

# TELECOM NAMIBIA LIMITED and its subsidiaries

## ANNUAL FINANCIAL STATEMENTS for the year ended 30 September 2008

|    |         |       |   |       |         |       |   |       |         |       |       |
|----|---------|-------|---|-------|---------|-------|---|-------|---------|-------|-------|
| 3% | 1795.63 | 8.49  | ▼ | 0.05% | 4443.87 | 7.63  | ▲ | 0.23% | 1712.11 | -0.73 | 0.0   |
|    | 1791.97 | 4.83  | ▲ | 0.48% | 2916.60 | -4.89 | ▼ | 0.16% | 1787.63 | 8.49  | 0.3   |
|    | 1795.09 | -0.54 | ▼ | 0.27% | 1112.11 | -0.73 | ▼ | 0.05% | 1791.97 | 4.83  | 0.2   |
|    | 767.89  | 0.01  | ▲ | 0.03% | 1787.63 | 8.49  | ▲ | 0.38% | 1295.09 | -0.54 | 0.1   |
|    | 778.33  | 1.34  | ▲ | 0.00% | 1791.97 | 4.83  | ▲ | 0.27% | 767.89  | 0.01  | 0.1   |
|    | 4443.87 | 7.63  | ▲ | 0.17% | 1295.09 | -0.54 | ▼ | 0.13% | 700.33  | 1.34  | 0.1   |
|    | 2916.60 | -4.89 | ▼ | 0.23% | 767.89  | 0.01  | ▲ | 0.10% | 700.33  | 1.34  | 0.1   |
| 5% | 1112.11 | -0.73 | ▼ | 0.16% | 700.33  | 1.34  | ▲ | 0.17% | 443.83  | 5.63  | 0.2   |
|    | 1787.63 | 8.49  | ▲ | 0.05% | 443.83  | 5.63  | ▲ | 0.23% | 416.60  | -6.89 | 0.06% |
|    | 1791.97 | 4.83  | ▲ | 0.38% | 416.60  | -6.89 | ▼ | 0.06% | 412.11  | -0.73 | 0.15% |
|    | 1295.09 | -0.54 | ▼ | 0.27% | 412.11  | -0.73 | ▼ | 0.15% | 795.63  | 8.49  | 0.48% |
| 8% | 767.89  | 0.01  | ▲ | 0.13% | 795.63  | 8.49  | ▲ | 0.48% | 791.97  | 4.83  | 0.27% |
| 7% | 700.33  | 1.34  | ▲ | 0.10% | 791.97  | 4.83  | ▲ | 0.27% | 795.09  | -0.54 | 0.53% |
|    | 443.83  | 5.63  | ▲ | 0.17% | 795.09  | -0.54 | ▼ | 0.53% | 767.89  | 0.01  | 0.00% |
| 3% | 416.60  | -6.89 | ▼ | 0.23% | 767.89  | 0.01  | ▲ | 0.00% | 778.33  | 1.34  | 0.17% |
|    | 412.11  | -0.73 | ▼ | 0.06% | 778.33  | 1.34  | ▲ | 0.17% | 1787.63 | 8.49  | 0.3   |
| 0% | 412.11  | -0.73 | ▼ | 0.15% | 1787.63 | 8.49  | ▲ | 0.38% | 1791.97 | 4.83  | 0.2   |
| 7% | 795.63  | 8.49  | ▲ | 0.06% | 1791.97 | 4.83  | ▲ | 0.27% | 1295.09 | -0.54 | 0.1   |
|    | 2443.83 | 5.63  | ▲ | 0.23% | 1295.09 | -0.54 | ▼ | 0.13% | 767.89  | 0.01  | 0.1   |
|    | 2416.60 | -6.89 | ▼ | 0.06% | 767.89  | 0.01  | ▲ | 0.10% | 700.33  | 1.34  | 0.1   |
|    | 2416.60 | -6.89 | ▼ | 0.05% | 700.33  | 1.34  | ▲ | 0.17% | 443.83  | 5.63  | 0.2   |

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No directors' report is presented as the Group is a wholly-owned subsidiary of Namibia Post and Telecom Holdings Limited, a company incorporated in Namibia.

## CORPORATE GOVERNANCE STATEMENT

Telecom Namibia Limited and its subsidiaries are committed to the principles of integrity, safety, professionalism, transparency, responsibility and accountability and the directors recognise the competitive need for management to conduct the business of the Group accordingly and in accordance with generally accepted corporate practices, in keeping with the Group's policies and the laws of Namibia.

### **Board of directors**

The board meets regularly, retains control over the Group and monitors executive management. The board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the Group. The roles of the Chairperson and Managing Director do not vest in the same person and the Chairperson is a non-executive director. The Chairperson provides leadership and guidance to the Group's board, encourages proper deliberation of all matters requiring the board's attention, obtains optimum input from the other directors and ensures all decisions of the board are clearly worded and are likely to advance the Group's interests.

### **Non-executive directors**

The board has four non-executive directors. Non-executive directors are appointed by the shareholder for specific terms and re-appointment is not automatic.

### **Executive directors**

There is one executive director on the board. An executive director's service contract does not exceed five years in duration, except where a longer period has been approved by the shareholder at a general meeting. There is full disclosure in the notes to the financial statements of emoluments to directors.

### **Group secretary and professional advice**

All directors have access to the advice and services of the Group Secretary, who is responsible to the board for ensuring that board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the Group at the Group's expense.

### **Internal control systems**

The Group maintains systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition, all designed to provide reasonable assurance to the Group's management and board of directors regarding the preparation of reliable published financial statements and the safeguarding of the Group's assets. The system includes a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the Group and used for the proper training and development of its people.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

### **Corporate governance**

The board subscribes to the principles of transparent and honest corporate governance. The following committees assist the Group with the compliance thereof: audit committee, executive committee, remuneration committee and risk management committee.

## STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are required by the Namibian Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company and the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and

monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the Group is supported by these financial statements.

The financial statements have been audited by the independent auditors, Deloitte & Touche, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders and the board of directors. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The auditor's report is presented on page 4.

The financial statements set out on pages 5 to 61 were approved and authorised for issue by the board of directors on 27 March 2009 and are signed on their behalf by:



**Chairperson**



**Managing Director**

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF TELECOM NAMIBIA LIMITED

We have audited the annual financial statements and Group annual financial statements of Telecom Namibia Limited, which comprise the balance sheet and the consolidated balance sheet as at 30 September 2008, the income statement and the consolidated income statement, statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 61.

### Directors' Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the Group as at 30 September 2008, and of their financial performance and their 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**  
**Registered Accountants and Auditors**  
**Chartered Accountants (Namibia)**  
**8th Floor, Namdeb Centre**  
**10 Dr Frans Indongo Street**  
**Windhoek**  
**NAMIBIA**

**Per R H McDonald**

**Partner**

**27 March 2009**

**Regional Executives: GG Gelink (Chief Executive)**  
**A Swiegers (Chief Operating Officer)**

**GM Pinnock**

**Resident Partners: VJ Mungunda (Managing Partner)**

**RH McDonald**

**J Kock**

**H de Bruim**

# Telecom Namibia Limited

## Balance Sheets

### at 30 September 2008

|  | Notes     | Group<br>2008<br>N\$'000 | Restated<br>Group<br>2007<br>N\$'000 | Company<br>2008<br>N\$'000 | Restated<br>Company<br>2007<br>N\$'000 |
|--|-----------|--------------------------|--------------------------------------|----------------------------|--|
| <b>ASSETS</b>                                  |           |                          |                                      |                            |  |
| Non-current assets                             |           |                          |                                      |                            |  |
| Plant and equipment                            | <b>2</b>  | 1 578 632                | 1 471 356                            | 1 578 632                  | 1 471 356                              |
| Intangible assets                              | <b>3</b>  | 14 772                   | 948                                  | 14 772                     | 948                                    |
| Goodwill                                       | <b>4</b>  | 13 246                   | 13 246                               | --                         | --                                     |
| Investment in subsidiary                       | <b>5</b>  |                          |                                      | 164 224                    | 57 191                                 |
| Loans advanced                                 | <b>6</b>  | 40 825                   | 13 785                               | --                         | --                                     |
| Investment in associates                       | <b>7</b>  | 129 525                  | 75 205                               | 116 904                    | 95 140                                 |
| Derivative financial instruments               | <b>8</b>  | 28 423                   | 20 559                               | 28 423                     | 20 559                                 |
| Finance lease receivable                       | <b>9</b>  | 16 340                   | 12 960                               | 16 340                     | 12 960                                 |
| Investments                                    | <b>10</b> | --                       | 67 470                               | --                         | 67 470                                 |
|  |           | 1 821 763                | 1 675 529                            | 1 919 295                  | 1 725 624                              |
| Current assets                                 |           |                          |                                      |                            |  |
| Inventories                                    | <b>11</b> | 46 303                   | 52 614                               | 46 303                     | 52 614                                 |
| Trade and other receivables                    | <b>12</b> | 195 759                  | 171 622                              | 195 759                    | 171 622                                |
| Derivative financial instruments               | <b>8</b>  | 578                      | 2 063                                | 578                        | 2 063                                  |
| Amounts owing by fellow subsidiaries           | <b>13</b> | 779                      | 1 229                                | 779                        | 1 229                                  |
| Amounts owing by holding company               | <b>13</b> | 16                       | --                                   | 16                         | --                                     |
| Current tax asset                              | <b>14</b> | 23 251                   | 29 314                               | 23 251                     | 29 314                                 |
| Short-term portion of finance lease receivable | <b>9</b>  | 6 723                    | 6 126                                | 6 723                      | 6 126                                  |
| Cash and cash equivalents                      | <b>15</b> | 38 108                   | 51 660                               | 38 055                     | 51 606                                 |
|  |           | 311 517                  | 314 628                              | 311 464                    | 314 574                                |
| <b>Total assets</b>                            |           | <b>2 133 280</b>         | <b>1 990 157</b>                     | <b>2 230 759</b>           | <b>2 040 198</b>                       |

## Telecom Namibia Limited Balance Sheets continued at 30 September 2008

| Notes  | Group<br>2008<br>N\$'000 | Restated<br>Group<br>2007<br>N\$'000 | Company<br>2008<br>N\$'000 | Restated<br>Company<br>2007<br>N\$'000 |
|--|--------------------------|--------------------------------------|----------------------------|--|
| <b>EQUITY</b>  |                          |                                      |                            |  |
| <b>Capital and reserves attributable to the company's equity holders</b> |                          |                                      |                            |  |
| Share capital  | 16                       | 154 530                              | 154 530                    | 154 530                                |
| Retained earnings  |                          | 777 048                              | 801 485                    | 907 840                                |
| Total equity   |                          | 931 578                              | 956 015                    | 1 062 370                              |
| <b>LIABILITIES</b>   |                          |                                      |                            |  |
| <b>Non-current liabilities</b>   |                          |                                      |                            |  |
| Post-retirement benefit obligations                                      | 17                       | 60 649                               | 49 575                     | 60 649                                 |
| Long-term liabilities  | 18                       | 190 617                              | 84 450                     | 157 817                                |
| Deferred tax   | 19                       | 424 478                              | 391 339                    | 424 478                                |
|  |                          | 675 744                              | 525 364                    | 642 944                                |
| <b>Current liabilities</b>   |                          |                                      |                            |  |
| Trade and other payables   | 20                       | 182 731                              | 186 711                    | 182 218                                |
| Derivative financial instruments   | 8                        | 222                                  | 1 347                      | 222                                    |
| Short-term portion of long-term liabilities                              | 18                       | 13 876                               | 282 534                    | 13 876                                 |
| Bank overdraft   | 15                       | 328 376                              | 19 900                     | 328 376                                |
| Amount owing to fellow subsidiaries                                      | 13                       | 753                                  | 14 092                     | 753                                    |
| Amount owing to holding company  | 13                       | --                                   | 4 194                      | --                                     |
|  |                          | 525 958                              | 508 778                    | 525 445                                |
| <b>Total liabilities</b>   |                          | 1 201 702                            | 1 034 142                  | 1 168 389                              |
| <b>Total equity and liabilities</b>                                      |                          | <b>2 133 280</b>                     | <b>1 990 157</b>           | <b>2 230 759</b>                       |
|  |                          | <b>2 040 198</b>                     |                            |  |

# Telecom Namibia Limited

## Income Statements

### for the year ended 30 September 2008

|  | Notes     | Group<br>2008<br>N\$'000 | Restated<br>Group<br>2007<br>N\$'000 | Company<br>2008<br>N\$'000 | Restated<br>Company<br>2007<br>N\$'000 |
|--|-----------|--------------------------|--------------------------------------|----------------------------|--|
| <b>Revenue</b>                           |           | <b>1 080 491</b>         | <b>1 060 687</b>                     | <b>1 080 491</b>           | <b>1 060 687</b>                       |
| - Sale of goods                          |           | 36 404                   | 54 877                               | 36 404                     | 54 877                                 |
| - Services rendered                      |           | 1 044 087                | 1 005 810                            | 1 044 087                  | 1 005 810                              |
| Other operating income                   |           | 22 053                   | 3 154                                | 22 053                     | 3 154                                  |
| Distribution costs                       |           | (297 525)                | (285 932)                            | (297 525)                  | (285 932)                              |
| Administrative expenses                  |           | (555 491)                | (558 087)                            | (555 215)                  | (557 991)                              |
| Other operating expenses                 |           | (146 837)                | (152 695)                            | (146 837)                  | (152 695)                              |
| <b>Operating profit</b>                  | <b>21</b> | <b>102 691</b>           | <b>67 127</b>                        | <b>102 967</b>             | <b>67 223</b>                          |
| Finance income                           | <b>22</b> | 19 320                   | 20 490                               | 20 591                     | 18 271                                 |
| Finance costs                            | <b>22</b> | (43 476)                 | (36 930)                             | (43 476)                   | (34 368)                               |
| Share of results of associates after tax | <b>7</b>  | (69 833)                 | (53 404)                             | --                         | --                                     |
| <b>Profit / (loss) before tax</b>        |           | <b>8 702</b>             | <b>(2 717)</b>                       | <b>80 082</b>              | <b>51 126</b>                          |
| Taxation                                 | <b>24</b> | (33 139)                 | (27 909)                             | (33 139)                   | (27 909)                               |
| <b>(Loss) / profit for the year</b>      |           | <b>(24 437)</b>          | <b>(30 626)</b>                      | <b>46 943</b>              | <b>23 217</b>                          |
| Attributable to:                         |           |                          |                                      |                            |  |
| Equity holders of the company            |           | (24 437)                 | (30 626)                             | 46 943                     | 23 217                                 |



## Telecom Namibia Limited

### Statements of changes in equity for the year ended 30 September 2008

| Group   | Note      | Share<br>capital<br>N\$'000 | Retained<br>earnings<br>N\$'000 | Total<br>N\$'000 |
|---|-----------|-----------------------------|---------------------------------|------------------|
| <b>Balance at 1 October, 2006 - Restated</b>    |           | <b>154 530</b>              | <b>832 111</b>                  | <b>986 641</b>   |
| As previously stated                            |           | 154 530                     | 825 746                         | 980 276          |
| Prior year adjustment                           | <b>30</b> | --                          | 6 365                           | 6 365            |
| <b>Restated loss for the year</b>               |           | --                          | <b>(30 626)</b>                 | <b>(30 626)</b>  |
| As previously stated                            |           | --                          | (28 634)                        | (28 634)         |
| Prior year adjustment                           | <b>30</b> | --                          | (1 992)                         | (1 992)          |
| <b>Balance at 30 September, 2007 - Restated</b> |           | <b>154 530</b>              | <b>801 485</b>                  | <b>956 015</b>   |
| Loss for the year                               |           | --                          | (24 437)                        | (24 437)         |
| <b>Balance at 30 September, 2008</b>            |           | <b>154 530</b>              | <b>777 048</b>                  | <b>931 578</b>   |

No dividends were paid or declared during the year (2007: Nil).

# Telecom Namibia Limited

## Statements of changes in equity

### for the year ended 30 September 2008

| Company  | Note      | Share capital<br>N\$'000 | Retained earnings<br>N\$'000 | Total<br>N\$'000 |
|--|-----------|--------------------------|------------------------------|------------------|
| <b>Balance at 1 October , 2006 - Restated</b>    |           | <b>154 530</b>           | <b>837 680</b>               | <b>992 210</b>   |
| As previously stated                             |           | 154 530                  | 831,315                      | 985 845          |
| Prior year adjustment                            | <b>30</b> | --                       | 6 365                        | 6 365            |
| Restated profit for the year                     |           | --                       | <b>23 217</b>                | <b>23 217</b>    |
| As previously stated                             |           | --                       | 25 209                       | 25 209           |
| Prior year adjustment                            | <b>30</b> | --                       | (1 992)                      | (1 992)          |
| <b>Balance at 30 September , 2007 - Restated</b> |           | <b>154 530</b>           | <b>860 897</b>               | <b>1 015 427</b> |
| Profit for the year                              |           | --                       | 46 943                       | 46 943           |
| <b>Balance at 30 September, 2008</b>             |           | <b>154 530</b>           | <b>907 840</b>               | <b>1 062 370</b> |

No dividends were paid or declared during the year (2007: Nil).

## Telecom Namibia Limited

### Cash flow statements

#### for the year ended 30 September 2008

| Notes   | Group<br>2008<br>N\$'000 | Restated<br>Group<br>2007<br>N\$'000 | Company<br>2008<br>N\$'000 | Restated<br>Company<br>2007<br>N\$'000 |
|---|--------------------------|--------------------------------------|----------------------------|--|
| <b>Cash flow from operating activities</b>                                      |                          |                                      |                            |  |
| Operating profit  | 102 691                  | 67 127                               | 102 967                    | 67 223                                 |
| Adjustment for :  |                          |                                      |                            |  |
| Increase in post-retirement benefit obligation                                  | 11 074                   | 3 452                                | 11 074                     | 3 452                                  |
| Movement on derivative financial instrument                                     | (7 864)                  | 6 043                                | (7 864)                    | 6 043                                  |
| Movement in Forward Exchange Contract - Asset                                   | 1 485                    | (2 063)                              | 1 485                      | (2 063)                                |
| Movement in Forward Exchange Contract - Liability                               | (1 125)                  | (319)                                | (1 125)                    | (319)                                  |
| Gain on exchange rate changes on the balance of cash held in foreign currencies | (300)                    | --                                   | (300)                      | --                                     |
| Loss on restatement of foreign loans  | 5 472                    | 3 065                                | 5 472                      | 3 065                                  |
| Depreciation of plant & equipment   | 138 515                  | 134 333                              | 138 515                    | 134 333                                |
| Amortisation of intangible assets   | 975                      | 199                                  | 975                        | 199                                    |
| (Profit)/Loss on disposal of plant and equipment                                | (945)                    | 892                                  | (945)                      | 892                                    |
| Working capital changes   | (38 905)                 | (58 948)                             | (39 418)                   | (58 948)                               |
| <i>Cash generated from operations</i>   | <i>211 073</i>           | <i>153 781</i>                       | <i>210 836</i>             | <i>153 877</i>                         |
| Investment income   | 19 320                   | 20 490                               | 20 591                     | 18 271                                 |
| Finance costs   | (43 476)                 | (36 930)                             | (43 476)                   | (34 368)                               |
| Refunds received/(Tax paid)   | 6 063                    | (26 543)                             | 6 063                      | (26 543)                               |
| <b>Net cash flow from operating activities</b>                                  | <b>192 980</b>           | <b>110 798</b>                       | <b>194 014</b>             | <b>111 237</b>                         |
| <b>Cash flow from investing activities</b>                                      |                          |                                      |                            |  |
| Movement on finance lease receivable  | (3 977)                  | (2 501)                              | (3 977)                    | (2 501)                                |
| Plant and equipment acquired  | (245 850)                | (346 145)                            | (245 850)                  | (346 145)                              |
| Intangible assets acquired  | (14 799)                 | --                                   | (14 799)                   | --                                     |
| Decrease in investment  | 67 470                   | 11 470                               | 67 470                     | 4 473                                  |
| Increase in loans advanced  | (107 551)                | (10 040)                             | --                         | --                                     |
| Proceeds on disposals – Plant and equipment                                     | 1 004                    | 235                                  | 1 004                      | 235                                    |
| Investment in subsidiary acquired   | --                       | --                                   | (44 000)                   | --                                     |
| Investment in associated company acquired                                       | (21 878)                 | (39 035)                             | --                         | --                                     |
| Increase in loan to subsidiary company  | --                       | --                                   | (63 033)                   | (33 146)                               |
| Increase in loan to associate company   | (21 764)                 | (60 814)                             | (21 764)                   | (60 814)                               |
| <b>Net cash flow used in investing activities</b>                               | <b>(347 345)</b>         | <b>(446 830)</b>                     | <b>(324 949)</b>           | <b>(437 898)</b>                       |

# Telecom Namibia Limited

## Cash flow statements

### for the year ended 30 September 2008

| Notes  | Group<br>2008<br>N\$'000 | Restated<br>Group<br>2007<br>N\$'000 | Company<br>2008<br>N\$'000 | Restated<br>Company<br>2007<br>N\$'000 |
|--|--------------------------|--------------------------------------|----------------------------|--|
| <b>Cash flow from financing activities</b>   |                          |                                      |                            |  |
| Long-term loans raised   | 116 429                  | 200 000                              | 93 000                     | 200 000                                |
| Loss on restatement of foreign currency denominated loans                          | (5 472)                  | (3 065)                              | (5 472)                    | (3 065)                                |
| Long-term loans repaid   | (278 920)                | (42 036)                             | (278 920)                  | (51 407)                               |
| <b>Net cash flow from financing activities</b>                                     | <b>(167 963)</b>         | <b>154 899</b>                       | <b>(191 392)</b>           | <b>145 528</b>                         |
| <b>Net (decrease) in cash and cash equivalents</b>                                 | <b>(322 328)</b>         | <b>(181 133)</b>                     | <b>(322 327)</b>           | <b>(181 133)</b>                       |
| Cash and cash equivalents at beginning of year                                     | 31 760                   | 212 893                              | 31 706                     | 212 839                                |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 300                      | --                                   | 300                        | --                                     |
| <b>Cash and cash equivalents at end of year</b>                                    | <b>(290 268)</b>         | <b>31 760</b>                        | <b>(290 321)</b>           | <b>31 706</b>                          |

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