make the connection

ANNUAL REPORT **2012**

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MIGUEL GERALDES
Managing Director

THINUS SMIT
Chief Financial Officer

FESTUS MBANDEKA
Corporate Legal Advisor

TIM EKANDJO
Chief Human Capital and Corporate Affairs Officer

JOSE NETO
Chief Technical Officer

ACTING CHAIRLADY'S COMMENTARY

DR. ITAH U KANDJII-MURANGI

Almost half the population of the earth now uses mobile communications. According to the GSM Association (GSMA), a billion mobile subscribers were added in the last four years to make a total of 3.2 billion from the more than seven billion inhabitants in the world. What is incredible is the fact that more than 6.8 billion connections exist representing an average of more than two active connections per subscriber.

The SIM penetration per inhabitant now stands at 73%, for the above one billion inhabitants of the Africa Continent. Europe, North America, Russia, Latin America, the Middle East Region are all above 100% of penetration. Only Asia Pacific and Africa are below that desirable penetration. Currently the Asia Pacific region represents the largest rate of increase of the usage on the planet.

Another relevant point is that the Mobile Broadband (MBB) is the driving force of growth. With the opportunity for new Mobile Technologies, like 4G/LTE, faster connections are enabling the growth of data. We are witnessing the fact that the Mobile Network Operator which put its efforts in developing modern infrastructure has grown seven fold since 2008.

Namibia is one of five countries leading the African Continent, where the SIM connections are already above the symbolic 100 percent. Also, a tremendous investment has placed Namibia at a high level, regarding the national fibre connectivity to the most advanced submarine cable, the West Africa Cable System.

MTC has done and continues to do its best. We introduced Mobile Technology at a level of accessibility which exceeded expectations. It is now difficult to find an adult or even a young person not carrying a mobile device. They appreciate the social and economic benefits of mobile technology, regardless of the location, whether in a densely populated urban area or remote rural sites.

The more than N$1 billion investment for the last five years, the tremendous affordability of the mobile services, and broadband accessibility, are receiving high positive returns from the more than two million subscribers. It is this positive development which gives MTC impetus to move forward and grow from strength to strength.

It is therefore, an honour to submit this annual report with high positive financial results for the year ended 30th September 2012. This milestone achievement was made possible by the unwavering commitment of MTC staff. The men and women who collectively and individually work hard to solve MTC challenges, make the MTC business focus area sustainable.

Finally, the Board recognises and acknowledges the International Partner's achievements in steadily transferring knowledge, skills and competencies to and for the benefit of MTC and Namibia, showing that the decision made by the Government of this country to partially privatise the share holding of MTC in 2006, was indeed correct.

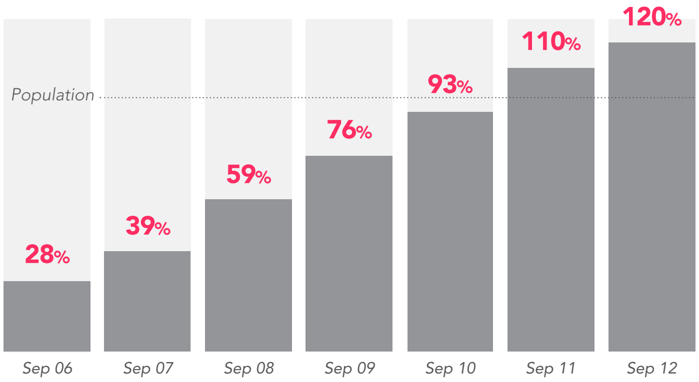
Dr. Itah U Kandjii-Murangi.
Acting Chairlady

MANAGING DIRECTOR'S OVERVIEW

MIGUEL GERALDES

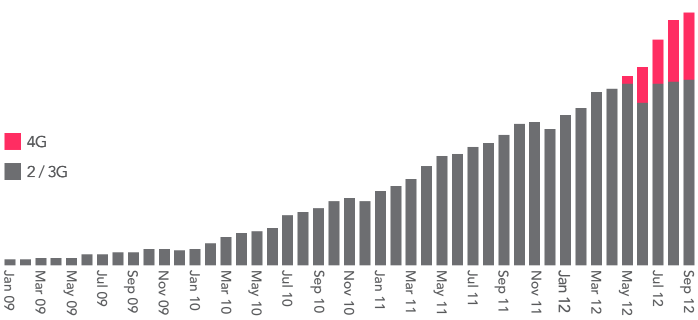
If our expectations for the year under review were conservative, it was due to the maturity on voice business: although, due to the significant acceleration of data services, we are very honoured to present a strong financial year showing a growth of two digits after the last two years which did not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

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



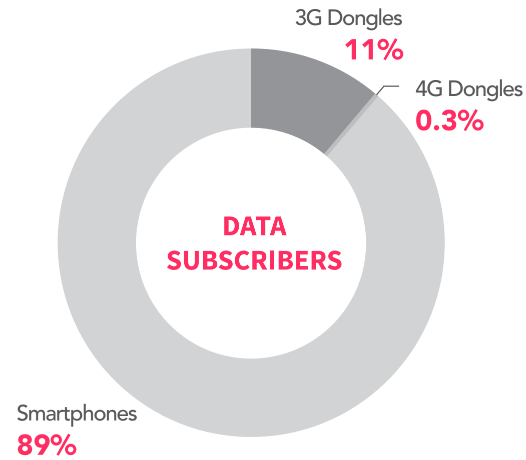
Data shows that all MTC's efforts are proving very positive for the sustainability of the tremendous investments and efforts. Although the data usage in our network is showing a growth of 1.8 fold for the current year, the revenues increased by 28%. This positive effect signifies that Mobile Broadband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

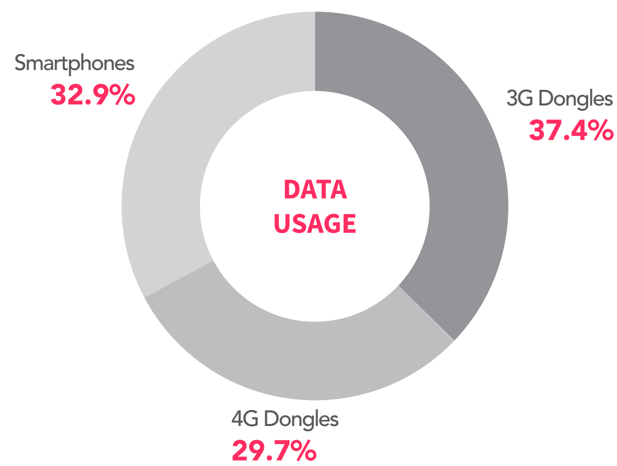
The introduction of 4GLTE by MTC, the second Operator to deploy on the African Continent, at the same time that the advanced countries in Europe were also introducing the technology, was a strategic decision. The success of NetMan, through the current 3G technology, is imposing the pressure in terms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

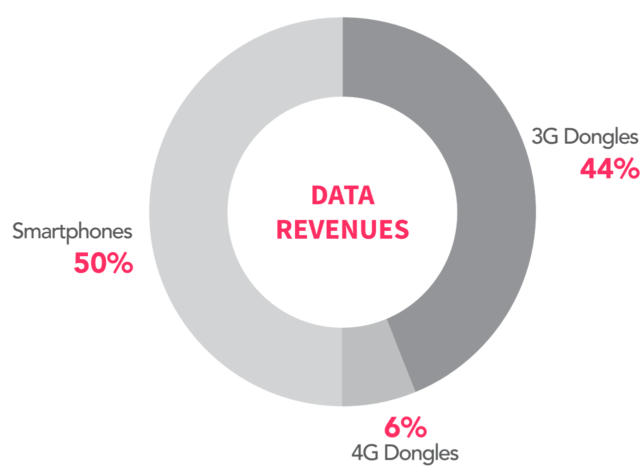


But in MTC we believe that technology is a means to an end, i.e. we base our business on introducing technology which improves the lives of people and makes our customers more efficient. In that stance, NetMan 4G was launched in a way that people could understand easily what benefits it provides to the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

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



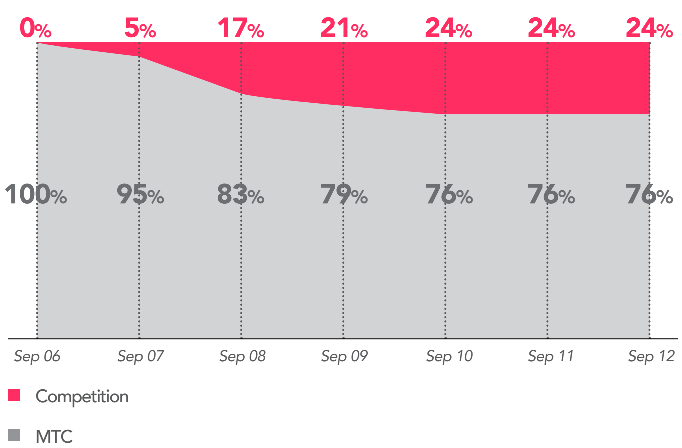




THE MARKET

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

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



THE REGULATORY ENVIRONMENT

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

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

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

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

STRATEGIC POSTURING

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

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

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

PARTING THOUGHTS

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

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

TECHNOLOGY ENVIRONMENT

The 2.5 fold user explosion in terms of voice, 3.1 fold increase in sms usage, and 32 fold increase in data usage for the last three years placed MTC's infrastructure under tremendous pressure. Technology like 4G/LTE, the IP backhauls through fibre or microwave, the metro rings and the national fibre backbones through the DWDM 40G (Dense Wavelength Division Multiplexing), connected to the undersea cable West Africa Coast System (WACS), were tremendous projects accomplished during the year under review.

Furthermore, this deep reshaping of our infrastructure represented tremendous investment, which was required for long term future sustainability. Notwithstanding that, this tremendous infrastructure required management of the higher demand, and all the operational support systems needed to provide the information required by the operational team to keep the network highly reliable. A critical highlight was the relationship with the technological partners, in which MTC needed to align and continuously strive to improve all the SLA's in place.

A relevant initiative was the introduction of 4G/LTE, in May 2012 with MTC being the second Mobile Operator to deploy this very advanced technology in Africa. This new advent level of wireless technology provides MTC the capability to deliver speed DL/UL (downlink and uplink) ten times faster, with very lower latency (the time an internet request takes to return to the sender), ten times more users accommodated at the same base station compared with 3G, better in-door coverage in urban areas due to the use of lower frequencies than 3G, and the possibility to provide high internet speed in rural areas. All of this shows that 4G/LTE is the correct tool to face the huge increase in data usage.

The major milestone initiatives during the year under review are the following:

- MTC's participation in achieving the WACS landing point in Namibia. WACS is providing high capacity International Internet Connectivity via Lisbon, London and Cape Town. Together with the SAT-3 via Cape Town, it provides a highly redundant and resilient internet access.
- The National Fibre DWDM Backbone connecting the WACS landing point from Swakopmund to Windhoek, to Vioolsdrift at the South African border and reaching Otjiwarongo in the North of Namibia. The backbone will be further expanded in 2013. All the main regions from the North, including the Caprivi Region, to the South and from West to East will be served.
- The Windhoek Fibre Metro Ring connecting 13 base stations, and paving the way for fibre expansion in Windhoek, for more and better services.
- The implementation of 4G/LTE in Windhoek.
- Points of Presence for Internet access in Cape Town, Lisbon and London providing very high capacity and redundancy.
- Preparation of a very important project to replace base stations by new technology in all regions outside Windhoek. The north of Namibia and the coastal area of Swakopmund and Walvis Bay were implemented in November/December; other regions will follow in 2013 and 2014.
- Deployment of a powerful Network Management System, providing advanced monitoring and performance capabilities (concluded Dec/2012).
- Preparation of the Strategic Plan for evolution of Business and Operational Systems. Implementation started end 2012 and will be completed middle 2015.
- Designed the Business Continuity and Disaster Recovery Strategy to be implemented during 2013 to 2015.

WHAT ELSE?

The future is always built on the past and present. Permanent monitoring of Network KPIs (Key Performance Indicators) as well as Quality of Service (KQI-Key Quality Indicators) (e.g. Drop Call Rate, Call Setup Successful Rate, Benchmark campaigns, and many others) with actions at all levels from the entire technical team assures customer service levels according to the world's best telecommunication practices.

COMMERCIAL OPERATIONS

A relevant and affordable offer to our loyal and valuable customers is the main part of our commercial activity. The second relevant element is to give support to our customers that subscribed to our services/products. Thirdly, complete the loop in order to the fulfill the expectations in the experience of our customers interacting with our contact points, whether in the MobileHomes (our own stores), at the Call Centre, in contact with our Key Accounts management, a single call to our PABX, that is the mantra that MTC is striving for.

We at MTC face a support demand from our customers in all particular important aspects. Our Call Centre receives more than 150 calls per hour (more than 1,500,000 calls per year) requesting support data services, for whether it be the settings for a new smartphone or a software problem where a computer is not accessing the Internet. Each one of these calls use on average more than 4 minutes per call representing a total of 5 million minutes only to support data services. For that, our capacity needs to be adapted to the demand but the challenge is more and more because customers are using advanced devices requesting support.

One of the significant initiatives launched during 2012, was automatic device management. This application automatically detects new devices - on the network; sending the data settings within a few seconds to those devices to enable data access.

During the year under review, MTC launched several marketing campaigns. Allow me to accentuate the "THNX2U" initiative where we rewarded the entire customer base of MTC for reaching the 2,000,000 active SIM cards mark; which was a remarkable achievement. This milestone enforces our responsibility to get back to fulfilling the expectation of all Namibians who chose MTC to be their best communications provider.

Furthermore, several other offers enhanced the portfolio; for the Enterprise segment customers, OfficeBox, for the individual customers Connect, for the prepaid customers under Tango. For the data segment several new mobile internet packages were introduced under the NetMan brand.

From the beginning NetMan 4G has been the biggest highlight. This level of mobile technology introduced by MTC, second in the African Continent, gives a tremendous bandwidth internet experience to our customers. With a speed of up to 100 Megabits per second download and up to 50 Megabits per second upload it represents a tremendous advance in terms of internet usage. With NetMan 4G an HD movie of 2 Gigabytes can be downloaded theoretically in two minutes, although our tests are showing an impressive 8 minutes for a full HD 720p.

To generate the interest of the early adopters of the technology, and because we stick to our motto that technology is only the means to an end, we used our brand NetMan to introduce his faster brother 4G. The marketing campaign was a tremendous success and very well captured by the Namibians. Informa Telecom & Media in Africacom also awarded this success story with the "Second Best Marketing Campaign in Africa 2012". All of the marketing P's, i.e. Price, Product, Promotions and Place was taken into consideration in the success of this relevant service.

These products are built by two NetMan packages and added to Connect packages for the following distribution:

- NetMan 4G Extreme, speeds download / upload up to 50/20 Megabits per second and NetMan 4G Unlimited for the speed of 100/50 Megabits per second. The NetMan 4G Extreme includes 10 Gigabytes of data per month, at a value of N$399, and the NetMan 4G Unlimited at the value of N$999.

- Dongles are included in all packages., As an alternative for the ones that prefer a 4G tablet or a 4G smartphone, the service was also added to the Connect Smartphone Plus package at a value of N$749 per month including 900 voice minutes (the 4GLTE - handover the calls to 2/3G technology while a call occurs), 300 SMSs, and 1.8 Gigabytes for the month.

For the Enterprise segment, under the OfficeBox offers a discount is offered according to the number of SIM cards, whether it is a voice service, a smartphone or a NetMan package. The OfficeBox range was significantly expanded, and below is the most relevant of the above mentioned packages:

- OfficeBox Duet and Duet Lite – The package suits two devices, one smartphone and one tablet, on one account, to the subscribers that need these kind of devices. Both SIM connections will share the same in-bundle voice minutes, SMS and Megabytes. Duet includes 900 minutes, 300 SMSs, and 1.8 Gigabyte at a monthly subscription of N$869 and provide the subscriber two high-end devices, one smartphone and one tablet.

- Duet lite, also includes two devices but the medium range of one smartphone and one tablet, with 600 voice minutes, 300 SMSs, and 600 Megabytes at the monthly costs of N$599 for the subscription.

- OfficeBox Zone – includes a 4G router that provides a wifi area built to a SOHO (Small Office and Household Office) or to a SMSB (Small and Medium Size Business). It can connect to more than 20 devices, including laptops, desktops, smartphones and tablets. The service is available under two packages, OfficeBox "Zone 4G" and "Zone 4G Unlimited". The Zone 4G is priced at N$699 per month including 20 Gigabytes with a download speed up to 50 Megabits per second. Zone 4G Unlimited, includes "unlimited" usage of Gigabytes, and is priced at N$1,199 per month for a download speed up to 100 Megabits per second. The "Unlimited" contains a fair usage policy which means that after a customer reached 90 Gigabytes for a month, the speed will be decreased to 1 Megabits per second.

To the contract individual customers on the Connect packages, all of the latest devices updated the offer, with the highlight being the famous Apples and Blackberries. The package was incorporated in to Connect Smartphone Plus, at N$749 per month and includes the most expensive devices, like the above mentioned "fruits" devices. This package allows customers to access a high-end device without any upfront payment. This Plus package includes 900 voice minutes, 300 SMSs and a large data bundle of 1.8 Gigabytes for the usage of one month.

For the prepaid segment, under the Tango brand, "Aweh" and "Aweh lite" remained very attractive as can be observed by the fact that there are always more than 100,000 customers on these weekly packages. "Aweh" offers 50 minutes for calls any day, 700 sms and 30 Megabytes for the price of N$30. The most impressive package is "T49" where customers can enjoy paying 38cents for all calls to any network at any hour of the day; this product allows customers, for instance, to spend only N$38 for each 100 minutes for calls in a month. On top of that, "T49" offers the customers 100 (hundred) SMSs for free every day after paying the first SMS of the day at the normal SMS price, which is N$0.40. The T49 product attained tremendous success, almost 40% of the prepaid subscribers database accounts now resorts under T49.

"PERFORMANCE BEYOND EXPECTATIONS"

As we mentioned above, the customer is central to our Company and is the reason why we live in this corporate business. We continuously feel how much we need to improve and everything that is less than 100% should not satisfy us.

However, we are obsessed to measure all the quantifiables for us to understand how close we are to the desirable 100%. In that regard, we used an independent consultant to benchmark the satisfaction of our Call Centre. They rated us at 79% satisfaction ahead of our Namibian competitors and also ahead of the Mobile Operators in South Africa, but are we happy? No… We also used another independent entity to benchmark the network service in terms of dropped calls and accessibility (possibility to make a call). Again we were better than our competitors, significantly better, but we were not 100%. Thus, are we happy? And can we do it better? As well as comparing our MobileHomes (own stores) against those of our competitors, we scored 88% against our competitor with 79%, but are we happy? Of course not! Can we do better? We have to!

HUMAN CAPITAL

Human Capital has and will continue to play a strategic role in MTC. The department continues to make an vital contribution ensuring that MTC achieves its strategic goals. The year 2012 can thus be described as yet another successful and fulfilling one from a Human Capital perspective and the following highlights best describe the year.

TRAINING & DEVELOPMENT

We have continued to place high strategic emphasis on retaining our critical skills by ensuring that they receive the necessary training based on the ever changing needs. To this date our performance management system is closely linked to our approach towards training and development and MTC invested over N$ 2.5 million in training its human capital ensuring they remain skilled.

HEALTH & SAFETY

Health & Safety remains the top of our priority areas because we believe that good business cannot be achieved by taking risks with safety. With the Occupational Health & Safety Management system now fully implemented, we are now able to strategically manage health and safety issues in the workplace. MTC has also retained its ISO 9001:2008 Certification which speaks volumes of the company's standards at all levels.

EMPLOYEE RELATIONS

The past year saw MTC embarked upon an extensive salary survey where we compared our salary packages to that of similar companies in our market and beyond. This exercise gave us a rather clear picture of how we relate to the market, so that where anomalies where identified, we rectified them based on the findings of the survey. This process ensured that we remain ever competitive providing our employees with a balanced and attractive work environment, ensuring that MTC remain an employer of choice. Active engagement with employees at all levels has continued to be a culture through various platforms including the Staff Consultative Committee. Generally employee relations at MTC have been excellent this past year.

PERFORMANCE MANAGEMENT

MTC has remained steadfast in its approach of being a highly performance driven company. During the past year we have ensured that all employees KPA's are strategically aligned to the overall objectives of MTC and that has helped us to achieve our overall objectives

SCHOLARSHIPS

MTC's scholarship program has continued to produce talent. During the past year we awarded 6 new scholarships to deserving Namibian students at University level and have invested an amount of N$ 500,000 during the last year alone. Our scholarship program has to this end enabled us to absorb most of the students on this program in full time employment thus giving them a bright future after their studies.

INSTITUTE OF PEOPLE MANAGEMENT OF NAMIBIA

MTC continues to be the driving force behind the Institute of People Management of Namibia, enabling the company to drive and spearhead important human capital issues and challenges in the country through this platform. To this end IPM Namibia has successfully hosted 2 Annual Conventions attracting country-wide membership and making a real difference at national level especially with the finalization of the National HR Strategy for the country as its key objectives

CORPORATE SOCIAL INVESTMENT PROGRAMME

The Corporate Affairs function is primarily responsible for managing the MTC brand, internal and external relationships; and has credibly achieved these expectations during the past year. Herewith some key highlights:

SPORTS DEVELOPMENT

MTC has continued to remain the number one single biggest investor in sports development in the country with an investment of over N$ 18 million towards sports sponsorships alone. For the past year the company was the exclusive sponsor- of the Namibian Rugby Union, Cricket Namibia as well as the Namibian Premier Soccer League. These sports codes primarily exist because of MTC's sponsorship and we are happy to have continued to make dreams come true.

RECOGNITION

During the past year MTC was recognised as being the Most Socially Responsible company in Namibia as well as having been judged as having had the second Best Africa Marketing Campaign by AfricaCom. These achievements underpin our desire and philosophy to reinvest in the country and to be creative with our marketing approach.

RURAL ICT DEVELOPMENT

MTC became the first telecommunications company to roll out mobile ICT containers in Namibia's rural areas. This creative concept brings basic ICT services to rural areas which are key to rural development. MTC invested over N$ 250,000 in each container and the plan is to roll out these centres country-wide targeting rural areas.

CORPORATE SUPPORT

MTC supports two strategic partners, the Namibia Chamber of Commerce (NCCI) as well as being a platinum sponsor to Team Namibia, as founder member. These two entities are key partners for MTC because they allow the company to drive national agendas through these forums. It is through MTC's support that these two entities continued to deliver on their mandate on the past year.

NAMIBIAN ANNUAL MUSIC AWARDS

MTC- has continued to invest in the Namibian Annual Music Awards, and to this end, have made this one of the best organised and biggest events on the Namibian social calendar. We have continued to celebrate our diversity and existence through music and through this we not only managed to develop the Namibian music industry but have also managed to communicate with our customers in a universal language called music. MTC invested over N$ 4 million in the NAMA's last year, and this was an investment well spent.

TRADE FAIRS

MTC was involved in over 15 trade fairs in different towns in Namibia in the past year, with the biggest being the Ongwediva Annual Trade Fair, where MTC is the main sponsor with an investment of over N$ 450,000. The Windhoek Show is the second biggest commercial show in the country. We have actively maintained our presence at all these trade fairs because we know we impact these communities positively and as well as how the economic spin off from our participation benefits these towns.

THE FINANCIAL YEAR

FOR THE YEAR ENDED 30 SEPTEMBER 2012

SUBSCRIBERS

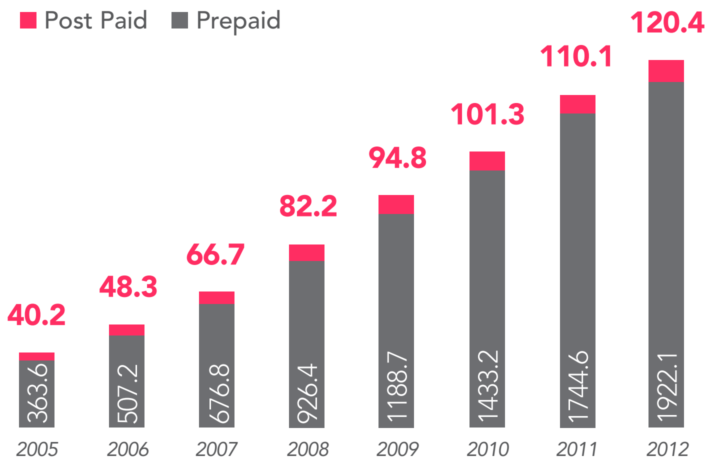
The Active Subscriber base continued to grow at a rate of 10% year on year for the financial year under review. Compared to previous financial years, this ratio slowed down mainly as a result of the maturity of Namibia's market. This resulted in a total active subscriber base of 2 042 595 (2011: 1 854 675). Active subscribers are subscribers who undertake a chargeable event within a period of 90 days on the MTC network.

A significant challenge that MTC faced during the financial year was the volatility of the Namibia Dollar versus the US Dollar and Euro, which continued from previous financial years.

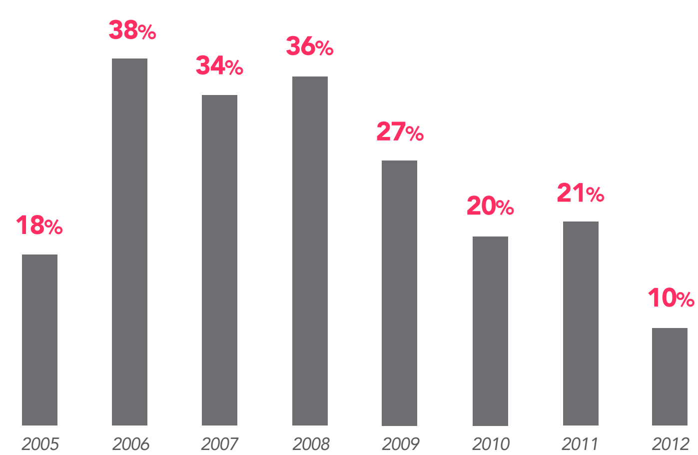
KEY FINANCIAL INDICATORS

For the financial year under review MTC reported revenue of N$ 1,617 billion which represented a growth of 11,3% compared year on year. This was as a result of MTC's strategy to maintain the current customer base and acquire the majority of new subscribers. An EBITDA of N$ 859 million was reported, representing a growth of 11,0%.

MTC SUBSCRIBERS NUMBERS '000



SUBSCRIBER GROWTH %



KEY FINANCIAL INDICATORS

	2007		2008		2009		2010		2011		2012	
		%Change		%Change		%Change		%Change		%Change		%Change
Revenue	1,112,746	20.1%	1,232,343	10.7%	1,389,525	12.8%	1,406,725	1.2%	1,452,850	3.3%	1,616,645	11.3%
EBITDA - Accounting	583,566	2.7%	626,828	7.4%	747,995	19.3%	785,833	5.1%	774,130	-1.5%	859,363	11.0%
EBITDA Comparison					686,691	9.6%	706,162	2.6%	694,459	-1.5%	754,414	7.7%
Net Income	339,627	0.7%	356,180	4.9%	387,499	8.8%	396,750	2.4%	318,852	-19.6%	352,592	10.6%
Earnings per Share - Cents	980	206.3%	883	-9.9%	1,478	67.4%	1,587	7.4%	1,275	-19.6%	1,410	10.6%

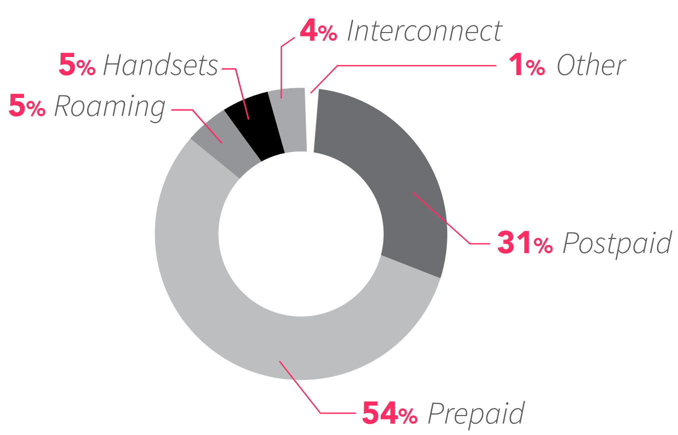
REVENUE COMPOSITION

The revenue composition for the pre-paid sector stayed the same as previously reported. A slight move was accounted for under the heading post-paid revenue, mainly as a result of the post-paid contract offerings which included data packages.

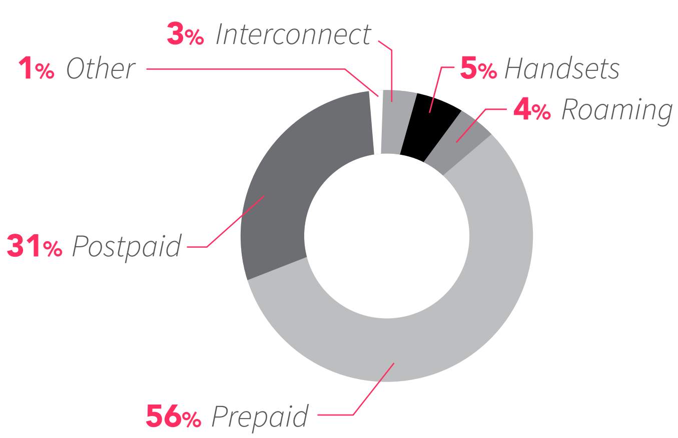
EBITDA

An EBITDA margin remained 53,2% from 2011 to 2012. EBIDTA growth from N$ 774.1 million to N$ 859.4 million for the year under review is reported as a result of the increase revenues and a proper cost management.

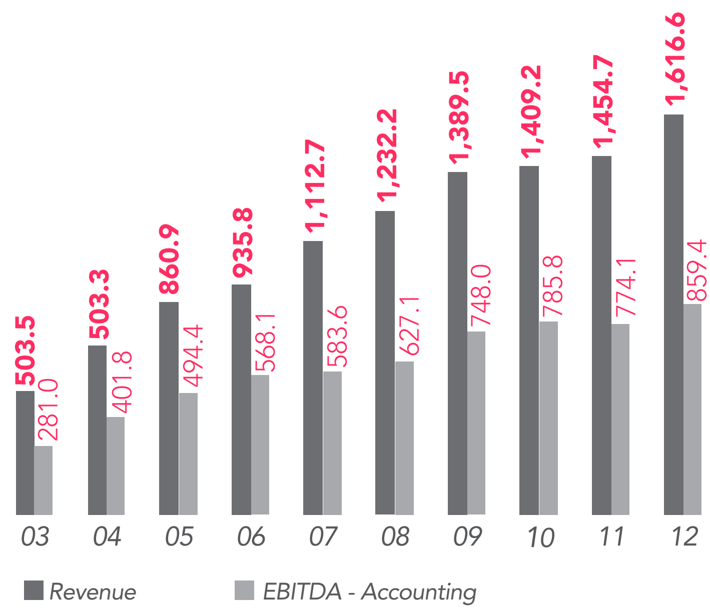
REVENUE 2011



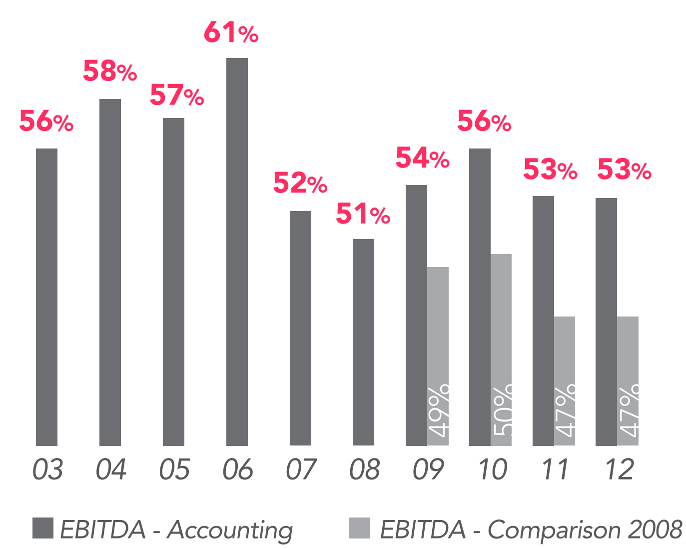
REVENUE 2012



TURNOVER AND EBITA



MARGINS EBITA%



CAPITAL EXPENDITURE

A substantial growth of N$ 170 million from N$ 236 million in 2011 to N$ 406 million was accounted for as Capital expenditure for the year under review. The majority of the investment was on the technical side (refer to the review under Technical). This amount exceeded the net profit after tax by 15% and was at the same level as the highest amount invested per annum in 2010. With the demand of the promotions strategies in terms of voice calls and sms, and significant demand for data services, there was a substantial increase in volume of traffic on the MTC network, which in turn required the investment to increase network capacity.

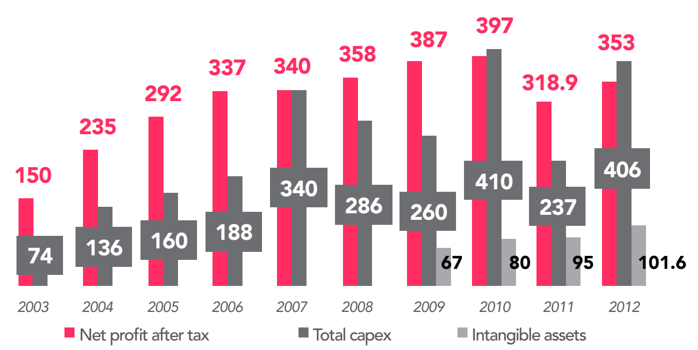
ACCOUNTING ENVIRONMENT

The financial statements are compliant with International Financial Reporting Standards (IFRS).

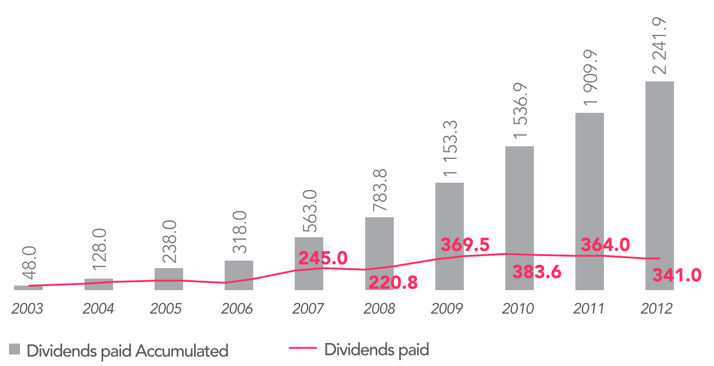
DIVIDEND AND CASH

MTC maintained the dividend payment of 100% of net profit after tax to the shareholders. A positive cash balance to finance operating as well as capital expenditure was accounted for.

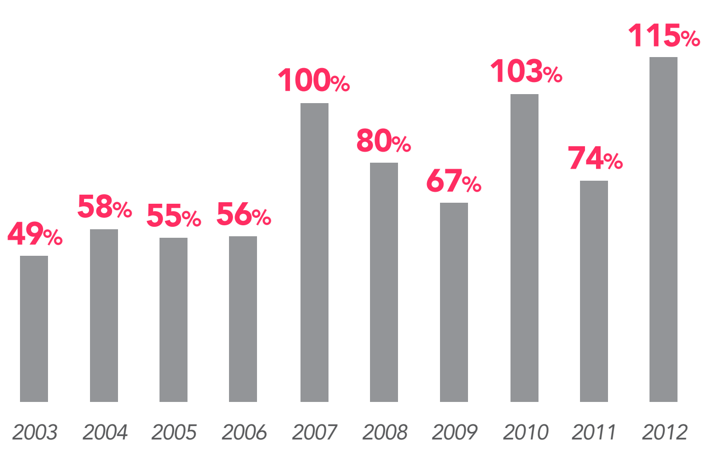
CAPEX VS NET PROFIT AFTER TAX '000 000



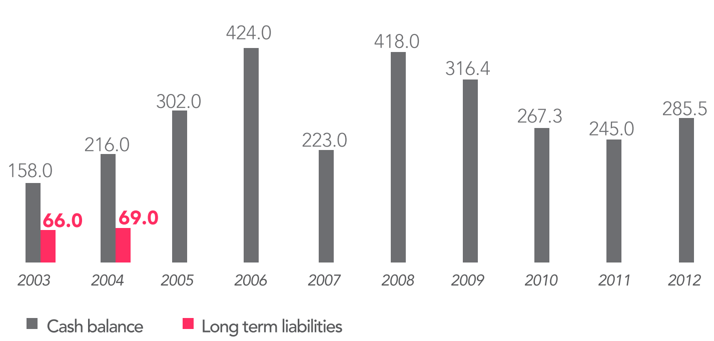
DIVIDENDS PAID NAD'S ('000 000)



CAPITAL EXPENDITURE PER YEAR (%PROFIT)



CASH POSITION AT 30 SEP 12 NAD'S (ˆ000 000)



THE BOARD OF DIRECTORS

MIGUEL GERALDES*
Managing Director

DR. ITAH U KANDJII-MURANGI
Acting Chairlady

DR. DIRK CONRADIE
Chairman

NUNO PREGO*
Director

ASSER NTINDA
Director

LEEZHEL VAN WYK
Director

MOREIRA DA CRUZ*
Director (alternate)

*Portuguese

ANNUAL FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012

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

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STATEMENT OF RESPONSIBILITY

BY THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2012

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

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

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

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

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

The annual financial statements for the year ended 30 September 2012 set out on pages 24 to 72 were approved by the Board of Directors on 3 December 2012 and are signed on its behalf by:

Director
A Ntinda

Director
L van Wyk

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MOBILE TELECOMMUNICATIONS LIMITED

We have audited the group annual financial statements and annual financial statements of Mobile Telecommunications Limited, which comprise the consolidated and separate statements of financial position as at 30 September 2012, and the consolidated and separate statements of 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 24 to 72.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Mobile Telecommunications Limited as at 30 September 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Namibia.

Deloitte & Touche

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

Per: Jens Kock
Partner
PO Box 47
Windhoek
Namibia
04 December 2012

Regional Executives:
LL Bam (Chief Executive),
A Swiegers (Chief Operating Officer), GM Pinnock

Resident partners:
VJ Mungunda (Managing Partner), RH McDonald, J Kock,
H de Bruin, J Cronje, A Akayombokwa, E Tjipuka

Director: G Brand

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

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 2012.

Nature of Business

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

The following business activities are conducted through subsidiaries:

- Jurgens 34 (Pty) Ltd
  - Letting of property
- Windhoek General Administrators (Pty) Ltd
  - Dormant
- MTC Social Responsibility Trust
  - Trust established to harness resources for establishing and maintaining infrastructure with the principal focus on the care, welfare and support for children or orphans who can not rely on the support of their parents and are homeless. The trustees have decided to unwind the trust from 30 June 2009 onwards. As at 30 September 2012 the Trust had a cash and cash equivalents balance of N$ nil (2011: nil) and a trade and other receivables balance of N$ 300 061 (2011: N$300 061). The trust will be deregistered as soon as the receivable is collected.

Financial results

The results of operations are set out on page 26.

The financial position of the group and company are set out in the statements of financial position on page 27.

Group revenue for the year under review was N$ 1 616,6 million (2011: N$ 1 452,9 million) representing a growth of 11% over the prior year which was mainly as a result of the growth of the subscriber base and the launch of new products and services. Group profit from operations increased by N$ 33 million (2011 decreased by N$ 96 million) mainly due to increased subscriber base and demand for new products and services.

Subscriber base	2012	2011
Prepaid	1 922 147	1 744 587
Postpaid	120 448	110 088
Total	2 042 595	1 854 675

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 2012 are set out in note 16 to the financial statements.

Shareholding	2012	2011
Namibia Post and Telecommunications Holdings Limited	66%	66%
Africatel Holdings B.V.	34%	34%
Total	100%	100%

Dividends Distributed	2012	2011
	N$ '000	N$ '000
Declared 5 December 2011, paid 9 December 2011	5 746	-
Declared 5 December 2011, paid 15 December 2011	163 254	-
Declared 6 June 2012, paid 29 June 2012	119 368	-
Declared 6 June 2012, paid 30 June 2012	52 632	-
Declared 3 December 2010, paid 13 December 2010	-	213 003
Declared 21 June 2011, paid 8 July 2011	-	151 000
Total	341 000	364 003

Dividend declared subsequent to year end

On 3 December 2012, a dividend of N$ 181 000 000 was declared, and was paid out to the shareholders on 12 December 2012 and 02 January 2013.

Capital expenditure

For the year under review, capital expenditure approved was

N$ 415 million (2011: N$ 450 million) which included capital expenditure carried forward from the previous financial year. The expenditure 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.

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

Subsidiaries
Details of the company's interest in its subsidiaries at 30 September 2012 are set out on page 52 in note 12.

Directors and secretary
Particulars of the present directors and secretary are given on page 20.

The Africatel Holdings B.V. board of directors replaced its alternate director on the MTC board of directors during the year. The following director was appointed during year, effective 1 March 2012:

N B R Fialho Prego

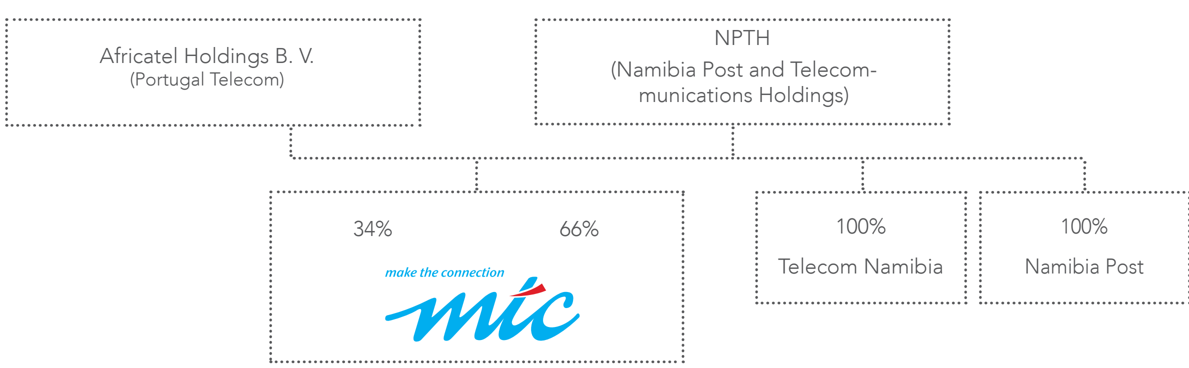
The following director were replaced at the above mentioned date:

F J Azevedo Padinha

There were no other changes to the composition of the board of directors during the year under review, except that Ms Itah Kandji-Murangi replaced Mr Dirk Hendrik Conradie as chairperson of the board on 1 July 2012.

Subsequent events
No events or circumstances which materially affect the interpretation of the financial statements have arisen between 30 September 2012 and the date of this report.

Shareholding Structure as at 30 September 2012



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2012

		Group		Company	
	Notes	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
REVENUE	3	1 616 645	1 452 850	1 616 645	1 452 850
OTHER INCOME		1 118	1 849	1 401	2 107
TOTAL INCOME		1 617 763	1 454 699	1 618 046	1 454 957
Changes in inventories of finished goods		83 575	81 349	83 575	81 349
Direct costs		311 757	278 214	311 757	278 214
Sales and marketing		75 160	73 554	75 160	73 554
General and administration		128 236	104 758	128 314	103 921
Personnel costs		159 672	142 694	159 672	142 694
Depreciation		207 730	174 942	207 656	174 868
Amortisation		147 800	128 252	147 800	128 252
PROFIT FROM OPERATIONS	3	503 833	470 936	504 112	472 105
Finance income	4	16 742	13 027	16 737	13 024
Finance costs	5	592	5 103	592	5 103
PROFIT BEFORE TAXATION		519 983	478 860	520 257	480 026
Taxation	7	167 391	160 008	167 484	160 294
PROFIT FOR THE YEAR		352 592	318 852	352 773	319 732
Other comprehensive income		-	-	-	-
Taxation thereon		-	-	-	-
TOTAL COMPREHENSIVE INCOME, FOR THE YEAR, NET OF TAX		352 592	318 852	352 773	319 732
Profit attributable to:					
Equity holders of the parent		352 592	318 852	352 773	319 732
Total comprehensive income attributable to:					
Equity holders of the parent		352 592	318 852	352 773	319 732
EARNINGS PER SHARE (cents)					
- Basic and diluted	8	1 410,4	1 275,4	1 411,1	1 278,9
DIVIDENDS PAID PER SHARE (cents)		1 364	1 456	1 364	1 456

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 SEPTEMBER 2012

		Group		Company	
	Notes	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	9	1 007 877	939 733	1 005 278	937 059
Intangible assets	11	202 729	224 535	202 729	224 535
Investment in subsidiaries	12	-	-	2 874	2 508
Long term deposit	21.3	393	75,113	393	75,113
		1 210 999	1 239 381	1 211 274	1 239 215
CURRENT ASSETS					
Inventories	13	72 041	73 140	72 041	73 140
Trade and other receivables	14	141 913	138 753	141 899	138 724
Cash and cash equivalents	15	285 490	245 015	285 308	245 004
		499 444	456 908	499 248	456 868
TOTAL ASSETS		1 710 443	1 696 289	1 710 522	1 696 083
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	16	25 000	25 000	25 000	25 000
Retained income		1 107 681	1 096 089	1 107 330	1 095 557
Total equity		1 132 681	1 121 089	1 132 330	1 120 557
NON-CURRENT LIABILITIES					
Trade and other payables	18	-	1 087	-	1 087
Deferred taxation	17	259 521	268 318	259 631	268 333
		259 521	269 405	259 631	269 420
CURRENT LIABILITIES					
Trade and other payables	18	207 826	192 005	207 785	191 976
Deferred revenue	19	100 799	89 564	100 799	89 564
Taxation	20.2	9 616	24 226	9 977	24 566
		318 241	305 795	318 561	306 106
TOTAL EQUITY AND LIABILITIES		1 710 443	1 696 289	1 710 522	1 696 083

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Share capital N$'000	Retained income N$'000	Total N$'000
GROUP			
Balance at 30 September 2010	25 000	1 141 240	1 166 240
Total comprehensive income for the year	-	318 852	318 852
Profit for the year	-	318 852	318 852
Other comprehensive income for the year	-	-	-
Ordinary dividends	-	(364 003)	(364 003)
Balance at 30 September 2011	25 000	1 096 089	1 121 089
Total comprehensive income for the year	-	352 592	352 592
Profit for the year	-	352 592	352 592
Other comprehensive income for the year	-	-	-
Ordinary dividends	-	(341 000)	(341 000)
Balance at 30 September 2012	25 000	1 107 681	1 132 681
COMPANY			
Balance at 30 September 2010	25 000	1 139 828	1 164 828
Total comprehensive income for the year	-	319 732	319 732
Profit for the year	-	319 732	319 732
Other comprehensive income for the year	-	-	-
Ordinary dividends	-	(364 003)	(364 003)
Balance at 30 September 2011	25 000	1 095 557	1 120 557
Total comprehensive income for the year	-	352 773	352 773
Profit for the year	-	352 773	352 773
Other comprehensive income for the year	-	-	-
Ordinary dividends	-	(341 000)	(341 000)
Balance at 30 September 2012	25 000	1 107 330	1 132 330

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

		Group		Company	
	Notes	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		1 614 603	1 469 390	1 614 872	1 469 648
Cash paid to suppliers and employees		(729 745)	(699 975)	(729 835)	(698 939)
Cash generated from operations	20.1	884 858	769 415	885 037	770 709
Finance cost		(592)	(5 103)	(592)	(5 103)
Finance income		16 742	13 027	16 737	13 024
Taxation paid	20.2	(190 797)	(160 483)	(190 776)	(160 489)
Net cash flows from operating activities		710 211	616 856	710 406	618 141
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	9	(207 640)	(127 267)	(207 640)	(127 267)
Acquisitions of intangible assets	11	(123 753)	(109 353)	(123 753)	(109 353)
Proceeds on disposal of property, plant and equipment		340	3 598	340	3 598
Proceeds on disposal on intangibles assets		-	1 598	-	1 598
Construction deposit paid		(393)	(36 227)	(393)	(36 227)
Net movement in subsidiary company loan		-	-	(366)	(163)
Net cash flows from investing activities		(331 446)	(267 651)	(331 812)	(267 814)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(341 000)	(364 003)	(341 000)	(364 003)
Net cash flows from financing activities		(341 000)	(364 003)	(341 000)	(364 003)
NET CHANGE IN CASH AND CASH EQUIVALENTS		37 765	(14 798)	37 594	(13 676)
NET FOREIGN EXCHANGE DIFFERENCES		2 710	(7 535)	2 710	(7 535)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		245 015	267 348	245 004	266 215
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	285 490	245 015	285 308	245 004

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements set out on pages 21 to 72 are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities recorded at fair value. All monetary information and figures presented in these financial statements are stated in thousands of Namibia Dollar (N$ '000), since that is the functional currency. The policies applied are consistent with those applied in the previous year.

Statement of compliance

The financial statements of the company and group have been prepared in accordance with International Financial Reporting Standards (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.

Changes in accounting policy and disclosures

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

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

The principal effect of these changes are as follows:

IAS 24 – Related Party disclosures

The definition of a 'related party' has been revised, and a partial exemption is provided for government-related entities and is effective 1 January 2011.

IFRIC 14 Prepayments of a minimum funding requirement – amendment to IFRIC 14.

The amendment provides further guidance on assessing the recoverable amount of a net pension asset and is effective 1 January 2011.

Amendments to IFRS 7 – Transfers of financial assets – amendment to IFRS 7.

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets under certain scenarios. Effective 1 July 2011.

Improvements to IFRS – issued May 2010 : IFRS 7 Financial instruments: Disclosures

Amendments to quantitative and credit risk disclosures: Clarifies that only a financial asset whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk. Requires, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).

Removes the disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired. Removes the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired. Clarifies that the additional disclosure required for financial assets, obtained by taking possession of collateral or other credit enhancements, are only applicable to assets still held at the reporting date.

Improvements to IFRS – issued May 2010 :
IAS 1 Presentation of Items of Other Comprehensive Income

Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Effective 1 January 2011.

Improvements to IFRS – issued May 2010 :
IFRIC 13 Customer loyalty programmes

Fair value of award credits. The improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account. Effective 1 January 2011.

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; and
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss
- 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.

1.2 Significant accounting judgements, estimations and assumptions

Judgements made by management

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

Allowance for doubtful debts

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

Asset lives and residual values

Property, plant and equipment 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.

1.2 Significant accounting judgements, estimations and assumptions (continued)

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.

1.3 Summary of significant accounting policies

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 capitalized if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

	2012 per annum	2011 per annum
Buildings	5%	5%
Computer and prepaid equipment	10 - 20%	6.67 - 33%
Network equipment	6 - 26%	5 - 20%
Motor vehicles (excl. Land Cruisers)	16 - 25%	16 - 25%
Motor vehicles	25%	20%
Furniture and fittings	6 - 20%	6 - 20%
Leasehold improvements	16.66 - 33.33%	8 - 33.3%
Staff handsets	50%	50%
Projects	50%	50%

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating

1.3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

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

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

Intangible assets

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

	2012 per annum	2011 per annum
Software software	8 - 33.3%	8 - 33.3%
Network software	33.30%	33.30%
Customer bases	10 - 63.15%	10 - 63.15%
Licenses	10 - 20%	10 - 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 comprehensive income.

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.

Borrowing costs

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

Investments and other financial assets

Financial assets within the scope of IAS 39 Financial Instruments 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

1.3 Summary of significant accounting policies (continued)

Loans and receivables (continued)

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 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.

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 comprehensive income.

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

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

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

Financial liabilities

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable cost.

1.3 Summary of significant accounting policies (continued)

Financial liabilities (continued)

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 comprehensive income.

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.

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

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.

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

Provisions

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

Defined contribution plans

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

Leases

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

Group as lessor

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

1.3 Summary of significant accounting policies (continued)

Leases (continued)

Group as lessor (continued)

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

Group as lessee

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

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

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

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

Revenue recognition

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

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

Post-paid products

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

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.

1.3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

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 prepaid 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.

Foreign currency translation

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 statement of 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.

1.3 Summary of significant accounting policies (continued)

Taxes

Current tax

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

Value added tax

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

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

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

2. IFRSs AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

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

Effective for year end September 2013

IAS 1 Presentation of items of other comprehensive income (amendment to IAS 1).

IAS 12 Deferred taxes: Recovery of underlying assets – amendment to IAS 12.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

2. IFRSs AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

New and amended pronouncements that will become effective subsequent to the September 2013 year-end

- IFRS 9 Financial instruments – classification and measurement.
- IFRS 10 Consolidated financial statements.
- IFRS 11 Joint arrangements.
- IFRS 12 Disclosure of interests in other entities.
- IFRS 13 Fair value measurement.
- IAS 19 Employee benefits (revised).
- IAS 27 Separate financial statements (consequential revision due to the issue of IFRS 10).
- IAS 28 Investments in associates and joint ventures (consequential revision due to the issue of IFRS 10 and 11).
- IAS 32 Offsetting financial assets and financial liabilities (amendments to IAS 32).
- IFRIC 20 Stripping costs in the production phase of a surface mine.
- IFRS 7 Disclosures - offsetting financial assets and financial liabilities (amendments to IFRS 7).
- IFRS 9, IFRS 7 Mandatory effective date and transition disclosures (amendments to IFRS 9 and IFRS 7).

None of the above standards have been early adopted.

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

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

	Group		Company	
	2012	2011	2012	2011
	N$'000	N$'000	N$'000	N$'000
3. PROFIT FROM OPERATIONS				
Profit from operations is stated after:				
Income				
REVENUE	1 616 645	1 452 850	1 616 645	1 452 850
Contract	496 172	448 147	496 172	448 147
Connection fees	2 561	2 671	2 561	2 671
Call charges	188 411	185 127	188 411	185 127
Monthly subscription fees	299 284	254 651	299 284	254 651
Other income	5 916	5 698	5 916	5 698
Prepaid	899 598	790 541	899 598	790 541
Starter packs	7 028	5 902	7 028	5 902
Call charges	889 452	780 744	889 452	780 744
Other income	3 118	3 895	3 118	3 895
Roaming income	68 138	69 251	68 138	69 251
Contract	11 431	11 344	11 431	11 344
Visitors	56 707	57 907	56 707	57 907
Handset and accessories sales	74 927	73 074	74 927	73 074
Interconnect income	56 068	55 362	56 068	55 362
Franchise setup fee and royalties received	-	636	-	636
Bulk SMS Revenue	15 121	9 729	15 121	9 729
Site rental	6 621	6 110	6 621	6 110
Income from subsidiaries				
- Management fees - Jurgens 34 (Pty) Ltd	-	-	283	257

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

	Group		Company	
	2012	2011	2012	2011
	N$'000	N$'000	N$'000	N$'000

3. PROFIT FROM OPERATIONS (continued)

Expenses				
Auditors' remuneration	967	942	937	928
- audit fees	967	942	937	928
Depreciation - property, plant and equipment	207 730	174 942	207 656	174 868
Loss on disposal of plant and equipment	4 297	915	4 297	915
Amortisation - intangible asset	147 800	128 252	147 800	128 252
Operating lease expense				
- premises	55 631	32 033	55 911	32 288
- subsidiary - Jurgens 34 (Pty) Ltd	-	-	280	255
- shareholder - NPTH Limited	10 633	9 542	10 633	9 542
- unrelated parties	24 514	4 341	24 514	4 341
- other	521	470	521	470
- radio sites and other	19 963	17 680	19 963	17 680
Fees for services - consulting fees	4 785	3 935	4 785	3 935
Staff costs	159 672	142 694	159 672	142 694
- salaries and wages	139 594	125 654	139 594	125 654
- pension fund contributions	7 993	7 324	7 993	7 324
- medical aid contributions	6 715	6 050	6 715	6 050
- staff training	1 465	1 073	1 465	1 073
- other staff cost	3 905	2 593	3 905	2 593
Number of employees at year end	428	407	428	407

4. FINANCE INCOME

Interest received - loans and receivables	16 742	13 027	16 737	13 024
	16 742	13 027	16 737	13 024

5. FINANCE COSTS

Interest paid - loans and receivables	592	5 103	592	5 103
	592	5 103	592	5 103

	Group		Company	
	2012	2011	2012	2011
	N$'000	N$'000	N$'000	N$'000
6. DIRECTORS' EMOLUMENTS AND KEY MANAGEMENT REMUNERATION				
Executive directors:				
- emoluments as executives	3 986	2 883	3 986	2 883
	3 986	2 883	3 986	2 883
Non - executive directors:				
- fees as directors	738	430	738	430
Total directors' emoluments	4 724	3 313	4 724	3 313
Key management (excluding directors):				
Short term employee benefits	14 029	13 933	14 029	13 785
Long term employee benefits	701	689	701	689
	14 730	14 623	14 730	14 474
7. TAXATION				
Namibian normal tax				
- Current income tax	176 187	170 810	176 187	171 001
- Deferred income tax				
- relating to temporary differences	(8 797)	(10 802)	(8 704)	(10 707)
	167 390	160 008	167 483	160 294
Reconciliation of tax rate	%	%	%	%
Standard tax rate	34.0	34.0	34.0	34.0
Adjusted for:				
Permanent differences	(1.8)	(1.0)	(1.8)	(1.0)
Effective tax rate	32.2	33.0	32.2	33.0

	Group		Company	
	2012	2011	2012	2011
	N$'000	N$'000	N$'000	N$'000
8. EARNINGS PER SHARE				
RECONCILIATION OF HEADLINE EARNINGS				
Profit after taxation	352 592	318 852	352 773	319 732
Adjusted for:				
- Loss on disposal of plant and equipment	4 297	915	4 297	915
HEADLINE EARNINGS	356 889	319 767	357 070	320 647
WEIGHTED AVERAGE SHARES IN ISSUE ('000)	25 000	25 000	25 000	25 000
EARNINGS PER SHARE (Cents)				
- Basic and diluted	1 410,4	1 275,4	1 411,1	1 278,9
- Headline - basic and diluted	1 427,6	1 279,1	1 428,3	1 282,6

Group

Basic and diluted earnings per share

The calculation is based on a profit of N$ 352 592 000 (2011: profit N$ 318 852 000) and on the weighted average of 25 000 000 (2011: 25 000 000) ordinary shares in issue during the year.

Headline earnings per share

The calculation is based on a profit of N$ 356 889 000 (2011: profit of N$ 319 767 000) and the weighted average of 25 000 000 (2011: 25 000 000) ordinary shares in issue during the year.

Company

Basic and diluted earnings per share

The calculation is based on a profit of N$ 352 773 000 (2011: profit N$ 319 732 000) and on the weighted average of 25 000 000 (2011: 25 000 000) ordinary shares in issue during the year.

Headline earnings per share

The calculation is based on a profit of N$ 357 070 000 (2011: profit N$ 320 647 000) and on the weighted average of 25 000 000 (2011: 25 000 000) ordinary shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

9. PROPERTY, PLANT AND EQUIPMENT

2012 Group	Land and buildings N$'000	Computer and prepaid equipment N$'000	Vehicles, furniture and fittings N$'000	Network equipment N$'000	Work in progress N$'000	Leasehold improve-ments N$'000	Total N$'000
Cost							
Balance at beginning of year	3 329	19 369	44 532	1 619 261	16 961	19 687	1 723 139
Additions	-	8 757	6 807	179 437	11 786	853	207 640
Disposals	-	(1 255)	(4 514)	(69 886)	-	(3 586)	(79 241)
Transfer	-	-	63	12 117	(12 180)	-	-
Transfer to intangible assets	-	-	-	-	(6 492)	-	(6 492)
Transfer from construction deposit	-	-	-	75 113	-	-	75 113
Adjustment	-	-	-	444	-	-	444
Balance at end of year	3 329	26 871	46 888	1 816 486	10 075	16 954	1 920 603
Accumulated depreciation							
Balance at beginning of year	(655)	(12 429)	(26 050)	(731 450)	-	(12 822)	(783 406)
Depreciation for the year	(74)	(4 279)	(7 231)	(192 394)	-	(3 752)	(207 730)
Disposals	-	1 234	4 221	69 376	-	3 579	78 410
Adjustment	-	-	-	-	-	-	-
Balance at end of year	(729)	(15 474)	(29 060)	(854 468)	-	(12 995)	(912 726)
Carrying value							
At end of year	2 600	11 397	17 828	962 018	10 075	3 959	1 007 877
At beginning of year	2 674	6 940	18 482	887 811	16 961	6 865	939 733

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2012 Company	Land and buildings N$'000	Computer and prepaid equipment N$'000	Vehicles, furniture and fittings N$'000	Network equipment N$'000	Work in progress N$'000	Leasehold improve-ments N$'000	Total N$'000
Cost							
Balance at beginning of year	-	19 369	44 532	1 619 258	16 963	19 687	1 719 809
Additions	-	8 757	6 807	179 437	11 786	853	207 640
Disposals	-	(1 255)	(4 514)	(69 886)	-	(3 586)	(79 241)
Transfer	-	-	63	12 117	(12 180)	-	-
Transfer to intangible assets	-	-	-	-	(6 492)	-	(6 492)
Transfer from construction deposit	-	-	-	75 113	-	-	75 113
Adjsutment	-	-	-	444	-	-	444
Balance at end of year	-	26 871	46 888	1 816 483	10 077	16 954	1 917 273
Accumulated depreciation							
Balance at beginning of year	-	(12 428)	(26 050)	(731 450)	-	(12 822)	(782 750)
Depreciation for the year	-	(4 279)	(7 231)	(192 394)	-	(3 752)	(207 656)
Disposals	-	1 235	4 221	69 376	-	3 579	78 411
Balance at end of year	-	(15 472)	(29 060)	(854 468)	-	(12 995)	(911 995)
Carrying value							
At end of year	-	11 399	17 828	962 015	10 077	3 959	1 005 278
At beginning of year	-	6 941	18 482	887 808	16 963	6 865	937 059

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2011 Group	Land and buildings N$'000	Computer and prepaid N$'000	Vehicles, furniture and fittings equipment N$'000	Network equipment N$'000	Work in progress N$'000	Leasehold improve-ments N$'000	Total N$'000
Cost							
Balance at beginning of year	3 329	34 159	44 707	1 511 314	52 389	18 510	1 664 408
Additions	-	2 513	6 501	102 337	14 855	1 061	127 267
Disposals	-	(17 350)	(6 999)	(11 923)	-	-	(36 272)
Transfer	-	47	323	19 050	(19 536)	116	-
Transfer to intangible assets	-	-	-	-	(26 755)	-	(26 755)
Transfer to operating expenditure	-	-	-	-	(3 992)	-	(3 992)
Adjustment	-	-	-	(1 517)	-	-	(1 517)
Balance at end of year	3 329	19 369	44 532	1 619 261	16 961	19 687	1 723 139
Accumulated depreciation							
Balance at beginning of year	(581)	(25 571)	(24 100)	(579 896)	-	(11 543)	(641 691)
Depreciation for the year	(74)	(4 208)	(8 651)	(160 730)	-	(1 279)	(174 942)
Disposals	-	17 350	6 701	9 176	-	-	33 227
Balance at end of year	(655)	(12 429)	(26 050)	(731 450)	-	(12 822)	(783 406)
Carrying value							
At end of year	2 674	6 940	18 482	887 811	16 961	6 865	939 733
At beginning of year	2 748	8 588	20 607	931 418	52 389	6 967	1 022 717

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2011 Company	Land and buildings N$'000	Computer and prepaid N$'000	Vehicles, furniture and fittings equipment N$'000	Network equipment N$'000	Work in progress N$'000	Leasehold improve-ments N$'000	Total N$'000
Cost							
Balance at beginning of year	-	34 159	44 707	1 511 312	52 391	18 510	1 661 079
Additions	-	2 513	6 501	102 337	14 855	1 061	127 267
Disposals	-	(17 350)	(6 999)	(11 923)	-	-	(36 272)
Transfer	-	47	323	19 049	(19 536)	116	-
Transfer to intangible assets	-	-	-	-	(26 755)	-	(26 755)
Transfer to operating expenditure	-	-	-	-	(3 992)	-	(3 992)
Adjustment	-	-	-	(1 517)	-	-	(1 517)
Balance at end of year	-	19 369	44 532	1 619 258	16 963	19 687	1 719 810
Accumulated depreciation							
Balance at beginning of year	-	(25 570)	(24 100)	(579 896)	-	(11 543)	(641 109)
Depreciation for the year	-	(4 208)	(8 651)	(160 730)	-	(1 279)	(174 868)
Disposals	-	17 350	6 701	9 176	-	-	33 227
Balance at end of year	-	(12 428)	(26 050)	(731 450)	-	(12 822)	(782 750)
Carrying value							
At end of year	-	6 941	18 482	887 808	16 963	6 865	937 060
At beginning of year	-	8 589	20 607	931 416	52 391	6 967	1 019 970

Additions were financed from cash resources.

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

10. CHANGE IN ACCOUNTING ESTIMATE

In the current year the residual values and estimated useful lives of all categories of property, plant and equipment were reassessed in accordance with IAS 16 Property, plant and equipment. This resulted in a change in the estimated remaining useful life of property plant and equipment which has decreased current year profits by N$ 20,173 million (2011 increased by N$ 10,762 million). This decrease in profit will result in decreased depreciation charges in future periods of the same amount.

11. INTANGIBLE ASSETS

2012 Group	Computer software N$'000	Network software N$'000	Customer bases N$'000	Licences N$'000	Total N$'000
Cost					
Balance at beginning of year	13 168	108 211	274 207	5 623	401 209
Additions	5 938	12 866	104 949	-	123 753
Transfer from property, plant and equipment	-	-	-	6 492	6 492
Disposals	(4 609)	(642)	(95 132)	(49)	(100 432)
Balance at end of year	14 497	120 435	284 024	12 066	431 022
Accumulated amortisation and impairment					
Balance at beginning of year	(5 855)	(34 928)	(132 473)	(3 419)	(176 675)
Amortisation for the year	(3 828)	(36 161)	(106 874)	(937)	(147 800)
Disposals	4 574	642	90 916	49	96 182
Balance at end of year	(5 109)	(70 447)	(148 431)	(4 306)	(228 293)
Carrying value					
At end of year	9 388	49 988	135 594	7 759	202 729
At beginning of year	7 313	73 283	141 734	2 204	224 534

11. INTANGIBLE ASSETS (continued)

2012 Company	Computer software N$'000	Network software N$'000	Customer bases N$'000	Licences N$'000	Total N$'000
Cost					
Balance at beginning of year	12 939	108 211	274 207	5 624	400 981
Additions	5 938	12 866	104 949	-	123 753
Transfer from property, plant and equipment	-	-	-	6 492	6 492
Disposals	(4 609)	(642)	(95 132)	(49)	(100 432)
Balance at end of year	14 268	120 435	284 024	12 067	430 794
Accumulated amortisation					
Balance at beginning of year	(5 626)	(34 928)	(132 473)	(3 419)	(176 446)
Amortisation for the year	(3 828)	(36 161)	(106 874)	(937)	(147 800)
Disposals	4 574	642	90 916	49	96 182
Balance at end of year	(4 880)	(70 447)	(148 431)	(4 306)	(228 064)
Carrying value					
At end of year	9 388	49 988	135 594	7 760	202 730
At beginning of year	7 313	73 283	141 734	2 205	224 535

Additions were financed from cash resources.

11. INTANGIBLE ASSETS (continued)

2011 Group	Computer software N$'000	Network software N$'000	Customer bases N$'000	Licences N$'000	Total N$'000
Cost					
Balance at beginning of year	16 173	83 911	252 316	5 728	358 128
Additions	6 466	2 671	100 003	213	109 353
Transfer from property, plant and equipment	50	21 650	5 055	-	26 755
Adjustment	-	-	247	-	247
Disposals	(9 521)	(21)	(83 414)	(317)	(93 273)
Balance at end of year	13 168	108 211	274 207	5 624	401 210
Accumulated amortisation and impairment					
Balance at beginning of year	(12 287)	(3 426)	(121 387)	(2 800)	(139 900)
Amortisation for the year	(3 089)	(31 523)	(92 704)	(936)	(128 252)
Disposals	9 521	21	81 618	317	91 477
Balance at end of year	(5 855)	(34 928)	(132 473)	(3 419)	(176 675)
Carrying value					
At end of year	7 313	73 283	141 734	2 205	224 535
At beginning of year	3 886	80 485	130 929	2 928	218 228

11. INTANGIBLE ASSETS (continued)

2011 Company	Computer software N$'000	Network software N$'000	Customer bases N$'000	Licences N$'000	Total N$'000
Cost					
Balance at beginning of year	15 944	83 911	252 316	5 728	357 899
Additions	6 466	2 671	100 003	213	109 353
Transfer from property, plant and equipment	50	21 650	5 055	-	26 755
Adjustment	-	-	247	-	247
Disposals	(9 521)	(21)	(83 414)	(317)	(93 273)
Balance at end of year	12 939	108 211	274 207	5 624	400 981
Accumulated amortisation					
Balance at beginning of year	(12 058)	(3 426)	(121 387)	(2 800)	(139 671)
Amortisation for the year	(3 089)	(31 523)	(92 704)	(936)	(128 252)
Disposals	9 521	21	81 618	317	91 477
Balance at end of year	(5 626)	(34 928)	(132 473)	(3 419)	(176 446)
Carrying value					
At end of year	7 313	73 283	141 734	2 205	224 535
At beginning of year	3 886	80 485	130 929	2 928	218 228

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

12. INVESTMENT IN SUBSIDIARIES

	Ownership		Company	
	2012 %	2011 %	2012 N$'000	2011 N$'000
Jurgens 34 (Proprietary) Limited				
Shares at cost	100	100	458	458
Intercompany loan to Jurgens 34 (Pty) Ltd			2 416	2 050
Windhoek General Administrators (Proprietary) Limited				
Shares at cost	100	100	-	-
Indebtedness	-	-	-	-
MTC Social Responsibility Trust				
Shares at cost	-	-	-	-
Intercompany loan	-	-	-	-
			2 874	2 508

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

Attributable to Mobile Telecommunications Limited		
Aggregate profits after tax	2 576	831

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

13. INVENTORIES

Network consumables	18 890	21 275	18 890	25 863
Subscriber identity modules	16 121	11 664	16 121	11 664
Handset and accessories	37 030	40 201	37 030	35 613
	72 041	73 140	72 041	73 140
Inventory carried at net realisable value	18 432	21 167	19 775	25 883

The amount of write-down of inventories recognised as an expense is N$ 5 062 535 (2011: N$ 5 455 694).

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

	Group		Company	
	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
14. TRADE AND OTHER RECEIVABLES				
Prepayments and deposits	18 759	17 275	18 757	17 273
Customers to the mobile network after provisions	111 892	107 420	111 892	107 420
Interconnect debtors	1 858	3 671	1 858	3 671
Other receivables	9 404	10 387	9 392	10 360
	141 913	138 753	141 899	138 724
Provisions for doubtful debts included in the above				
Balance at beginning of the year	(8 558)	(10 234)	(8 558)	(10 234)
Utilised during the year	1 550	7 897	1 550	7 897
Additionally provided	(2 121)	(6 221)	(2 121)	(6 221)
Balance at end of the year	(9 129)	(8 558)	(9 129)	(8 558)
Trade receivables are generally on 30 - 60 days terms.				
15. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	95 461	101 128	95 279	101 117
Short-term bank deposits	190 029	143 887	190 029	143 887
Cash and cash equivalents	285 490	245 015	285 308	245 004

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

	Group		Company	
16. SHARE CAPITAL				
Authorised and issued				
25 000 000 ordinary shares of N$1 each	25 000	25 000	25 000	25 000
	25 000	25 000	25 000	25 000

	Group		Company	
	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
17. DEFERRED TAXATION				
The movement on the deferred taxation account is as follows:				
Balance at beginning of year	268 318	279 114	268 333	279 040
Income statement charge	(8 797)	(10 802)	(8 704)	(10 707)
Adjustment	-	6	-	-
At end of year	259 521	268 318	259 629	268 333
Comprising:				
Deferred income tax assets				
- Income received in advance	(39 472)	(34 837)	(39 472)	(34 837)
- Unrealised forex gain	(1 078)	-	(1 078)	-
- Provisions	(2 591)	160	(2 591)	160
- Straight lining of leases	(722)	(843)	(722)	(843)
	(43 863)	(35 520)	(43 863)	(35 520)
Deferred income tax liabilities				
- Capital allowances	184 523	229 333	184 631	229 348
- Inventories	113 244	67 037	113 244	67 037
- Prepayments	5 617	5 141	5 617	5 141
- Unrealised forex loss	-	2 327	-	2 327
	303 384	303 838	303 492	303 853
Net deferred tax liability	259 521	268 318	259 629	268 333

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

	Group		Company	
	2012	2011	2012	2011
	N$'000	N$'000	N$'000	N$'000
18. TRADE AND OTHER PAYABLES				
Trade payables	99 709	85 326	99 703	85 297
Trade payable relating to MTC RAN modernisation and packet core unification project	-	9 790	-	9 790
Accruals	94 926	80 504	94 891	80 504
VAT payable	10 338	15 406	10 338	15 406
Other payables	2 853	2 066	2 853	2 066
	207 826	193 092	207 785	193 063

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

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

The retention bonus cycle repeats itself from year six.

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

Opening balance at beginning of the year	1 941	3 845	1 941	3 845
Paid during the year	(853)	(1 904)	(853)	(1 904)
Provision for current year	2 272	-	2 272	-
Closing balance at end of the year	3 360	1 941	3 360	1 941
Non-current	-	1 087	-	1 087
Current	3 360	854	3 360	854
	3 360	1 941	3 360	1 941

	Group		Company	
	2012	2011	2012	2011
	N$'000	N$'000	N$'000	N$'000
19. DEFERRED REVENUE				
At the beginning of the year	89 564	81 783	89 564	81 783
Airtime sold during the year	1 077 385	948 192	1 077 385	948 192
Airtime utilised during the year	(1 066 150)	(940 411)	(1 066 150)	(940 411)
At the end of the year	100 799	89 564	100 799	89 564
Current	100 799	89 564	100 799	89 564
Total	100 799	89 564	100 799	89 564

20. NOTES TO STATEMENTS OF CASH FLOWS

	2012	2011	2012	2011
20.1 Cash generated by operations				
Profit before taxation	519 983	478 860	520 257	480 026
Adjustments for :				
Amortisation	147 800	128 252	147 800	128 252
Depreciation	207 730	174 942	207 656	174 868
Loss on disposal of plant and equipment	4 297	915	4 297	915
Operating expenditure transferred from work in progress	-	3 992	-	3 992
Finance cost	592	5 103	592	5 103
Finance income	(16 742)	(13 027)	(16 737)	(13 024)
Foreign exchange movement on cash and cash equivalents	(2 710)	7 535	(2 710)	7 535
Operating profit before working capital changes	860 950	786 572	861 155	787 667
Working capital changes	23 908	(17 157)	23 882	(16 958)
Decrease in inventories	1 099	17 089	1 099	17 089
(Increase) / decrease in trade and other receivables	(3 160)	14 691	(3 174)	14 691
Increase in deferred revenue	11 235	7 781	11 235	7 781
Increase / (decrease) in trade and other payables	14 734	(56 718)	14 722	(56 519)
Cash generated by operations	884 858	769 415	885 037	770 709

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

	Group		Company	
	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
20. NOTES TO STATEMENTS OF CASH FLOWS (continued)				
20.2 Taxation paid				
Payable at the beginning of the year	24 226	13 905	24 566	14 054
Taxation charged to the income statement, excluding deferred taxation	176 187	170 810	176 187	171 001
Adjustment	-	(6)	-	-
(Payable) at the end of the year	(9 616)	(24 226)	(9 977)	(24 566)
Amounts paid	190 797	160 483	190 776	160 489

21. COMMITMENTS AND CONTINGENCIES

21.1 Capital commitments

	Group 2012 N$'000	Group 2011 N$'000	Company 2012 N$'000	Company 2011 N$'000
Commitments in respect of capital expenditure:				
Approved and contracted for				
Network expansions	103 836	49 875	103 836	49 875
Retail stock	30 371	13 200	30 371	13 200
Other - property, plant and equipment	26 597	-	26 597	-
	160 804	63 075	160 804	63 075
Approved and not contracted for				
Network expansions	211 858	118 935	211 858	118 935
Retail stock	91 114	112 989	91 114	112 989
Other - property, plant and equipment	5 494	37 806	5 494	37 806
	308 466	269 730	308 466	269 730

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

21. COMMITMENTS AND CONTINGENCIES (continued)

21.2 Operating lease commitments - lessee

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

Group and Company 2012	Radio sites N$'000	Premises Offices/Shops N$'000	Other N$'000	Total N$'000
Within one year	20 688	14 217	-	34 905
After one year but not more than five years	85 120	53 157	-	138 277
More than five years	415 879	50 633	-	466 512
	521 687	118 007	-	639 694

Group and Company 2011	Radio sites N$'000	Premises Offices/Shops N$'000	Other N$'000	Total N$'000
Within one year	19 194	14 266	206	33 666
After one year but not more than five years	80 864	55 326	-	136 190
More than five years	389 360	43 135	-	432 495
	489 418	112 727	206	602 351

21.3 Other commitments

Construction deposits

At 30 September 2012 the group had entered into other commitments of N$ 2 728 730 (2011: N$ 28 718 000) which relate to construction deposits for work in progress for the West African Cable Solution project. The final payment for the project will be done in March 2013. No prepayments were made for the West African Cable Solution project before 30 September 2012. The construction deposit balance of N$75 113 000 in 2011 related to prepayments made for the West African Cable Solution project before 30 September 2011.

The construction deposit balance at 30 September 2012 of N$ 393 112 relates to prepayments made for equipment for the new MTC commercial centre.

22. RETIREMENT BENEFIT INFORMATION

The company operates a defined contribution scheme, the MTC Pension Fund (registration number 25/7/7/390), providing benefits based on the contributions of an employee and is administered by Alexander Forbes. This fund is registered under and governed by the Pension Funds Act, 1956 as amended. The fund will be valued every three years. The members of the fund can elect to contribute 7% or the maximum of 14 %, which will be matched by the employer by the % elected of the members' pensionable salaries. All contributions of the company are charged to profit and loss in the statement of comprehensive income

22. RETIREMENT BENEFIT INFORMATION (continued)

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 2012 were N$ 71 796 633 (2011: N$ 58 872 429).

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

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

A statutory actuarial valuation was performed on 28 February 2009 in which the valuator reported that the fund was in a sound financial position. New actuaries have been appointbed and therefore a statutory actuarial valuation will be performed on the 29 February 2012 financial results by 28 February 2013.

23. BANK OVERDRAFT

The company has unsecured overdraft facilities at First National Bank Namibia totalling N$ 1 million (2011: N$ 1 million). The facility has expired at year end, but is currently under review. The EFT (same day service) at Standard bank is N$ 5 Million , whilst the Debit and Credit Run facility is N$ 20 Million from Standard bank. The group has an pre-settlement FEC facility at First National Bank Namibia of N$ 30 Million (2011 : N$ 30 million) and a FEC Trading facility at Standard Bank of N$ 40 Million.

24. 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.

24.1 Foreign currency risk management

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

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

24.1 Foreign currency risk management (continued)

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

At 30 September 2012, the group has not hedged any (2011: 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.
Foreign exchange losses / (gains) recognised in the statements of comprehensive income:

	Group		Company	
	2012	2011	2012	2011
	N$'000	N$'000	N$'000	N$'000
- realised (gain)/loss	(2 710)	7 535	(2 710)	7 535
- unrealised loss/(gain)	3 168	(6 844)	3 168	(6 844)

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

	2012	2011
Foreign currency liability	N$'000	N$'000
To sell	-	-
Foreign currency asset		
To buy	3 676	3 676

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

2012		N$'000	
Foreign currency asset	FEC value	Forward value	Fair value
To buy - US Dollar	-	-	-

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

Open FEC's at year end with First National Bank Namibia have a purchased cost of N$ Nil (2011: N$ 8 593 million) and with Bank Windhoek with a purchased cost of Nil (2011: N$ 9 738 million).

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

24.1 Foreign currency risk management (continued)

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

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

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

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

	Group		Company	
Effect on profit before tax of amounts included in trade payables at year end:	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
USD				
Effect on profit before tax				
Increase of 5% in USD exchange rate	(2 854)	(2 542)	(2 854)	(2 542)
Decrease of 5% in USD exchange rate	2 854	2 542	2 854	2 542
Euro				
Effect on profit before tax				
Increase of 5% in Euro exchange rate	(187)	(252)	(187)	(252)
Decrease of 5% in Euro exchange rate	187	252	187	252
Swiss Francs				
Effect on profit before tax				
Increase of 5% in Swiss Francs exchange rate	(60)	(56)	(60)	(56)
Decrease of 5% in Swiss Francs exchange rate	60	56	60	56

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

24.1 Foreign currency risk management (continued)

Group and Company

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

	2012 N$'000	Conversion rate at 30 September 2012	2011 N$'000	Conversion rate at 30 September 2011
United States Dollars	57 073	8.31	50 841	8.02
Euro	3 730	10.68	5 033	10.78
Swiss Francs	1 194	8.85	1 126	8.86
At year end the following foreign currency denominated amounts were included in roaming debtors, for which no forward cover was taken:				
United States Dollars	10 582	8.31	9 023	8.02

24.2 Credit risk management

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

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

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

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

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

24.2 Credit risk management (continued)

	Group		Company	
	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
Cash and cash equivalents	285 490	245 015	285 308	245 004
Trade and other receivables - Namibia	131 331	129 730	131 317	124 210
Trade and other receivables - non-Namibian	10 582	9 023	10 582	14 515
Long term deposit	393	75 113	393	75 113
	427 796	458 881	427 600	458 842

No terms of financial assets were renegotiated.

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

	Group		Company	
	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
Neither past due nor impaired	114 345	106 017	114 331	105 989
Past due but not impaired:				
between 30 and 60 days	24 084	9 905	24 084	9 905
between 60 and 90 days	901	2 375	901	2 375
more than 90 days	2 583	20 456	2 583	20 456
Net carrying amount	141 913	138 753	141 899	138 725

24.3 Liquidity risk management

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

24.3 Liquidity risk management (continued)

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

Group 2012	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	-	207 826	-	-	-
	-	207 826	-	-	-
Group 2011					
Trade and other payables	-	192 005	-	1 087	-
	-	192 005	-	1 087	-

Company 2012	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	-	207 785	-	-	-
	-	207 785	-	-	-
Company 2011					
Trade and other payables	-	191 976	-	1 087	-
	-	191 976	-	1 087	-

24.4 Capital management

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

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

No changes were made in the objectives, policies and processes during the years ended 30 September 2012 and 30 September 2011. The group is not subject to externally imposed capital requirements.

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

2012 Group	Notes	Total N$'000	Loans and receivables N$'000	At fair value through profit or loss: Held for trading N$'000	Finance lease receivables and payables N$'000	Financial liabilities at amortised cost N$'000	Equity and non-financial assets and liabilities N$'000
Assets							
Non-current assets							
Property, plant and equipment	9	1 007 877	-	-	-	-	1 007 877
Intangible assets	11	202 729	-	-	-	-	202 729
Long term deposit		393	393	-	-	-	-
Current assets							
Inventories	13	72 041	-	-	-	-	72 041
Trade and other receivables	14	141 913	141 913	-	-	-	-
Cash and cash equivalents	15	285 490	285 490	-	-	-	-
Total assets		1 710 443	427 796	-	-	-	1 282 647
Equity							
Ordinary share capital	16	25 000	-	-	-	-	25 000
Retained income		1 107 681	-	-	-	-	1 107 681
Equity attributable to equity holders of the parent		1 132 681	-	-	-	-	1 132 681
Total equity		1 132 681	-	-	-	-	1 132 681
Non-current liabilities							
Trade and other payables	18	-	-	-	-	-	-
Deferred taxation	17	259 521	-	-	-	-	259 521
Current liabilities							
Trade and other payables	18	207 826	-	-	-	207 826	-
Deferred revenue	19	100 799	-	-	-	-	100 799
Taxation payable	20.2	9 616	-	-	-	-	9 616
Total liabilities		577 762	-	-	-	207 826	369 936
Total equity and liabilities		1 710 443	-	-	-	207 826	1 502 617

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

25. FINANCIAL INSTRUMENTS (continued)

25.1 Categories of financial instruments (continued)

2012 Company	Notes	Total N$'000	Loans and receivables N$'000	At fair value through profit or loss: Held for trading N$'000	Finance lease receivables and payables N$'000	Financial liabilities at amortised cost N$'000	Equity and non-financial assets and liabilities N$'000
Assets							
Non-current assets							
Property, plant and equipment	9	1 005 278	-	-	-	-	1 005 278
Intangible assets	11	202 729	-	-	-	-	202 729
Investment in subsidiaries	12	2 874	-	-	-	-	2 874
Long term deposit		393	393	-	-	-	-
Current assets							
Inventories	13	72 041	-	-	-	-	72 041
Trade and other receivables	14	141 899	138 223	3 676	-	-	-
Cash and cash equivalents	15	285 308	285 308	-	-	-	-
Total assets		1 710 522	423 924	3 676	-	-	1 282 922
Equity							
Ordinary share capital	16	25 000	-	-	-	-	25 000
Retained income		1 107 330	-	-	-	-	1 107 330
Equity attributable to equity holders of the parent		1 132 330	-	-	-	-	1 132 330
Total equity		1 132 330	-	-	-	-	1 132 330
Non-current liabilities							
Deferred taxation	17	259 631	-	-	-	-	259 631
Current liabilities							
Trade and other payables	18	207 785	-	-	-	207 785	-
Deferred revenue	19	100 799	-	-	-	-	100 799
Taxation payable	20.2	9 977	-	-	-	-	9 977
Total liabilities		578 192	-	-	-	207 785	370 407
Total equity and liabilities		1 710 522	-	-	-	207 785	1 502 737

25. FINANCIAL INSTRUMENTS (continued)

25.1 Categories of financial instruments (continued)

2011 Group	Notes	Total N$'000	Loans and receivables N$'000	At fair value through profit or loss: Held for trading N$'000	Finance lease receivables and payables N$'000	Financial liabilities at amortised cost N$'000	Equity and non-financial assets and liabilities N$'000
Assets							
Non-current assets							
Property, plant and equipment	9	939 733	-	-	-	-	939 733
Intangible assets	11	224 535	-	-	-	-	224 535
Long term deposit		75 113	75 113	-	-	-	-
Current assets							
Inventories	13	73 140	-	-	-	-	73 140
Trade and other receivables	14	138 753	135 082	3 671	-	-	-
Cash and cash equivalents	15	245 015	245 015	-	-	-	-
Total assets		1 696 289	455 210	3 671	-	-	1 237 408
Equity							
Ordinary share capital	16	25 000	-	-	-	-	25 000
Retained income		1 096 089	-	-	-	-	1 096 089
Equity attributable to equity holders of the parent		1 121 089	-	-	-	-	1 121 089
Total equity		1 121 089	-	-	-	-	1 121 089
Non-current liabilities							
Trade and other payables	18	1 087	-	-	-	1 087	-
Deferred taxation	17	268 318	-	-	-	-	268 318
Current liabilities							
Trade and other payables	18	192 005	-	-	-	192 005	-
Deferred revenue	19	89 564	-	-	-	-	89 564
Taxation payable	20.2	24 226	-	-	-	-	24 226
Total liabilities		575 200	-	-	-	193 092	382 108
Total equity and liabilities		1 696 289	-	-	-	193 092	1 503 197

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2012 (continued)

25. FINANCIAL INSTRUMENTS (continued)

25.1 Categories of financial instruments (continued)

2011 Company	Notes	Total N$'000	Loans and receivables N$'000	At fair value through profit or loss: Held for trading N$'000	Finance lease receivables and payables N$'000	Financial liabilities at amortised cost N$'000	Equity and non-financial assets and liabilities N$'000
Assets							
Non-current assets							
Property, plant and equipment	9	937 059	-	-	-	-	937 059
Intangible assets	11	224 535	-	-	-	-	224 535
Investment in subsidiaries	12	2 508	-	-	-	-	2 508
Long term deposit		75 113	75 113	-	-	-	-
Current assets							
Inventories	13	73 140	-	-	-	-	73 140
Trade and other receivables	14	138 724	135 048	3 676	-	-	-
Cash and cash equivalents	15	245 004	245 004	-	-	-	-
Total assets		1 696 084	455 165	3 676	-	-	1 237 242
Equity							
Ordinary share capital	16	25 000	-	-	-	-	25 000
Retained income		1 095 557	-	-	-	-	1 095 557
Equity attributable to equity holders of the parent		1 120 557	-	-	-	-	1 120 557
Total equity		1 120 557	-	-	-	-	1 120 557
Non-current liabilities							
Trade and other payables	18	1 087	-	-	-	1 087	-
Deferred taxation	17	268 333	-	-	-	-	268 333
Current liabilities							
Trade and other payables	18	191 976	-	-	-	191 976	-
Deferred revenue	19	89 564	-	-	-	-	89 564
Taxation payable	20.2	24 566	-	-	-	-	24 566
Total liabilities		575 526	-	-	-	193 063	382 463
Total equity and liabilities		1 696 083	-	-	-	193 063	1 503 020

25. FINANCIAL INSTRUMENTS (continued)

25.2 Fair values

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

25.3 Fair value hierarchy

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

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

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

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

Valuation techniques:

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

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

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

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

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

As at 30 September 2012, the group held the following financial instruments measured at fair value:

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

25. FINANCIAL INSTRUMENTS (continued)

25.3 Fair value hierarchy (continued)

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

Group	Total	Level 1	Level 2	Level 3
Liabilities measured at fair value:				
Trade and other payables - FEC	3 676	3 676	-	-
	3 676	3 676	-	-

Company	Total	Level 1	Level 2	Level 3
Liabilities measured at fair value:				
Trade and other payables - FEC	3 676	3 676	-	-
	3 676	3 676	-	-

26. 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.

26.1 Subsidiaries

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

26.2 Key management

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

26.3 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 shareholder.

26.4 Fellow subsidiary

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

26. RELATED PARTIES (continued)

26.4 Fellow subsidiary (continued)

Summary of balances and transactions with related parties

	Group		Company	
	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
Balance receivable from fellow subsidiary:				
- Telecom Namibia	1 858	3 671	1 858	3 671
- PT Comunicacoes SA	1 660	-	1 660	-
- PT SI - Sistemas de Informacoa SA	146	-	146	-
Balance receivable from fellow subsidiary included in other receivables:				
- PT Comunicacoes SA	1 660	-	1 660	-
- PT SI - Sistemas de Informacao	146	-	146	-
Balance payable to shareholders:				
- Nampost Courier	(29)	(538)	(29)	(538)
Balance payable receivable from shareholders:				
- Nampost Courier	8 021	-	8 021	-
Balance payable to fellow subsidiaries:				
- PT Investments	(398)	(40)	(398)	(40)
- PT Communicators SA	(2 665)	(1 969)	(2 665)	(1 969)
- PT SI - Sistemas de Informacao SA	(706)	(1 480)	(706)	(1 480)
Property, plant and equipment purchased from subsidiaries:				
- PT Comunicacoes, SA	-	-	-	-
- PT Inovacao	-	3 513	-	3 513
- PT SI Sistemas de Informacao	-	1 949	-	1 678
Management fees paid to PT Investimentos:	3 585	2 250	3 585	2 250
Rent paid to NPTH Limited: Shareholder:	10 633	9 542	10 633	9 542

26. RELATED PARTIES (continued)

26.4 Fellow subsidiary (continued)

Summary of balances and transactions with related parties (continued)

	Group		Company	
	2012 N$'000	2011 N$'000	2012 N$'000	2011 N$'000
Telephone and fax paid to Telecom Namibia:	427	548	427	548
Net set rentals paid to Telecom Namibia	88 781	90 972	88 781	90 972
Net interconnect fees received from fellow subsidiary:				
- Telecom Namibia	13 922	17 252	13 922	17 252
Net interconnect fees paid to fellow subsidiaries:				
- PT Comunicacoes, SA	6 960	5 396	6 960	5 396

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