



## Chairman's Review

On behalf of the Board of Directors, I have great pleasure in presenting the 15th Annual Report providing an overview of Telecom Namibia's operations, our operating environment and the Audited Financial Statements for the year ended 30 September 2008.

Despite the numerous challenges experienced during the year, the business has achieved a great deal of success and the board is pleased with the progress the group is making.

From a strategic perspective, Telecom Namibia is repositioning into a new phase of development. Our 'Strategy 2010' agenda is delivering against set targets in many respects and the organisation is steadily moving towards attaining next generation service provider status.

The board is confident that the changes undertaken over the past two years will deliver sustainable benefits, and that the group is well positioned to embark on the next phase of growth.

### Financial Performance

The group had a satisfactory growth with an operating profit N\$103 million compared to N\$67m in 2007. However, loss after tax amounted to N\$24m compared to N\$31 in the preceding year. This is attributable to the losses incurred by the subsidiary and associates. We are determined to improve this situation as the desire of the Board and the shareholder is to bring about a step shift in performance through a well thought out strategy and plan to implement a series of changes to improve performance and create shareholder value over the medium term. We have started on this process and I am confident from my initial review that we can achieve improvements quickly.

The net assets decreased by 3% from N\$956m as at 30 September 2007 to N\$932 at the end of the year under review as a result of the group loss incurred. The overall asset base however increased and this was underpinned by the significant investment in local capital infrastructure development and further investments in foreign ventures in which Telecom Namibia has acquired shareholding stakes. This resulted in an increase in net assets value per share from N\$6.57 to N\$6.87, representing a 5% increase.

In terms of profitability, the group and company improved markedly in the current financial year. The company's profit after tax went up by 102% from 23.2 million in the previous financial year to N\$46.9 million in the current year as a result of increased

turnovers and improved cost management. At a group level, the operations continue to run at an overall loss as a result of the operating losses incurred by foreign ventures. However, it is pleasing to note that current year group loss decreased by 20% - from a loss of N\$31 million in 2007 down to N\$24 million in the current year.

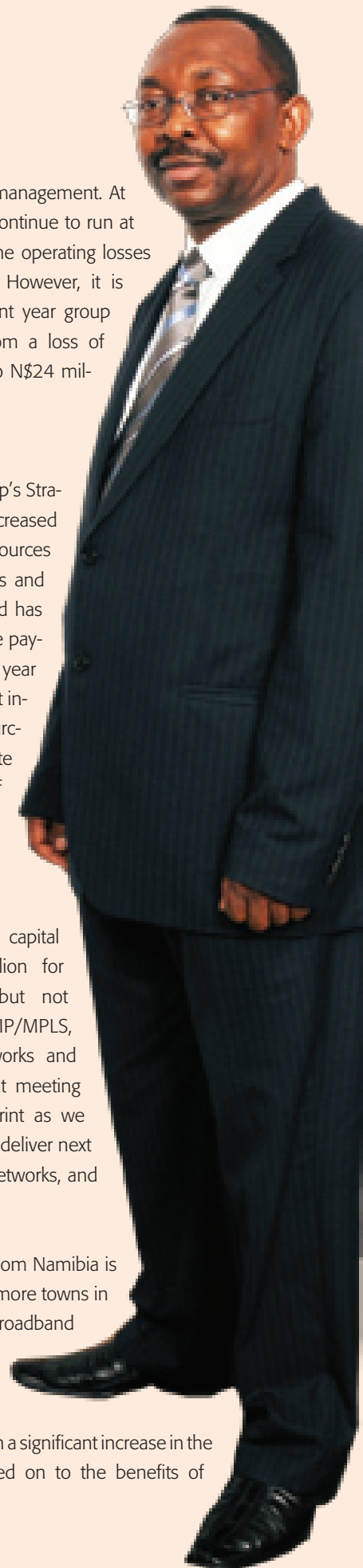
### Dividend

The ongoing rollout of the group's Strategic Blueprint has invariably increased the demand for financial resources to fund the underlying projects and ventures. As a result, the board has decided not to recommend the payment of a dividend for the year ended 30 September 2008 but instead to plough back the resources into the business to facilitate the successful attainment of the group's goals. The position will be kept under review.

### Capital Projects

The Board approved a total capital budget of over N\$260 million for various projects, including but not limited to, the deployment of IP/MPLS, ADSL and WiMAX, ring networks and others. These are all aimed at meeting targets in the Strategic Blueprint as we continue the transformation to deliver next generation fixed and mobile networks, and IT services.

I am happy to report that Telecom Namibia is delivering faster broadband to more towns in Namibia. We anticipate our broadband enhancement project will make high-speed broadband available to many Namibians by 2011, which over time will mean a significant increase in the number of Namibians switched on to the benefits of broadband.



## Governance and Risk Management

To protect and enhance shareholder value, the board has a strong ongoing commitment to transparency and good corporate governance as an imperative part of discharging its responsibilities. The annual report include a number of statements on the robust corporate governance structure and risk management framework prevailing throughout the company and the group. We have always maintained a high level of corporate governance and we continue to refine our practices in this area each year.

The board again this year actively contributed to the oversight of the company and group's business, strategy and people development.

The board sub-committees met on a regular basis during the year and continued to provide the board with the necessary assurance that risk, audit and remuneration structures and processes were being correctly implemented by management.

The board awaits the much anticipated King III Report on Corporate Governance, to be published in 2009.

## Sustainable Development

It is pleasing to report that Telecom Namibia issued 3 759 orders to the value of about N\$187 million to black economic empowerment (BBE) suppliers or contractors during the year. This constitutes 46.30% of all orders placed and 41.60% of the overall value of all orders placed. When one takes into account that Telecom Namibia and the group purchase items this is indeed an exemplary achievement.

The group continues its corporate social investment programme,

with education, ICT and other social causes as its key focus areas. It will continue to target projects that align with the footprint and strategies of the group activities. Our social activities help to sustain business performance by strengthening the communities in which we operate, improve business efficiency and developing relationships with stakeholders, and ultimately leading to increased shareholder returns.

## Employees

One of the underlying strengths of the group is the quality of its people. Their commitment to Telecom Namibia's core values underpins the results achieved this year. On behalf of the board, I would like to thank all employees for their special efforts and contributions during the year under review.

## Outlook

In summary, Telecom Namibia continues to be committed to growing all its businesses over the longer term to build the company's value for our shareholder, by further strengthening its position in the market, increasing operational efficiency, boosting revenue and significantly improving margins and earnings.

Our ongoing investment in new product development, marketing, the loyalty of customers, staff training and infrastructure will support Telecom Namibia's ambitious growth planned for the future.



**Joseph S. Iita**  
**Chairman**