THE CHIEF FINANCIAL OFFICER'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

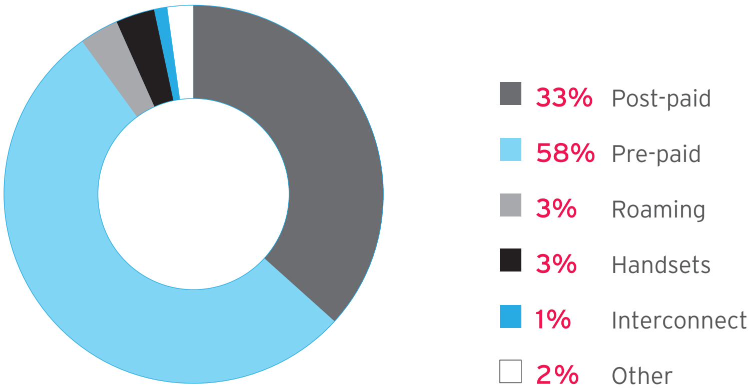
Consistent improvement on controlling of expenses and the monitoring of Bad Debts resulted in the positive results that were reported for the financial year under review. The partnerships with solid suppliers and firm negotiations on Service Level Agreements resulted in a lower than CPI increase on certain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

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

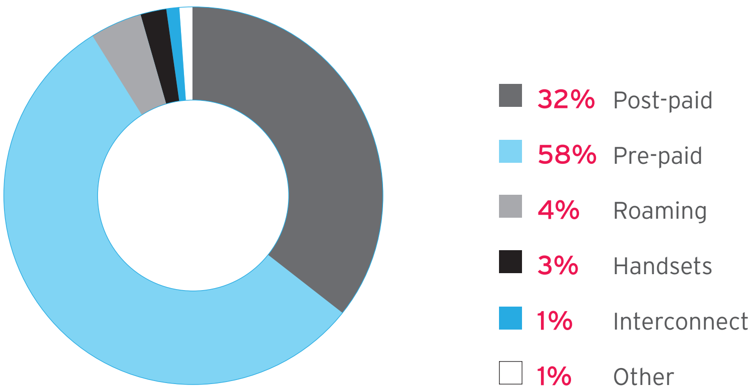
Revenues

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

Revenue components 2016



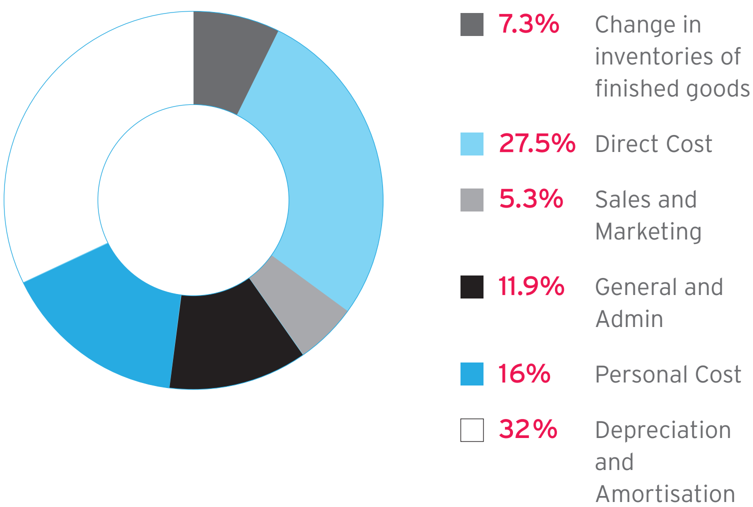
Revenue components 2015



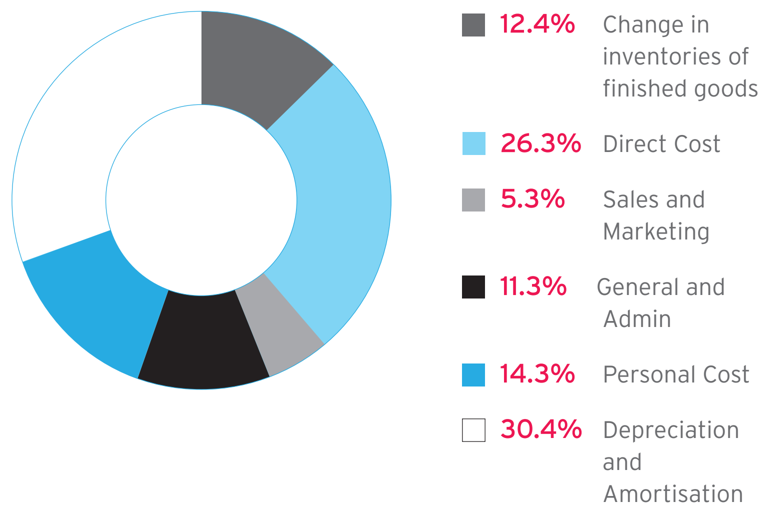
Expenditure

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

Cost Breakdown 2016



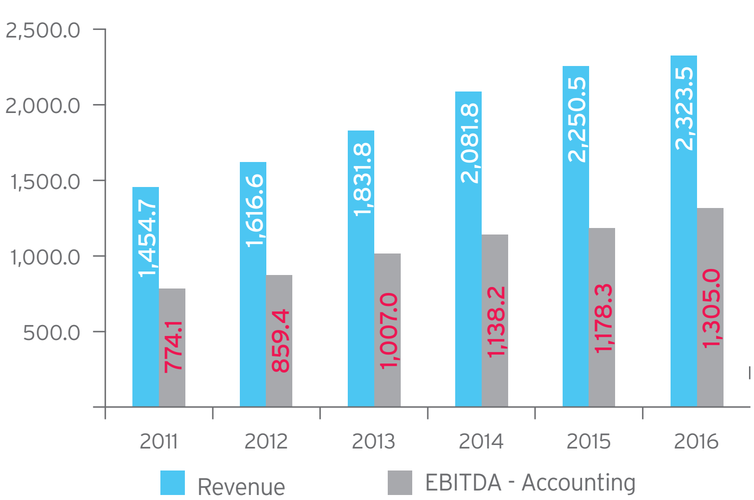
Cost Breakdown 2015



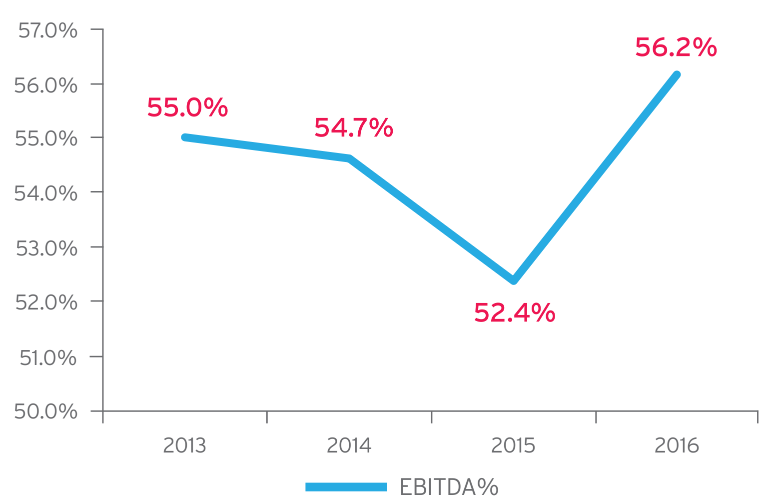
EBIDTA

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

Revenue vs EBITDA



EBITDA%



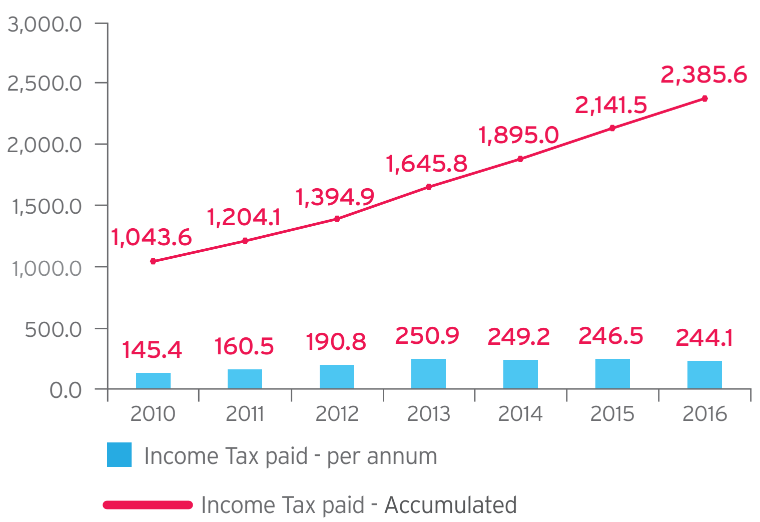
Taxation

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

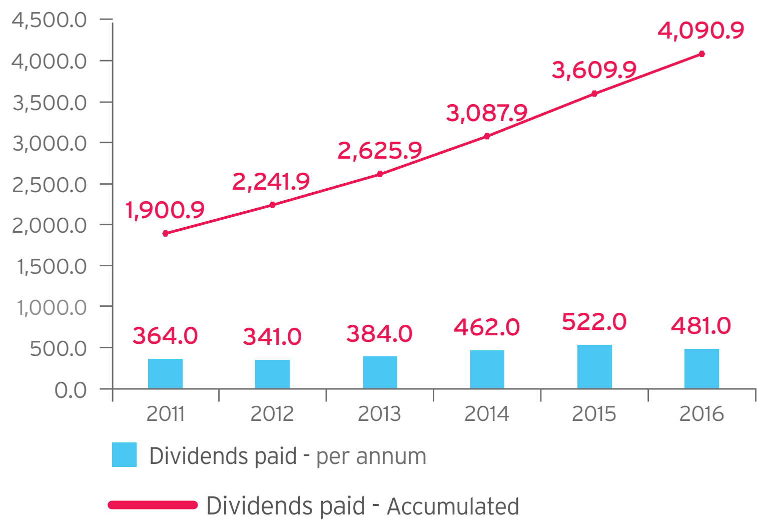
Dividends

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

Income Tax paid N$'000



Dividends paid



Net profit

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