plant and equipment	9	-	-	-	842 818	842 818
Intangible assets	11	-	-	-	445 200	445 200
Investments in subsidiaries	12	-	-	-	2 981	2 981
Long term deposit		-	-	-	10 163	10 163
		-	-	-	1 301 162	1 301 162
Current Assets						
Inventories	13	-	-	-	69 383	69 383
Trade and other receivables	14	-	107 553	-	-	107 553
Cash and cash equivalents	15	-	370 560	-	-	370 560
		-	478 113	-	69 383	547 496
Total Assets		-	478 113	-	1 370 545	1 848 658

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Categories of financial instruments (continued)

	Note(s)	Financial assets at fair value through profit or loss N$'000	Debt instruments at amortised cost N$'000	Financial liabilities at amortised Leases N$'000	Equity and non financial assets and liabilities N$'000	Total N$'000
Categories of financial instruments						
GROUP - 2015						
EQUITY AND LIABILITIES						
Equity						
Equity Attributable to Equity Holders of Parent:						
Share capital	16	-	-	-	25 000	25 000
Retained income	16	-	-	-	1 160 606	1 160 606
		-	-	-	1 185 606	1 185 606
Total Equity		-	-	-	1 185 606	1 185 606
LIABILITIES						
Non-Current Liabilities						
Deferred taxation	17	-	-	-	236 320	236 320
Current Liabilities						
Current tax payable		-	-	-	6 242	6 242
Trade and other payables	18	-	-	199 976	47 113	247 089
Deferred revenue	19	-	-	-	173 401	173 401
Total Liabilities		-	-	199 976	463 076	663 052
Total Equity and Liabilities		-	-	199 976	1 648 682	1 848 658

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Fair value information

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.

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:
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 2016, the group did not hold any financial instruments measured at fair value (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. 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.

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.

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.

Shareholders

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

Fellow subsidiary

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

Relationships

Holding company	Namibia Post and Telecommunications Holdings Limited
Subsidiaries	Refer to note 12

Related party balances

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
Loan accounts - Owing by related parties				
Jurgens Thirty Four (Pty) Ltd	-	-	2 526	2 523
Balance receivable from fellow subsidiaries:				
Telecom Namibia	337	340	337	340
Nampost Courier	50	1 567	50	1 567
Balance receivable from shareholder				
Namibia Post and Telecommunications Holdings	6	8	6	8

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Related parties (continued)

Related party balances (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
Balance payable to fellow subsidiaries:				
Nampost Courier	(11 148)	(9 569)	(11 148)	(9 569)
Telecom Namibia	(3 192)	(2 150)	(3 192)	(2 150)
TN Mobile	-	(91)	-	(91)
Related party transactions				
Property, plant and equipment purchased from fellow subsidiaries:				
PT SI - Sistemas de Informacao SA	-	37 411	-	37 411
Telecom Namibia	900	-	900	-
Management fees paid:				
PT Investimentos Internacionais - Consultoria Internacional SA	2 204	4 843	2 204	4 843
Rent paid to related parties:				
Namibia Post and Telecommunications Holdings	17 301	15 978	17 301	15 978
Lease line paid to (received from) fellow subsidiaries:				
PT Comunicacoes, SA	-	(868)	-	(868)
Telecom Namibia	36 779	37 742	36 779	37 742
Postage and Courier charges paid to fellow subsidiaries:				
Nampost Courier	7 979	6 684	7 979	6 684
Telephone and fax paid to fellow subsidiaries:				
Telecom Namibia	376	366	376	366
Dealer commissions paid to fellow subsidiaries:				
Nampost	30 747	30 641	30 747	30 641

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Related parties (continued)

Related party transactions (continued)

	Group		Company	
	2016 N$'000	2015 N$'000	2016 N$'000	2015 N$'000
Net site rentals paid to (received from) fellow subsidiaries:				
Telecom Namibia	(3 899)	(7 500)	(3 899)	(7 500)
TN Mobile	8 924	8 836	8 924	8 836
Net interconnect fees paid to (received from) fellow subsidiaries:				
Telecom Namibia	7 972	21 116	7 972	21 116
PT Comunicacoes, SA	-	27 230	-	27 230
TN Mobile	(3 282)	(4 418)	(3 282)	(4 418)
Other transactions:				
WACS payment - Telecom Namibia	4 613	3 380	4 613	3 380
Repairs and Maintenance - PT Inovacao	-	26 390	-	26 390
Prepaid sales-Nampost	357 939	383 009	357 939	383 009

29. Approval of annual financial statements

These annual financial statements have been approved by the Board of Directors on 5 December 2016.