Telecom Namibia Limited
Notes to the financial statements
for the year ended 30 September 2008

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below.

Basis of preparation

These financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). These financial statements have been prepared on the historical cost basis as modified by the revaluation of available-for-sale investment securities and financial assets and liabilities held-for-trading. The principal accounting policies adopted in the preparation of these annual financial statements are set out below and are consistent with those of the previous year unless otherwise stated.

Improved, Revised and Replaced International Financial Reporting Standards effective for the first time for 30 September 2008 year-end.

In the current year, the Group has adopted the following new and revised standards which were effective for the financial year under review:

Number	Title	Effective date	Executive summary
IFRS 7	Financial Instruments: Disclosures	01-Jan-07	This standard deals with the disclosure of financial instruments, as well as the disclosure of related qualitative and quantitative risks associated with financial instruments. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's to financial statements (refer to note 31)
IFRIC 10	Interim Financial Reporting and Impairment	01-Nov-06	This standard had no effect on the Group.
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	01-Mar-07	IFRIC 11 addresses how to apply IFRS 2 to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same Group (e.g. equity instruments of its parent). This standard had no effect on the Group.
IAS 1 Revised	Presentation of Financial Statements	01-Jan-07	This standard requires the disclosure of the Group's objectives, policies and processes for managing capital, quantitative data about what the Group regards as capital, whether the Group has complied with any capital requirements and if it has not complied, the results of such non compliance. The impact of this amendment has been disclosed under note 31.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Plant and equipment

Plant and equipment are included at cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. Capital work-in-progress is carried at cost less any recognised impairment loss. Depreciation of these assets, on the same basis as other plant and equipment commences when the assets are ready for their intended use. All other fixed assets, including capitalised leased assets, are depreciated at rates calculated to write off the cost of the assets on a straight-line basis over their expected useful lives. Minor items of plant and equipment, individually costing less than N$1 000 are expended in full in the year of acquisition.

Appropriate direct labour and development costs are capitalised to capital work-in-progress.

Depreciation is recorded by a charge to operating profit computed on a straight-line basis so as to write off the cost of the assets to their residual values over their expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Rates of depreciation currently applied are as follows:

- Motor vehicles	20%
- Furniture and fittings	10% - 33,3%
- Computer equipment	33,3%
- Telecommunications installations and equipment	2,22% - 20%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal or retirement of plant and equipment are determined by reference to the proceeds and their carrying amounts are taken into account in determining operating profit.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It includes certain costs of purchase and installation of major information systems (including packaged software).

Intangible assets are initially recognised at cost if acquired separately or internally generated or at fair value as part of a business combination. If assessed as having an indefinite useful life, the intangible asset is not amortised but tested for impairment annually and impaired if necessary. If assessed as having a finite useful life, it is amortised over their useful life (generally three to seven years) using a straight-line basis and tested for impairment if there is an indication that they may be impaired.

Research costs are recognised in profit or loss when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of material, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Intangible assets (Continued)

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed when incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets. Amortisation commences when the project generating the intangible assets has been completed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes transport and handling costs. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Where necessary, provision is made for obsolete, slow moving and defective inventories.

Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between carrying amounts of assets and liabilities in the financial statements and the recognised tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with the investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Financial Instruments

Initial recognition and measurement

All financial instruments, including derivative instruments, are recognised on the balance sheet. Financial instruments are initially recognised when the group becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given (financial asset) or received (financial liability or equity instrument) for it.

Financial liabilities and equity instruments are classified according to the substance of the contractual agreement on initial recognition. Subsequent to initial recognition these instruments are measured as set out below.

Fair value methods and assumptions

The fair value of financial instruments traded in an organised financial market are measured at the applicable quoted prices, adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The fair value of financial instruments not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risks existing at balance sheet date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values due to the short-term trading cycle of these items.

De-recognition of assets and liabilities

Financial assets (or a portion thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that has been reported in equity are included in the income statement.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised cost, and amounts paid for it are included in the income statement.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or asset, or, where appropriate, shorter period.

Financial Assets

Financial assets are classified into the following categories: financial assets as at fair value through profit or loss (FVTPL), held to maturity investments, available for sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

The company's and the group's principal financial assets are group-company loans, investments and loans advanced, trade and other receivables and bank and cash balances:

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the Group has positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest rate method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Unlisted shares held by the Group, whose fair value cannot be reliably determined are classified as being AFS and are stated at cost. These assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the asset, the estimated future cash flows of the investment have been impacted.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment.

Interest income is recognised by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Trade and other receivables originated by the Group are stated at their cost less a provision for impairment. An estimate of impairment is made based on a review of all outstanding amounts at balance sheet date, and posted against a provision account. When the trade receivable is uncollectible, it is written off against the provision account. Bad debts are written off during the period in which they are identified.

Bank and cash balances

Bank and cash balances represent funds on call and short-term deposits all of which are available to the Group unless otherwise stated.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Financial Instruments (Continued)

Classification of debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contract agreement.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.
The Group's principal financial liabilities are interest-bearing debt, non-interest-bearing debt, trade and other payables, bank overdrafts and other short-term borrowings:

Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities are classified as FVTPL where the financial liability is either held for trading or is designated as at FVPTL. The Group only has financial liabilities as held for trading under this category.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated a fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Interest-bearing debt

Interest-bearing debt is recognised at amortised cost, namely original debt less principal repayments and amortisations.

Non-interest-bearing debt

Non-interest-bearing debt is recognised at original debt less principal repayments.

Trade and other payables.

Trade and other payables are stated at cost.

Bank overdrafts and other short-term borrowings

Interest-bearing bank overdrafts and other short-term borrowings are recorded at the proceeds received, net of direct issue costs.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue cost.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Financial Instruments (Continued)

Derivative financial instruments

Derivative financial instruments, principally, forward foreign exchange contracts, interest rate and currency swap agreements are used by the Group in its management of financial risks. Therefore, the Group's objective in using derivative financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency and interest rates. The risks being hedged are exchange losses due to unfavorable movements between the Namibian dollar and foreign currencies and the movements in interest rates. Currency and interest exposure is managed within Board approved policies and guidelines. As a matter of principle, the Group does not enter into derivative contracts for speculative purposes.

Derivative financial instruments are initially recorded at cost and are re-measured at subsequent reporting dates. The fair value of foreign exchange forward contracts, interest and currency rate swaps represents the estimated amounts the group would receive, should the contracts be terminated at the reporting date, thereby taking into account the unrealised gains or losses.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Leases

A Group company is the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

A Group company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised when significant risks and rewards of ownership is transferred to the lessee.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are declared by the board of directors.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Post-employment benefit costs

Retirement benefits

The policy of the Group is to provide retirement benefits for its employees, the assets of which are held in a separate trustee administered fund. The contribution paid by the companies in the Group to fund obligations for the payment of retirement benefits is charged against income in the year incurred. The Napotel Pension Fund, which is a defined contribution fund, covers all the company employees and is governed by the Namibian Pension Funds Act.

Medical benefits

Qualifying employees in the Group companies are entitled to certain post-retirement medical benefits. The Group's obligation for post-retirement medical aid benefits to past and current employees is actuarially determined in respect of current and retired employees and is provided for in full. The cost of providing the benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The movement has been expensed in the income statement.

Revenue

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 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 stand-alone 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 connect packages, which includes activations, 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.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Revenue (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 pre-paid customer.
- Airtime revenue is recognised on the usage basis. The unused airtime is deferred in full.
- Deferred revenue related to unused airtime is recognised when utilised by the customer.

Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in revenue.

Deferred revenue and costs related to unactivated starter packs, which do not contain any expiry date, is 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 Group 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 Group as commission for facilitating the service.

Sale of equipment

Revenue from equipment sales is 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.

Other revenue and income:

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).

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Revenue (continued)

Rental income

Rental income arising from leasing out space on the company's base stations to other operators on an operating lease basis and other equipment is recognised on a straight-line basis over the lease term.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of investee enterprises so as to obtain benefits from active control.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the holding company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used other members of the Group.

Transactions and minority interest

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interest result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Basis of Consolidation (continued)

Associates (Continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment of non-financial tangible and intangible assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Namibian Dollar (N$) rounded to the nearest thousand which is the company's functional and presentation currency.

Tranactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

Borrowings

Borrowings are expensed when incurred.

Comparative figures

Certain comparative figures have been re-stated or reclassified to take effect of changes in presentation in the current year resulting from the adoption of new accounting standards and from reclassifications in the current year.
Details of comparative figures that have been re-stated are reflected in note 30.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

1. Summary of significant accounting policies (Continued)

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of further events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.:

Allowance for doubtful debts

Each debtor is assessed to determine recoverability of debt. Provision is made for all those debtors where evidence indicates that recoverability is doubtful. Accounts are written off when they are delinquent.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

Discount rates

Discount rates used to calculate discounted cash flows are based on prevailing market related interest rates.

Asset lives and residual values

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.

Provision for post - retirement medical aid benefits

Post-retirement medical aid benefit provision is based on actuarial valuation by independent actuaries. The discount rate used is based on the current long term bond yield, gross of tax. A valuation was done for the current year. All actuarial gains and losses are recognised in full.

Estimated impairment of goodwill

The Group tested annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

2. Plant and equipment – Group and Company

	Telecommunication installations and equipment N$'000	Furniture and fittings N$'000	Computer equipment N$'000	Capital work-in-progress N$'000	Motor vehicles N$'000	Total N$'000
Year ended 30 September 2008						
Cost						
Opening balance - restated	1 965 289	36 761	71 412	230 387	1 629	2 305 478
Additions	172 792	1 838	4 006	67 214	--	245 850
Disposals	--	(4 299)	(1 172)	--	--	(5 471)
Transfers	183 184	2	747	(183 933)	--	--
Closing balance	2 321 265	34 302	74 993	113 668	1 629	2 545 857
Accumulated depreciation						
Opening balance - restated	752 717	30 425	49 371	--	1 609	834 122
Depreciation charge	116 743	2 032	19 729	--	11	138 515
Depreciation on disposals	--	(4 283)	(1 129)	--	--	(5 412)
Closing balance	869 460	28 174	67 971	--	1 620	967 225
Book value at 30 September 2008	**1 451 805**	**6 128**	**7 022**	**113 668**	**9**	**1 578 632**

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

2. Plant and equipment (continued) – Group and Company

	Telecommunication installations and equipment N$'000	Furniture and fittings N$'000	Computer equipment N$'000	Capital work- in-progress N$'000	Motor vehicles N$'000	Total N$'000
Year ended 30 September 2007						
Cost						
Opening balance - restated	1 711 215	39 267	158 486	157 489	2 013	2 068 470
Additions	--	4 133	3 384	338 628	--	346 145
Disposals	(15 699)	(2 280)	(90 774)	--	(384)	(109 137)
Transfers	269 773	(4 359)	316	(265 730)	--	--
Closing balance - restated	1 965 289	36 761	71 412	230 387	1 629	2 305 478
Accumulated depreciation						
Opening balance - restated	662 250	31 230	112 339	--	1 981	807 800
Depreciation charge	105 121	1 438	27 763	--	11	134 333
Depreciation on disposals	(14 654)	(2 243)	(90 731)		(383)	(108 011)
Closing balance - restated	752 717	30 425	49 371	--	1 609	834 122
Book value at						
30 September 2007	**1 212 572**	**6 336**	**22 041**	**230 387**	**20**	**1 471 356**

There are no encumbrances on any of the company and group's Plant and Equipment.

Refer to note 30 for restatements

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

3. Intangible assets - Group and Company

	2008	2007 restated
Computer software		
	N$'000	N$'000
Cost		
Opening balance - restated	111 534	111 534
Additions	14 799	--
Closing balance	126 333	111 534
Accumulated armortisation		
Opening balance - restated	110 586	110 387
Current year charge	975	199
Closing balance	111 561	110 586
Book value	14 772	948

There are no encumbrances on any of the company and group's intangible assets.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

4. Goodwill

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Opening and closing balances	13 246	13 246	--	--

Goodwill arose on the acquisition of 75% of the shares in Communitel Telecommunications (Proprietary) Limited and is assessed for impairment annually. No need to impair goodwill was identified.

5. Investment in subsidiary

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Opening balance – ordinary shares			9 000	9 000
Acquisition of subsidiary – preference shares			44 000	--
Closing balance			53 000	9 000
Loans				
Loan advanced			111 224	48 191
			111 224	48 191
Balance at end of the year			164 224	57 191

The company holds a 75% interest in a subsidiary, Communitel Telecommunications (Proprietary) Ltd, an Investment holding company. The company is registered in the Republic of South Africa with an issued share capital of 40 ordinary shares of ZAR 1.00 each. In the current year the company acquired 100% of the preference shares in Communitel (Telecomunications)(Pty) Ltd. The loans advanced bear interest at Prime lending rate and have fixed terms of repayement.

6. Loans advanced

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Mkhonto We Sizwe Military Veterans Association	40 825	13 785	--	--

The loan advanced represents capital contributions to the Subsidiary's associate paid in on behalf of Mkhonto We Sizwe Military Veterans Association. This loan bears interest at Prime Lending Rate plus 2%, is unsecured and not subject to any fixed terms of repayment. These arrangements are reviewed from time to time.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

7. Investment in associates

Summary of investments in associates:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Shares at cost				
- Ordinary shares	29 893	29 893	29 893	29 893
- Preference shares	32 800	9 371	--	--
Share of results	(128 803)	(58 970)	--	--
Loans advanced	195 635	94 911	87 011	65 247
Total Investment	129 525	75 205	116 904	95 140
Share of losses per income statement	69 833	53 404	--	--

Investment in Mundo Startel SARL:

The company holds a 44% interest in an associate, Mundo Startel SARL. The company is registered In the Republic of Angola. Its principal business activities are the provision of telecommunication and information technology services to the public and private sectors in Angola.

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Shares at cost	29 893	29 893	29 893	29 893
Share of results	(29 301)	(19 935)	--	--
Loans advanced	87 011	65 247	87 011	65 247
	87 603	75 205	116 904	95 140

The loans were advanced in terms of the Mundo Startel Shareholders Agreement. The loan balance as at 30 September 2008 in foreign currency amounted to US$13 395 990 (2007: US$10 181 248). The loan bears interest at LIBOR plus a margin of 2%, is unsecured and not subject to any fixed terms of repayment. These arrangements are reviewed from time to time.

Set out below is the summarised financial information of associate:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Assets	116 582	128 007	--	--
Liabilities	132 288	119 213	--	--
Revenues	10 931	790	--	--
Loss after tax	(26 732)	(15 203)	--	--

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

7. Investment in associates (Continued)

Investment in Sepco Communications (Proprietary) Limited:
The subsidiary, Communitel Communications (Proprietary) Limited holds a 24.5% interest In an associate, Sepco Communications (Proprietary) Limited. The Company is registered in the Republic of South Africa. Sepco in turn holds 51% of the shares in Neotel (Proprietary) Limited, a company which was recently licensed to provide information, communication and technology services in the Republic of South Africa. Additional capital contributions amounting to N$192 million are still to be made by Communitel in terms of the Neotel shareholders agreement. These will be paid over as and when the capital calls are made.

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Ordinary shares at cost	--	--	--	--
Preference shares at cost	32 800	9 371	--	--
Share of results	(99 502)	(39 035)	--	--
Loans advanced	108 624	29 664		
	41 922	--	--	--

Set out below is the summarised financial information of associate:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Assets	2 774 959	1 048 949	--	--
Liabilities	3 228 474	1 179 874	--	--
Revenues	473 010	40 824	--	--
Loss after tax	(323 349)	(134 082)	--	--

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
8. Derivative financial instruments				
Interest rate and currency swaps				
Opening balance	20 559	26 602	20 559	26 602
Recognised in income statement	7 864	(6 043)	7 864	(6 043)
Closing balance	28 423	20 559	28 423	20 559
Foreign currency exchange contracts				
- Forward exchange contract - Asset				
Opening balance	2 063	--	2 063	--
Recognised in income statement	(1 485)	2 063	(1 485)	2 063
Closing balance	578	2 063	578	2 063
- Forward exchange contract - Liability				
Opening balance	1 347	1 666	1 347	1 666
Recognised in income statement	(1 125)	(319)	(1 125)	(319)
Closing balance	222	1 347	222	1 347

As at 30 September 2008, the Group had interest rate swap agreements in terms of which certain of the loans with fixed interest rates were converted to floating rates ranging between 10,96% to 12,25% (2007 : 10,96% to 12,25%), and the main floating rates are LIBOR. Gains and losses recognised on interest rate swap contracts as of 30 September 2008 will be recognised in the income statement until the repayment of the bank borrowings.

The Group further had forward exchange agreements in terms of which commitments were made to purchase foreign currency amounts payable under certain loan agreements.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

9. Finance lease receivable

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Gross receivables from finance leases:				
Not later than 1 year	6 998	6 249	6 998	6 249
Later than 1 year and not later than 5 years	16 495	13 219	16 495	13 219
	23 493	19 468	23 493	19 468
Unearned future finance income on finance leases	(430)	(382)	(430)	(382)
Net investment in finance leases	23 063	19 086	23 063	19 086
The net investment in finance leases may be analysed as follows:				
Not later than 1 year	6 723	6 126	6 723	6 126
Later than 1 year and not later than 5 years	16 340	12 960	16 340	12 960
	23 063	19 086	23 063	19 086

The Group provides PABX's for rental to customers on a finance lease basis. The disclosed information relates to these arrangements with customers which were assessed to be finance leases in terms of IAS17.

10. Investments

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Loans originated				
Bank Windhoek : Ceded deposit	--	67 470	--	67 470

The deposit earned interest at 18, 7% (2007: 18, 7%) p.a, The deposit was ceded as security for a Bank Windhoek loan account which was settled during the current year (refer note 18).

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Opening balance	67 470	71 943	67 470	71 943
Additions	280	3 141	280	3 141
Withdrawal/Termination	(68 272)	(20 000)	(68 272)	(20 000)
Interest received	522	12 386	522	12 386
Closing balance	--	67 470	--	67 470

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

11. Inventories

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Materials for installations	32 611	35 978	32 611	35 978
Workshop and consumable stores	550	463	550	463
Goods for resale	14 796	16 204	14 796	16 204
Less: provision for impairment	(1 654)	(31)	(1 654)	(31)
	46 303	52 614	46 303	52 614

The value of inventory shown at net realisable value is nil (2007 - N$2 329 505).

12. Trade and other receivables

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Trade receivables				
Total trade receivables	168 669	135 439	168 669	135 439
Less: Provision for impairment	(10 562)	(8 673)	(10 562)	(8 673)
Receiver of Revenue – VAT	13 388	12 931	13 388	12 931
Outstanding deposits	--	511	--	511
Prepayments	21 232	25 340	21 232	25 340
Other debtors	3 032	6 074	3 032	6 074
	195 759	171 622	195 759	171 622

Provision for impairment of receivables

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Opening balance	8 673	11 627	8 673	11 627
Amount written off against the income statement	(2 829)	--	(2 829)	--
Provision for impairment charged/(credited) to the income statement	4 718	(2 954)	4 718	(2 954)
Closing balance	10 562	8 673	10 562	8 673

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

12. Trade and other receivables

Provision for impairment of receivables (Continued)

The creation and release of the provision for impaired receivables have been included as part of the bad debts in the income statement. Amounts charged to the allowance are written off when there is no expectation of recovery of additional cash from the underlying debtors.

Other classes of receivables within Trade and other receivables do not contain any impaired assets.

The maximum exposure to credit risk in respect of the receivables at reporting date is limited to the fair valueof each class of the receivable.

An analysis of accounts receivable amounts past due and not impaired is as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
1 month past due	30 012	34 156	30 012	34 156
2 months past due	4 852	5 381	4 852	5 381
3 months past due	15 531	14 672	15 531	14 672
	50 395	54 209	50 395	54 209

The aging of impaired receivables is as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
1 month past due	--	--	--	--
2 months past due	1 880	659	1 880	659
3 months past due	8 682	8 014	8 682	8 014
	10 562	8 673	10 562	8 673

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

13. Related party transactions

The Group is controlled by Namibia Post and Telecom Holdings Limited (incorporated in Namibia) which owns 100% of the Group's shares. The ultimate shareholder of the Group is the Government of the Republic of Namibia. Namibia Post and Telecom Holdings Limited is the Group's holding company whilst Namibia Post Limited and Mobile Telecommunications Limited are fellow subsidiaries.

Details of the Company's and Group's transactions with the subsidiary and associates are reflected in notes 5 and 7.

The following transactions were carried out with related parties:

i) Sales of services

Namibia Post Limited: N$5 318 474 (2007: N$4 632 964)
Mobile Telecommunications Limited: N$303 792 065
(2007: N$299 468 427)

ii) Purchases of services

Namibia Post and Telecom Holdings Limited: N$61 133 193 (2007: N$49 419 648)
Namibia Post Limited: N$1 756 681
(2007: N$2 238 162)
Mobile Telecommunications Limited: N$136 447 214
(2007: N$134 500 193)

iii) Investment in Telecom Bond (TCN15)

The Group's pension fund, Napotel, held N$400 000
(2007: N$ nil) of the bond issued by Telecom. Interest amounting to N$16 171 (2007: N$ nil) was accrued during the financial year in respect of this bond.
Namibia Post Savings Bank, a division of fellow subsidiary, Namibia Post Limited, held N$50 000 000 (2007: N$ nil) of the bond issued by Telecom. Interest amounting to N$2 425 822 (2007: N$ nil) was accrued during the financial year in respect of this bond.

iv) Outstanding balances arising from sale/purchases of goods/services

Receivables from related parties:

Namibia Post Limited: N$778 607 (2007: N$1 229 071)
Namibia Post and Telecom Holdings Limited: N$ 15 817
(2007: N$ nil)

Payables to related parties:

Namibia Post Limited: N$ Nil (2007 : nil)
Mobile Telecommunications Limited: N$753 380
(2007 : N14 092 128)
Namibia Post and Telecom Holdings Limited: N$ Nil
(2007 : N$4 193 748)

v) Suretyships

- The Government of the Republic Namibia has granted a guarantee in respect of a loan extended to the Company by Kreditanstalt fur Wierderaufbau (KfW). The balance outstanding on the loan at 30 September 2008 amounted to N$825 000 (2007: N$4 091 000)
- The Company has extended a guarantee to Development Bank of South Africa, in terms of the Mundo Startel shareholders agreement, in respect of a loan amounting to USD2.5 million (2007: nil) which was extended to its associate, Mundo Startel.
- A letter of guarantee covering the principal debt owed by the Company to European Investment Bank and interest thereon has been issued by the Government of Namibia. The balance outstanding on the loan at 30 September 2008 amounted to N$77 868 000 (2007: N$85 994 000).
- The Group grants housing loan guarantees to all employees based on employee grade and level of remuneration. These guarantees are in turn secured against the respective employees' pensions. Guarantees amounting to N$160 000 (2007: N$160 000) were issued in respect of key management housing loans.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

13. Related party transactions (Continued)

vi) Key management compensation

Key management comprises of the General Managers of the various operating divisions of the Group. The remuneration of key management is determined by the Remuneration Committee of the Board of Directors and is reviewed on an annual basis.

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Salaries and other short-term employee benefits	7 509	6 971	7 509	6 971
Other long-term benefits	1 110	1 031	1 110	1 031
	8 619	8 002	8 619	8 002

vii) *Directors emoluments*

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Non-executive directors				
- for services as directors	341	577	341	577
Executive directors				
- for services as director	--	--	--	--
- for managerial services	1 459	1 257	1 459	1 257
- salary and other short-term employee benefits	1 297	1 095	1 297	1 095
- other long-term benefits	162	162	162	162
	1 800	1 834	1 800	1 834

14. Current tax asset

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Opening balance	(29 314)	(2 771)	(29 314)	(2 771)
Closing balance	23 251	29 314	23 251	29 314
Refunds received/(Payments made)	(6 063)	26 543	(6 063)	26 543

Telecom Namibia Limited
Notes to the financial statements (Continued) for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

15. Cash and cash equivalents

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Bank balances	28 251	48 544	28 198	48 490
Cash on hand	9 857	3 116	9 857	3 116
	38 108	51 660	38 055	51 606

Cash amounting to N$12 982 686 (2007: N$21 925 011) has been pledged as security against payments due on a Letter of Credit issued by First National Bank of Namibia Limited. This is held in investments earning interest at Prime Lending Rate less 3.9% (2007: Prime lending Rate less 3.9%). Underlying payments on the Letter of Credit are due in the 2009 financial year.

For the purpose of the cash flow statement the year-end cash and cash equivalents comprise the following:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Bank balances	15 268	26 619	15 215	26 565
Cash on hand	9 857	3 116	9 857	3 116
Investment in money market instruments	12 983	21 925	12 983	21 925
Bank overdraft	(328 376)	(19 900)	(328 376)	(19 900)
	(290 268)	31 760	(290 321)	31 706

The bank overdraft is unsecured. The facilities were due for renewal on the 31st of January 2009 and were subsequently renewed.

16. Share capital

Authorised

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
200 000 000 (2007 : 200 000 000) ordinary shares of N$1 (2007 : N$1) each	200 000	200 000	200 000	200 000

Issued

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
154 529 936 (2007 :154 529 936) ordinary shares of N$1 (2007 : N$1) each	154 530	154 530	154 530	154 530

The unissued ordinary shares are under the control of the directors until the next annual general meeting of the Shareholder.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008	Restated Group 2007	Company 2008	Restated Company 2007

17. Post-retirement benefit obligations

The Group provides post-employment benefits by way of a medical aid scheme to all employees who joined the Group prior to the 1st of April 2007.

Medical scheme:

The Group continues to pay two thirds of total contributions towards the medical scheme when certain qualifying employees become redundant, disabled or when an employee retires.

The liability created in terms of IAS 19 amounts to N$60,649 million (2007 : N$49,575 million). The principal actuarial assumptions used for accounting purposes were:

	Group 2008	Restated Group 2007	Company 2008	Restated Company 2007
- Real rate of return	2%	2%	2%	2%
- Discount rate	9.9%	9%	9.9%	9%
- Healthcare cost inflation	7.9%	7%	7.9%	7%
- Expected average retirement age (yrs)	59	59	59	59
- Normal retirement age (yrs)	60	60	60	60
	N$'000	N$'000	N$'000	N$'000
Opening balance	49 575	46 123	49 575	46 123
Current service cost	2 129	2 177	2 129	2 177
Interest cost	4 400	4 428	4 400	4 428
Subsidies paid	(1 455)	(939)	(1 455)	(939)
Actuarial profit/(loss)	6 000	(2 214)	6 000	(2 214)
Closing balance	60 649	49 575	60 649	49 575
Present value of unfunded liability	60 649	49 575	60 649	49 575

The amounts recognised in the income statement are as follows:

	Group 2008	Restated Group 2007	Company 2008	Restated Company 2007
Current service cost	2 129	2 177	2 129	2 177
Interest cost	4 400	4 428	4 400	4 428
Subsidies paid	(1 455)	(939)	(1 455)	(939)
Actuarial profit/(loss)	6 000	(2 214)	6 000	(2 214)
	11 074	3 452	11 074	3 452

Telecom Namibia Limited
Notes to the financial statements (Continued)
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17. Post-retirement benefit obligations (Continued)

Particulars in respect of the current employee members who belong to the medical aid for which the Group has a post-retirement medical aid liability as at the investigation date are as follows:

	Group 2008	Restated Group 2007	Company 2008	Restated Company 2007
Number of employees at year end	1 025	1 069	1 025	1 069
Average age (years)	41.2	40.7	41.2	40.7
Details of the current pensioner members belonging to the medical aid are as follows:				
Number of pensioners	198	190	198	190
Average age (years)	56.8	58.6	56.8	58,6

Company and Group

The effect of a 1% movement in the assumed medical cost inflation rate on the aggregate of the current service cost and interest cost would be as follows:

Increase N$'000	Decrease N$'000
10 054	6 683

The effect of a 1% movement in the assumed medical cost inflation rate on the accumulated post-employment benefit obligation for medical costs would be as follows:

Increase N$'000	Decrease N$'000
73 729	50 660

Telecom Namibia Limited
Notes to the financial statements (Continued)
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	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

18. Long-term liabilities

Secured

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Loan from European Investment Bank. The Group obtained various loans from the European Investment Bank in December 1999 for tenures ranging from 10 to 14 years. The Loans were original denominated in Euros, British Pounds and United States dollars and attracted fixed interests varying between 3% and 3.9%p.a. The Group then entered into currency and interest swap agreements that entitle it to pay interest at rates varying between 10,96% and 12,25% p.a. (2007 : 10,96% and 12,25% p.a.) and to convert the foreign currency liabilities into Namibian dollar. The capital amount is repayable in 13 (2007: 15) semi-annual instalments with the final instalment due in 2013. Interest is paid semi-annually on the outstanding capital amount. A letter of guarantee covering the principal debt and interest has been issued by the Government of Namibia.	77 868	85 782	77 868	85 782

The following foreign amounts were outstanding at year-end in respect of this loan and the following exchange rates were used:

	2008	2007	2008	2007
EUR	4 639 595	5 621 314	N$: 11.92	9.74
GBP	1 285 723	1 892 356	N$: 14.96	14.26
US$	400 754	589 838	N$: 8.29	6.86

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Loan from Bank Windhoek Limited. The loan was settled during the current year.	--	67 740	--	67 740
Mkhonto We Sizwe Military Veterans Association. The loan is unsecured and interest-free. Repayment of the loan is subject to the realisation of the underlying asset. These arrangements are reviewed from time to time.	32 800	9 371	--	--
Loan from Kreditanstalt fur Wierderaufbau (KfW) Channelled through the Government of the Republic of Namibia bearing interest at 2% (2007: 2%) p.a. The loan is repayable in 2009. The loan is repayable in one instalment (2007: 3 instalments). The loan of Euro 69 207 (2007: Euro 420 028) has been stated at spot rate of N$11.92 (2007 : N$9.74).	825	4 091	825	4 091
Balance carried forward	111 493	166 984	78 693	157 613

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Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

18. Long -term liabilities (Continued)

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Balance brought forward	111 493	166 984	78 693	157 613
Telecom Bills (TCN 08) Telecom Namibia issued registered loan stock on the 1st of August 2007 for a period of 183 days maturing on the 31st of January 2008. The bills were issued at an interest rate of 10.85% p.a payable on maturity. The bills were redeemed on the 31st of January 2008.	--	200 000	--	200 000
Telecom Bond (TCN15) Telecom Namibia registered loan stock bearing interest at 10.70% p.a, with a maturity date of 17 April 2015.	93 000	--	93 000	--
	204 493	366 984	171 693	357 613
Less: Short-term portion transferred to current liabilities	(13 876)	(282 534)	(13 876)	(282 534)
	190 617	84 450	157 817	75 079
Maturity of non-current borrowings:				
Not later than 1 year	13 876	282 534	13 876	282 534
Later than 1 year and not later than 5 years	190 617	84 450	157 817	75 079
	204 493	366 984	171 693	357 613
Total interest bearing borrowings				
- Long-term loans	190 617	84 450	157 817	75 079
- Short-term loans	13 876	282 534	13 876	282 534
- Bank overdrafts	328 376	19 900	328 376	19 900
	532 869	386 884	500 069	377 513

Interest rate exposure

Pre-hedging

The interest rate exposure prior to hedging activities of borrowings is as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Interest free	32 800	9 371	--	--
At fixed rates	171 693	357 613	171 693	357 613
At floating rates	328 376	19 900	328 376	19 900
	532 869	386 884	500 069	377 513

Post-hedging

The interest rate exposure post hedging activities of borrowings is as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Interest free	32 800	9 371	--	--
At fixed rates	93 825	271 831	93 825	271 831
At floating rates	406 244	105 682	406 244	105 682
	532 869	386 884	500 069	377 513

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Notes to the financial statements (Continued)
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	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

19. Deferred tax

Deferred income taxes are calculated on all temporary differences under the comprehensive method using a principal tax rate of 35% (2007 : 35%).
The movement on the deferred tax account is as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Opening balance- restated	391 339	363 430	391 339	363 430
- As previously stated	391 339	360 002	391 339	360 002
- Prior year adjustments (Note 30)	--	3 428	--	3 428
Movements during year attributable to:				
Timing differences - restated	33 139	27 909	33 139	27 909
- As previously stated	33 139	28 982	33 139	28 982
- Prior year adjustments (Note 30)	--	(1 073)	--	(1 073)
Closing balance	424 478	391 339	424 478	391 339

Deferred tax liabilities may be analysed as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Tax losses	(9 840)	(3 493)	(9 840)	(3 493)
Capital allowances	457 506	407 189	457 506	407 189
Provisions	(21 227)	(20 150)	(21 227)	(20 150)
Derivatives	10 073	9 311	10 073	9 311
Advance income	(12 034)	(1 518)	(12 034)	(1 518)
	424 478	391 339	424 478	391 339

20. Trade and other payables

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Unpresented cheques	570	35 076	570	35 076
Trade payables	150 584	95 876	150 071	95 876
Accruals	31 577	55 759	31 577	55 759
	182 731	186 711	182 218	186 711

The following is an aged analysis of trade payables at balance sheet date:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Current	136 100	65 916	135 587	65 916
30-60 days	14 484	9 346	14 484	9 346
>60 days	--	20 614	--	20 614
	150 584	95 876	150 071	95 876

The average credit period for the Group is 60 days. The Group has financial risk management policies and procedures in place to make certain that all payables are paid off upon expiry of the credit timeframe agreed with the relevant suppliers.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

21. Operating profit

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Operating profit is arrived at after the following items:				
Auditors' remuneration				
Audit fees - current year	754	1 262	630	1 262
Other services – current year	--	292	---	256
Prior year overprovision	(291)	--	(291)	--
Penalties and interest	769	25 168	769	25 168
Depreciation of plant and 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)
Staff costs (Note 23)	335 261	314 609	335 261	314 609
Cost of sales	27 086	27 385	27 086	27 385
Advertising and promotions	19 560	13 429	19 560	13 429
International settlements	235 192	216 118	235 192	216 118
Operating lease expenses				
Vehicles	18 041	18 005	18 041	18 005
Office machines	1 605	1 370	1 605	1 370
Building rentals	34 795	31 922	34 795	31 922
Repairs and maintenance	61 086	53 440	61 086	53 440
Actuarial gain/(loss) on post-retirement benefits	6 000	(2 214)	6 000	(2 214)
Loss on restatement of foreign currency denominated loans	5 472	3 065	5 472	5 472
Fees for managerial, technical and other services	5 783	3 271	5 783	3 271
Fair value adjustment on derivative	(7 864)	6 043	(7 864)	6 043

22. Finance income and costs

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Interest received				
Money market investments	1 107	13 164	1 107	13 164
Loans - Intercompany	15 649	3 406	16 920	1 187
Cash balance	2 397	3 898	2 397	3 898
Interest on finance lease receivables	167	22	167	22
	19 320	20 490	20 591	18 271
Interest paid				
Telecom bonds	15 826	3 617	15 826	3 617
Paid to related parties	2 029	3 617	2 029	3 617
Other	13 797	--	13 797	--
Term loans	7 222	7 521	7 222	7 521
Short-term borrowing facilities	20 428	25 792	20 428	23 230
	43 476	36 930	43 476	34 368

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

23. Staff costs

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Salaries and other related costs	291 636	273 809	291 636	273 809
Social security	934	404	934	404
Medical aid	16 275	15 458	16 275	15 458
Pension fund	26 416	24 938	26 416	24 938
	335 261	314 609	335 261	314 609

24. Taxation

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Namibian normal income tax	--	--	--	--
Deferred tax charge	(33 139)	(27 909)	(33 139)	(27 909)
Tax charge for the year	(33 139)	(27 909)	(33 139)	(27 909)

Reconciliation of the taxation:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Profit/(Loss) before tax	8 702	(2 717)	80 082	51 126
Tax calculated at a tax rate of 35% (2007 : 35%)	(3 045)	951	(28 028)	(17 894)
Expenses not deductible for tax purposes	(1 513)	(11 242)	(972)	(11 088)
Prior year adjustment	(4 139)	1 073	(4 139)	1 073
Share of results of associates	(24 442)	(18 691)	--	--
Tax charge	(33 139)	(27 909)	(33 139)	(27 909)

Reconciliation of rate of taxation:

	%	%	%	%
Namibian normal taxation rate	35	(35)	35	35
Reduction in rate of taxation due to:				
- prior year adjustment	--	(39)	--	(2)
Increase in rate of taxation due to:				
- expenses not deductible for tax purposes	64	414	6	22
- share of results of associates	281	687	--	--
Effective rate	380	1 027	41	55

No provision has been made for taxation as the company has an assessed loss for the year:

	N$'000	N$'000	N$'000	N$'000
Assessed losses	28 115	9 980	28 115	9 980
Less: applied to reduce deferred tax liability	(28 115)	(9 980)	(28 115)	(9 980)
Available to reduce future taxable income	--	--	--	--

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

25. Working capital changes

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Decrease in working capital during the year				
Decrease/(Increase) in inventories	6 311	(27 200)	6 311	(27 200)
Increase in trade and other receivables	(24 137)	(29 637)	(24 137)	(29 637)
Decrease in trade and other payables	(3 980)	(20 427)	(4 493)	(20 427)
Increase in indebtedness by fellow subsidiaries	450	13 521	450	13 521
Decrease in amount owing to fellow subsidiaries	(13 339)	--	(13 339)	--
(Increase)/Decrease in amount owing to holding company	(4 194)	4 194	(4 194)	4 194
(Decrease) / Increase in amount owing by holding company	(16)	601	(16)	601
	(38 905)	(58 948)	(39 418)	(58 948)

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

26. Capital expenditure commitments

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Commitments in respect of contracts placed	42 674	74 768	42 674	74 768

A total of N$150 million was approved for capital expenditure for the year ending 30th of September 2009. Save for the aforelisted commitments in respect of contracts placed, the approved capital expenditure of N$250 million for the year ended 30th of September 2008 was spent. The Group finances capital expenditure from existing borrowing facilities and cash resources generated from operations. The Group has an obligation to make capital contributions amounting to N$192million in terms of the shareholder commitments in Neotel.

27. Operating lease commitments

The future minimum lease payments under operating lease contracts are as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
No later than one year:	42 379	37 414	42 379	37 414
- Vehicles	22 508	17 830	22 508	17 830
- Office machines	1 777	1 606	1 777	1 606
- Buildings	18 094	17 978	18 094	17 978
Later than one year, but not later than 5 years:	21 527	38 643	21 527	38 643
- Vehicles	14 419	32 219	14 419	32 219
- Office machines	7 108	6 424	7 108	6 424
- Buildings	--	--	--	--

The vehicles are leased from Avis Fleet Services for periods of 4 years with the option of the Group to purchase the leased vehicles upon expiry of the leases at 20% residual value. Thransfer of vehicles during the tenure of the lease is prohibited in terms of the lease agreement.

The office machines are leased from Nashua Namibia over varying lease periods. No contingent rent ia payable on the machines. Transfer of the machines during the tenure of the lease is prohibited in terms of the lease agreement.

The buildings are leased from Namibia Post & Telecom Holdings Limited over varying lease periods. No contingent rent is payable on the leased buildings.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000

28. Pension Fund

At the financial year-end, all the permanent employees of the Group were members of the Napotel Pension Fund, a defined contribution fund, governed by the Pension Funds Act. Employees' contributions amount to 7% of basic salary and the Group's contribution amounts to 16% of basic salary. An actuarial valuation was carried out for the year ended 30 September 2008, which indicated that the fund was in a sound financial position. As at the 30th of September 2008, a total of 1 193 (2007: 1 171) employees were members of the Napotel Pension Fund.

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Contributions to the pension fund:	26 416	24 938	26 416	24 938
Company	18 376	17 348	18 376	17 348
Employees	8 040	7 590	8 040	7 590

29. Guarantees

The Group had a contingent liability in favour of Standard Bank Namibia Limited in respect of guarantees supplied by the bank on behalf of the Group:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
The guarantees are:				
China Jiangsu International	--	144	--	144
Stocks & Stocks Namibia (Pty) Ltd	--	25	--	25
The Deputy Sheriff for Windhoek	--	107	--	107
Home Heart CC	--	2	--	2
The Company issued a guarantee in favour of Millennium Bank in respect of a loan granted to its associate:				
Mundo Startel	9 119	--	9 119	--
	9 119	278	9 119	278

Telecom Namibia Limited
Notes to the financial statements (Continued)
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30. Prior year adjustment and restatement of comparatives

The table below summarises adjustments processed in the current financial year in respect of the prior year:

	Company and Group Adjustment N$'000	Company Restated N$'000	Group Restated N$'000
Statement of changes in equity			
Retained earnings		831 315	825 746
Effect of restatement			
Exchange loss on restatement of foreign loan	(24 579)	(24 579)	(24 579)
Reversal of accumulated depreciation	34 372	34 372	34 372
Deferred tax	(3 428)	(3 428)	(3 428)
Restated earnings at 1 October 2006	6 365	837 680	832 111
Income Statement			
Profit for the year as previously stated		25 209	(28 634)
Loss on restatement of foreign loans	(3 065)	(3 065)	(3 065)
Tax	1 073	1 073	1 073
Profit for the year ended 30 September 2007 - restated	(1 992)	23 217	(30 626)
Balance sheet - 30 September 2007 (Company and Group)			
Long-term loans	27 644	75 079	84 450
Property, plant & equipment	33 424	1 471 356	1 471 356
Intangible assets	948	948	948
Deferred tax	2 355	391 339	391 339

30.1 Foreign Loans – Group and Company

In terms of IAS 21, Effects of changes in foreign exchange rates, the Group is required to initially record all foreign transactions at the rate of exchange at the date of the transaction and at each subsequent balance sheet date, restate the balances at rates prevailing on that date. However, loans in various foreign currency denominations which were obtained from the European Investment Bank and swapped into South African Rand were not restated to the local currency at exchange rates ruling on balance sheet dates in previous years.

The effects of the adjustments on the financial statements were as follows:

- a decrease in net profit for the year of N$5 417 000 (2007: N$3 065 000).
- an increase in the long term liabilities of N$5 417 000 (2007: N$3 065 000).
- a decrease in the deferred tax liability of N$1 896 295 (2007: N$1 072 860).

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

30. Prior year adjustment and restatement of comparatives (Continued)

The effects of the adjustment at the beginning of the earliest period presented were as follows:

- a decrease in the opening balance of retained earnings for the year ended 30th of September 2007 by an amount of N$24 579 000.
- an increase in long term liabilities of N$24 579 000.
- a decrease in the opening balance of deferred tax of N$8 602 650.

30.2 Intangible assets – Group and Company

In terms of IAS 38: Intangible Assets, the Group reclassified Intangible assets comprising computer software were previously disclosed as part of computer equipment under plant and equipment. These assets are now separately disclosed as intangible assets and the comparatives have been restated accordingly.

The effects of the adjustments on the 2007 financial statements were as follows:

- a decrease in the cost of plant and equipment of N$111 534 000.
- a decrease in accumulated depreciation for Property, plant and equipment of N$110 586 000.
- an increase in the cost of Intangible assets of N$111 534 000.
- an increase in accumulated depreciation for Intangible assets of N$110 586 000.

30.3 Plant and equipment

In terms of IAS 38: Intangible Assets, the Group reclassified Intangible assets comprising computer software which was previously disclosed as part of computer equipment under plant and equipment. These assets are now separately disclosed as intangible assets.

Please refer to note 30.2 above for the effect of change.

The accumulated depreciation balance as at 30 September 2007 incorrectly included an amount of N$34 375 764 in respect of Customer Premises Equipment which was derecognised under finance lease arrangements in the prior year. The accumulated depreciation of the prior year was restated and the opening balance of retained earnings increased by the same amount. Deferred tax was increased by an amount of N$12 031 517 as a result of the change.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

31. Financial instruments and risk management

Exposure to constantly changing market conditions has driven the Group's management to take cognisance of financial risks which are of relevance and significance to the Group. The Group's risk management policies are monitored on an ongoing basis by the Board of Directors' Risk Management Committee. In the course of conducting its day to day operations, the Group holds or issues financial instruments.

The Group's operations are predominantly financed by internally generated cash flows and loan facilities obtained from financial institutions. On a selected transaction basis, the Group utilises derivative financial instruments to mitigate and manage its exposure to market risks from changes in interest and foreign exchange rates.

The following are the categories of financial instruments held as at balance sheet date:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Financial assets at fair value				
Bank	38 108	51 660	38 055	51 606
Derivatives	578	2 063	578	2 063
Financial liabilities at fair value				
Bank overdraft	328 376	19 900	328 376	19 900
Derivatives	222	1 347	222	1 347
Held to maturity investments				
Investments	--	67 470	--	67 470
Loans and receivables at amortised cost				
Loan to subsidiary	--	--	111 224	48 191
Loan to associate	195 635	94 911	87 011	65 247
Trade and other receivables	195 759	171 622	195 759	171 622
- Financial instruments	182 371	158 691	182 371	158 691
- Non-financial instruments (Value Added Tax)	13 388	12 931	13 388	12 931
Finance lease receivables	23 063	19 086	23 063	19 086
Financial Liabilities at amortised cost				
Long-term liabilities	190 617	84 450	190 617	84 450
Short-term portion of long-term liabilities	13 876	282 534	13 876	282 534
Trade and other payables	182 731	186 711	182 218	186 711
Amounts owing to fellow subsidiaries	753	14 092	753	14 092
Amounts owing to holding company	--	4 194	--	4 194

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

31. Financial instruments and risk management (Continued)

Fair value of financial instruments

The fair values of all financial instruments which are disclosed in the balance sheets approximate their carrying values except as reflected for the Telecom Bond. The estimated net fair values as at 30 September 2008 have been determined using available market information as at that date. These values are however not necessarily an entirely accurate reflection of the amounts that the Group could realise in the normal course of business.

Derivatives are carried at fair value. The fair value of receivables, bank balances, payables and accruals, approximate their carrying amounts due to the short-term maturities of these instruments. The fair value of the borrowings disclosed above are based on the expected future payments discounted at market interest rates.

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates prevailing on the market as inputs.

Except as detailed below, the directors consider that the carrying amounts of financial assets and liabilities recorded in the Group and Company's financial statements approximate fair values:

	2008		2007	
	Carrying amount N$'000	Fair Value N$'000	Carrying amount N$'000	Fair Value N$'000
Financial liabilities				
Long-term loans	93 825	35 230	4 091	3 550

Interest rate risk management

Interest rate risk arises from the price adjustments effected on the Group's forward cover and floating rate debt as well as incremental funding or new borrowings and the refinancing of existing borrowings.

At year end, various loans granted by European Investment Bank loans which were converted to floating rates through a swap agreement entered into with Standard Chartered Corporate Merchant Bank, were still outstanding.

The table below summarises the interest rate swaps outstanding as at 30 September 2008.

		Interest Rate		Maturity
Loan Number	Currency	Original	Swap	Date
		Fixed	Variable	
A	DEM	3.00%	10.10%	15-Nov-13
B	DEM	3.00%	11.08%	20-Jun-10
C	GBP	3.00%	11.40%	20-Jun-10
D	GBP	3.90%	11.35%	15-Nov-13
E	USD	3.00%	10.96%	20-Jun-10
F	USD	3.00%	11.70%	21-Jun-10
G	USD	3.90%	10.96%	20-Jun-10
H	EURO	3.90%	11.46%	21-Jun-10
I	EURO	3.00%	11.41%	21-Jun-10

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

31. Financial instruments and risk management (Continued)

Credit risk management

Financial assets of the Group which are susceptible to credit risk comprise of held-to-maturity investments, bank and cash balances, financial assets held at fair value through profit or loss, loans and receivables and available-for-sale assets, (other than equity investments). This risk arises from the likelihood of default by a counterparty with whom the Group has entrusted custody of its financial asset(s). Where this default happens, the Group's loss would be limited to the fair value of the financial asset lost through such default.

The Group's exposure to credit risk is influenced mainly by each type of customer's credit worthiness. Management seeks to reduce the risk of irrecoverable debt through a comprehensive customer credit appraisal and independent credit checks at the time of application for post paid services by all customers.

The Group has introduced a variety of prepaid products to cater for those customers to whom credit cannot be extended on the basis of their adverse credit ratings. This ensures that products and services are still provided to these customers on a cash basis and hence reducing the concomitant credit risk arising from extension of credit to these customers.

The Group provides for impairment of trade receivables which could arise as a result of non payment by any of the customers once an adequate assessment has been undertaken on the likelihood of the customers failing to pay their accounts. This allowance is based on the duration over which accounts remain outstanding as well as assessment of individual customers' capacity to pay amounts owed.

A total amount of N$71 million of the Group's trade receivables (making up 54% of the total accounts receivable book) is owed by government departments and ministries, who perennially take relatively long periods of time to settle their accounts. It is Group policy not to provide for these debtors as they invariably pay albeit late.

Telecom guarantees a predetermined portion of employees' housing loans obtained under the Group Housing Scheme. Such guarantees are extended on the basis of employees' respective job grades and level of remuneration. In return, employees benefiting from such guarantees, undertake to cede an equivalent portion of their pensions which in turn can be applied by Telecom to settle any obligation arising from a default by the beneficiary employee under this arrangement. Given the underlying security against which any financial losses on such guarantees may be applied, the Group does not make any provision in respect of these contingencies.

The Group did not note any significant changes in its exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the 2008 financial year.

The maximum exposure to credit risk for financial assets at the reporting date by type of customers is disclosed on note 12.

The movement in the allowance for impairment in respect of trade receivables during the years is disclosed in note 12.

Liquidity risk management

Liquidity risk pertains to the likelihood of the Group failing to meet its obligations when they fall due. Liquidity risk is managed by Telecom's Corporate Finance and Administration division in accordance with policies and guidelines formulated by Telecom's Board of Directors. In terms of its borrowing requirements the Group ensures that sufficient facilities exist with reputable financial institutions to meet its immediate obligations.

The Group's overdraft utilisation has increased to N$328.3 million as at balance sheet (2007: N$19.9 million). This arrangement is secured against facilities obtained from the relevant financial institutions and it is management's intention to mitigate the liquidity risk arising from this short-term exposure by converting the borrowings to long-term debt.

In terms of its long-term liquidity risk, the Group seeks to attain, acceptable levels of gearing vis-à-vis the capital employed in the business and a logical match between the period over which assets generate funds and the period over which the respective assets are funded. The Group obtained approval from the Namibia Stock Exchange to raise a total amount of N$400 million through a listed bond. As at year end, an amount of N$300 million was still to be raised under this bond programme.

The Group did not note any significant changes in its exposure to liquidity risk and its objectives, policies and processes for managing and measuring the risk during the 2008 financial year.

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Notes to the financial statements (Continued)
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31. Financial instruments and risk management (Continued)

Liquidity risk management (Continued)

The table below details the contractual maturities for the Group and Company's non-derivative financial liabilities. Year end interest rates were used to determine the contractual amounts payable:

Group

	<1 year N$'000	2-5 years N$'000	>5 years N$'000	Interest Adjustment N$'000	Total N$'000
2008					
Trade and other payables	182 731	--	--	--	182 731
Short-term portion of long- term liabilities	16 233	--	--	(2 357)	13 876
Bank overdraft	368 602	--	--	(40 226)	328 376
Amount owing to fellow subsidiaries	753	--	--	--	753
Long-term liabilities	--	134 193	132 804	(76 380)	190 617
2007					
Trade and other payables	186 711	--	--	--	186 711
Short-term portion of long-term liabilities	301 074	--	--	(18 540)	282 534
Bank overdraft	22 064	--	--	(2 164)	19 900
Amount owing to fellow subsidiaries	14 092	--	--	--	14 092
Amount owing to holding company	4 194	--	--	--	4 194
Long-term liabilities	--	99 151	--	(14 701)	84 450

Company

	<1 year N$'000	2-5 years N$'000	>5 years N$'000	Interest Adjustment N$'000	Total N$'000
2008					
Trade and other payables	182 218	--	--	--	182 218
Short-term portion of long term liabilities	16 233	--	--	(2 357)	13 876
Bank overdraft	368 602	--	--	(40 226)	328 376
Amount owing to fellow subsidiaries	753	--	--	--	753
Long-term liabilities	--	76 100	132 804	(51 087)	157 817
2007					
Trade and other payables	186 711	--	--	--	186 711
Short-term portion of long term liabilities	301 074	--	--	(18 540)	282 534
Bank overdraft	22 064	--	--	(2 164)	19 900
Amount owing to fellow subsidiaries	14 092	--	--	--	14 092
Amount owing to holding company	4 194	--	--	--	4 194
Long-term liabilities	--	83 792	--	(8 713)	75 079

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Notes to the financial statements (Continued)
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31. Financial instruments and risk management (Continued)

Liquidity risk management (Continued)

The table below details the contractual maturities for the Group and Company's non derivative financial assets. Year end interest rates were used to determine the contractual amounts receivable:

Group

	<1 year N$'000	2-5 years N$'000	>5 years N$'000	Interest Adjustment N$'000	Total N$'000
2008					
Trade and other receivables	195 759	--	--	--	195 759
Amounts owing by fellow subsidiaries	779	--	--	--	779
Amounts owing by holding company	16	--	--		16
Finance lease receivables	6 848	16 645	--	(430)	23 063
Cash and bank balances	41 538	--	--	(3 430)	38 108
2007					
Trade and other receivables	171 622	--	--	--	171 622
Amounts owing by fellow subsidiaries	1 229	--	--	--	1 229
Finance lease receivables	6 248	13 220	--	(382)	19 086
Cash and bank balances	47 332	10 263	--	(5 935)	51 660

Company

	<1 year N$'000	2-5 years N$'000	>5 years N$'000	Interest Adjustment N$'000	Total N$'000
2008					
Trade and other receivables	195 759	--	--	--	195 759
Amounts owing by fellow subsidiaries	779	--	--	--	779
Amounts owing by holding company	16	--	--	--	16
Finance lease receivables	6 848	16 645	--	(430)	23 063
Cash and bank balances	41 538	--	--	(3 483)	38 055
2007					
Trade and other receivables	171 622	--	--	--	171 622
Amounts owing by fellow subsidiaries	1 229	--	--	--	1 229
Finance lease receivables	6 248	13 220	--	(382)	19 086
Cash and bank balances	46 907	10 263	--	(5 564)	51 606

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Notes to the financial statements (Continued)
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31. Financial instruments and risk management (Continued)

Foreign currency risk

Foreign currency risk arises from the likelihood of incurring losses as a result of settling a foreign obligation or realising an asset denominated in foreign currency at an unfavorable exchange rate.

The Group manages its foreign currency exchange rate risk by:

- Applying foreign currency proceeds from business conducted with foreign operators against foreign currency obligations; and
- Hedging material foreign currency exposures through certain financial instruments as approved by the Group's policies and guidelines.

Swap agreements converting foreign currency denominated borrowings and forward cover contracts cushioning against fluctuations in exchange rates, have been entered into to mitigate the risk arising from carrying the exposures in foreign currencies.

The following table illustrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, to the Group's profit before tax. A 10% sensitivity rate is applied for internal reporting purposes to key management personnel. This sensitivity analysis is based on the outstanding foreign currency transactions at balance sheet date excluding those for which forward cover contracts have been taken out with counterparties.

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
For 10% increase in exchange rates				
Decrease in profit for year	1 127	1 917	1 127	1 917
For 10% decrease in exchange rates				
Increase in profit for year	1 127	1 917	1 127	1 917

Forward Exchange Contracts

It is the policy of the Group to enter into forward foreign exchange contracts (FEC's) to cover certain payments due in foreign currencies under contractual obligations with third parties.

The following table indicates the details of the foreign currency swaps in place as at balance sheet date:

Loan	Currency	2008 Balance	2007 Balance
1	EURO	4,639,595	5 621 314
2	GBP	1,285,723	1 892 356
3	USD	400,754	589 838

Telecom Namibia Limited
Notes to the financial statements (Continued)
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31. Financial instruments and risk management (Continued)

Foreign currency risk (Continued)

The following table lists FEC's in place as at balance sheet date:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
FEC Asset-Mundo loan	578	2063	578	2063
KfW loan	222	1 347	222	1 347

Amounts receivable and owing in foreign currencies which were not covered at balance sheet date are as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Receivable:				
USD	13 396	10 181	13 396	10 181
Payables:				
Euro	--	5	--	5
USD	13 413	11 370	13 413	11 370
GBP	--	23	--	23

The Group did not note any significant changes in its exposure to foreign currency risk and its objectives, policies and processes for managing and measuring the risk during the 2008 financial year.

Interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared with the assumption that the amount of the liability outstanding at the balance sheet date was outstanding for the whole of the financial year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Telecom Namibia Limited
Notes to the financial statements (Continued)
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31. Financial instruments and risk management (Continued)

Interest rate risk sentiments

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the group's and company's effect on the income statement would be as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
For 100 basis points higher Decrease in profit for year	3 341	234	2 638	348
For 100 basis points lower Increase in profit for year	3 341	234	2 638	348

If interest rates had been 300 points higher/lower and all other variables were held constant, the group's and company's effect on the income statement would be as follows:

	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
For 300 basis points higher Decrease in profit for year	10 023	702	7 914	1 044
For 300 basis points lower Increase in profit for year	10 023	702	7 914	1 044

The above effects on profit for the year would arise because of the Group's exposure to variable rate receivables and borrowings.

Capital management

The Group's policy is to continue to maintain an adequate capital base to finance its business as outlined in the Group Strategic Plan and continue to carry out its mandate to the nation whilst simultaneously ensuring sufficient profitability and returns for the shareholder. The following indicates the Groups' gearing position as at balance sheet date.

The gearing ratio at the year end was as follows:	Group 2008 N$'000	Restated Group 2007 N$'000	Company 2008 N$'000	Restated Company 2007 N$'000
Long-term borrowings	205 006	366 984	171 693	357 613
Cash and cash equivalents	38 108	51 660	38 055	51 606
Net Debt	166 898	315 324	133 638	306 007
Equity	931 578	956 015	1 062 370	1 015 427
Equity to debt ratio	5.58	3.03	7.95	3.3

On an annual basis, capital requirements are determined, prioritised and aligned with the available financial resources. Provision is then made for any deficits in capital availability mainly through term loan facilities with financial institutions. The Group maintains a good credit record with reputable financial institutions and this ensures continued availability of funding in the case of any deficits.

As at the 30th of September 2008, total unutilised borrowing facilities amounted to N$300 million. All the issued shares are owned by the Government of the Republic of Namibia.

There were no significant changes to the Group's methodology of capital management in the year ended 30th of September 2008.

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

Annexure A – Standards and interpretations issued but not yet effective

The following Standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 October 2008 or latter periods, and will be adopted by the Group in the year they become effective:

Number	Title	Effective date	Executive summary
IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first-time adoption	Annual periods beginning on or after 1 January 2009.	IFRS 1 First-time Adoption of International Financial Reporting Standards sets out the procedures that an entity must follow when it adopts IFRSs for the first time as the basis for preparing its general purpose financial statements.
IFRS 3	Business Combinations – Revised	Annual periods beginning on or after 1 July 2009.	The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.
IFRS 5	Non-current Assets Held for Sale and Discontinued operations – Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2009.	IFRS 5 establishes a classification for non-current assets 'held for sale' using the same criteria as those contained in US FASB Statement 144 Accounting for the Impairment or Disposal of Long-Lived Assets.
IAS 1	Presentation of Financial Statements – Amendments resulting from May 2008 Annual Improvements to IDRSs	Annual periods beginning on or after 1 January 2009.	The objective of IAS 1 (revised 1997) is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. IAS 1 sets out the overall framework and responsibilities for the presentation of financial statements, guidelines for their structure and minimum requirements for the content of the financial statements. Standards for recognising, measuring, and disclosing specific transactions are addressed in other Standards and Interpretations.
IAS 16	Property, Plant and equipment – Amendments resulting from may 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	The objective of IAS 16 is to prescribe the accounting treatment for property, plant, and equipment. The principal issues are the timing of recognition of assets, the determination of their carrying amounts, and the depreciation charges to be recognised in relation to them.

Telecom Namibia Limited
Notes to the financial statements (Continued)
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Annexure A – Standards and interpretations issued but not yet effective (continued)

IAS 19	Employee Benefits - Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	The objective of IAS 19 (Revised 1998) is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an enterprise in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.
IAS 20	Government Grants and Disclosure of Government Assistance	Annual periods beginning on or after 1 January 2009.	The objective of IAS 20 is to prescribe the accounting for, and disclosure of, government grants and other forms of government assistance.
IAS 27	Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	IAS 27 has the twin objectives of setting standards to be applied: in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent; and in accounting for investments in subsidiaries, jointly controlled entities, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.
IAS 28	Investments in Associates – Consequential amendments arising from amendments to IFRSs	Annual periods beginning on or after 1 January 2009.	IAS 28 applies to all investments in which an investor has significant influence but not control or joint control except for investments held by a venture capital organisation, mutual fund, unit trust, and similar entity that (by election or requirement) are accounted for as under IAS 39 at fair value with fair value changes recognised in profit or loss. [IAS 28.1]
IAS 28	Investments in Associates – Amendments resulting from may 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	IAS 28 applies to all investments in which an investor has significant influence but not control or joint control except for investments held by a venture capital organisation, mutual fund, unit trust, and similar entity that (by election or requirement) are accounted for as under IAS 39 at fair value with fair value changes recognised in profit or loss. [IAS 28.1]
IAS 29	Financial Reporting in Hyperinflationary Economies – Amendments – Amendments resulting from may 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	The objective of IAS 29 is to establish specific standards for enterprises reporting in the currency of a hyperinflationary economy, so that the financial information provided is meaningful.
IAS 39	Financial Instruments: Recognition and Measurement – amendments for eligible hedged items	Annual periods beginning on or after 1 July 2009.	The objective of IAS 39 is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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Notes to the financial statements (Continued)
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Annexure A – Standards and interpretations issued and not yet effective (continued)

IAS 31	Interests in Joint Ventures –Consequential amendments arising from amendments to IFRS 3	Annual periods beginning on or after 1 January 2009.	IAS 31 applies to accounting for all interests in joint ventures and the reporting of joint venture assets, liabilities, income, and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place, except for investments held by a venture capital organisation, mutual fund, unit trust, and similar entity that (by election or requirement) are accounted for as under IAS 39 at fair value with fair value changes recognised in profit or loss. [IAS 31.1]
IAS 32	Financial Instruments: presentation – Amendments relating to puttable instruments and obligations arising on liquidation	Annual periods beginning on or after 1 January 2009.	The stated objective of IAS 32 is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance, and cash flows.
IAS 36	Impairment of Assets – Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	IAS 36 applies to accounting to ensure that assets are carried at no more than their recoverable amount, and to define how recoverable amount is calculated.
IAS 38	Intangible Assets – Amendments resulting from may 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	The objective of IAS 38 is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another IAS. The Standard requires an enterprise to recognise an intangible asset if, and only if, certain criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires certain disclosures regarding intangible assets.
IAS 39	Financial Instruments: Recognition and Measurement – Amendments resulting from may 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	The objective of IAS 39 is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
IAS 40	Investment Property – Amendments resulting from may 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both. [IAS 40.5]
IAS 41	Agriculture – Amendments resulting from May 2008 annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009.	The objective of IAS 41 is to establish standards of accounting for agricultural activity -- the management of the biological transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the enterprise's biological assets).

Telecom Namibia Limited
Notes to the financial statements (Continued)
for the year ended 30 September 2008

Annexure A – Standards and interpretations issued and not yet effective (continued)

IAS 1	Presentation of Financial Statements – Revised	Annual periods beginning on or after 1 January 2009.	The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.
IAS 23	Borrowing Costs – Revised	Annual periods beginning on or after 1 January 2009.	The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.
IAS 27	Consolidated and Separate Financial Statements – Revised	Annual periods beginning on or after 1 January 2009.	IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.
Amendment to IAS 32 and IAS 1	Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements - Puttable Financial Instruments and Obligations Arising on Liquidation	Annual periods beginning on or after 1 January 2009.	The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments.
N/a	Improvements to IFRS	Unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2009	This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs.

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Notes to the financial statements (Continued)
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Annexure A – Standards and interpretations issued and not yet effective (continued)

Amendments to IFRS 1 and IAS 27	Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Annual periods beginning on or after 1 January 2009.	The amendment allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.
Amendments to IAS 39	Amendments to IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting	Annual periods beginning on or after 1 July 2009.	The IASB has therefore focused on developing application guidance to illustrate how the principles underlying hedge accounting in the following situations: (a) a one-sided risk in a hedged item, and (b) inflation in a financial hedged item.
IFRIC 13	Customer Loyalty Programmes	Annual periods beginning on or after 1 July 2008.	IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Annual periods beginning on or after 1 October 2008.	IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a Group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.
IFRIC 17	Distribution of Non-cash Assets to Owners	Annual periods beginning on or after 1 January 2009.	IFRIC 17 Distributions of Non-cash Assets to Owners applies to the entity making the distribution, not to the recipient. It applies when non-cash assets are distributed to owners or when the owner is given a choice of taking cash in lieu of the non-cash assets.
IFRIC 18	Transfer of Assets from Customers	Transfers received on or after 1 July 2009	IFRIC 18 clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

Telecom Namibia Limited
Notes to the financial statements (Continued)
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Annexure B – Standards and interpretations issued and not yet effective and that are not relevant to the Group

Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 October 2008 or latter periods but are not relevant for the Group's operations:

Number	Title	Effective date	Executive summary
IFRS 8	Operating Segments	Annual periods beginning on or after 1 January 2009.	IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about and entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
Amendment to IFRS 2	Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations	Annual periods beginning on or after 1 January 2009.	The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based are not vesting conditions. It also specifies that all cancellations, whether by the entity or by the other parties, should receive the same accounting treatment.
IFRIC 12	Service Concession Arrangements	Annual periods beginning on or after 1 January 2008.	IFRIC 12 addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements.
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Annual periods beginning on or after 1 January 2008.	IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.
IFRIC 15	Agreements for the Construction of Real Estate	Annual periods beginning on or after 1 January 2009.	IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 – Construction contracts or IAS 18 - Revenue and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18.