



## Chairman's Review



**On behalf of the Board of Directors, I am pleased to present the 14<sup>th</sup> Annual Report of Telecom Namibia, which shows good results for the financial year ended September 30, 2006.**

Despite competitive pressures, the financial year was completed with a good balance sheet which underscores the strength of the organisation. We continued to invest significantly in technologies and systems designed to transform our customers' experience.

Telecom Namibia's new vision is to be Namibia's most preferred, high-performance information communication technology (ICT) service provider of world-class standards.

In formulating this new vision to drive the organisation, cognisance was taken of industry trends and changes and challenges specific to Telecom Namibia. Key among these challenges is fixed-mobile convergence. As a strategic imperative, we are focused on expansion and modernisation of our infrastructure, managing risk and extending and renewing our skills base.

Our vision is to transform Telecom Namibia into the most competitive State-owned enterprise in Namibia, that serves the Namibian customers through the provision of modern communication infrastructure that will quickly help turn Namibia into a prosperous Information and Knowledge Society in the fully competitive, globalising environment.

The Board is confident that Telecom Namibia has the strategies, structures and management teams to achieve its vision.

### **Growth through business transformation**

We continued to implement our strategy of growth through business transformation. The Board has given its backing to the new Strategic Blueprint that aims to transform Telecom Namibia and help us confirm our status as a leading player in the telecommunications sector of Namibia.

Our Strategic Blueprint, which is an ambitious four year development project (2007 - 2010), will not only place Telecom Namibia in the category of technologically pioneering organisations but will provide the economy of Namibia with the necessary infrastructure to enable it to achieve a high rate of growth to achieve the Millennium Development Goals.

### **Regulation**

We believe that a fair, efficient and flexible regulatory regime is vital for our industry, for ensuring that we can meet customers' growing needs and for encouraging investment.

We look forward to the enactment by Parliament of the new Communication Bill during 2007 that is set to transform the regulatory landscape in Namibia. We hope that the impact of this new legislation will be to focus regulation where it remains necessary at the same time as stimulating de-regulation wherever possible.

### **Board and Board Committees**

Telecom Namibia has a Board that ensures that the Managing Director and management perform in fulfilling the duties so prescribed by its Establishment Act as the incumbent telecommunications service provider, as well as striving to operate profitably and declare dividends to its shareholder, the Government of Namibia.

To ensure that accountability, structural and governance matters were strengthened in the company, the Board established an Audit Committee with clear responsibilities, role, purpose and authority. An internal Tender Committee is also in place to ensure that due process is followed in the assessment and allocation of contracts for goods and services to be provided by external parties.

We have an established Risk Management Committee to deal with issues of risk stewardship within the company. Strategic risk management remains a board-level concern and has become an essential ingredient in strategic planning to make sure that it contributes to the overall imperative of increasing, as well as protecting, shareholder value.

The Board Audit Committee had five scheduled meetings with an extremely loaded agenda during this financial year, considering and directing aspects of the business for a wide number of activities. To mention a few important examples, the Committee initiated the revision of a Performance Agreement for Telecom Namibia and the Government - this proactive approach will enable the company to report on measurements which are more meaningful within the context of the modern telecommunications and ICT environment.

Another milestone project was the initiation of a company-wide Fixed Asset Evaluation. The report proved very valuable in providing direction for future asset management, and also the development of new depreciation rates and policies.

The Committee has also taken a stern stance to actively monitor fraud investigations and action taken against individuals involved, also actions to combat future fraudulent activities.

Other initiatives of the Audit Committee include the following:

- Transparent outsourcing of the management of Post Retirement Benefits;
- Evaluation of the efficiency of the Internal Audit Division and has made certain recommendations around that;
- Actively monitoring the debt write-offs; and
- Commissioning the development of the following policies: Investment Policy; Telecom Namibia Code of Conduct; Corporate Social Investment;

The Board Human Resources/Remuneration Committee had three meetings during the past financial year, when matters relating to human resources and remuneration were discussed. The Committee was instrumental in directing and driving the Restructuring of Telecom Namibia, concurrently with the preparations and planning of Phase 2 of the Optimal Employment Level Exercise.

The Committee also made a recommendation to the Board on the Remuneration Policy, Rural and Remote Area Attraction and Retention Incentive Scheme, Sales Commission Policy and an employee rebate policy in relation to Telecom Namibia products. The Committee also mandated the review of the Bonus Pool Policy.

The Board Risk Management Committee convened three times in the past financial year, discussing the various risks identified to be managed to limit the company's exposure. A Board Risk Register was developed, which systemised the monitoring of the identified risks and the impact thereof on the business.

The Committee is reasonably satisfied that calculated measures have been taken to take care of all identified risks.

### Looking forward

To sum up, Telecom Namibia has adopted an agile and forward-looking strategic vision for the future, which will be sustained largely by innovation, in our quest to ensure that the company not only fulfils its mandate to the Government and people of Namibia, but also delivers totally integrated telecommunications and IT solutions for our customers.

The Board expects that the strategic initiatives taken in 2006, to reposition the company for change, will make a difference in 2007 and beyond. In other words, our company is well set for continued success in the years ahead. The board believes that the strength of the Telecom Namibia brand and its record of innovation, product quality and support, in the context of a rapidly-growing industry, offer excellent prospects for continued product diversification and growth and for the discovery of new opportunities.

With a seasoned and experienced management team in place, the Board has every reason to believe that the growth of the company's revenues and profitability will continue in the foreseeable future.

I would like to take the opportunity to thank all those who have contributed to our success during the past year. My word of thanks goes to Management who skilfully led us through the minefield of obstacles and challenges which characterise the ever-changing vagaries of our industry today. Secondly, I wish to acknowledge the employees of the company for their diligent efforts this past year.

Suppliers and customers have provided important encouragement and we are grateful for their support.

Lastly, my colleagues on the Board of Directors have been a source of constant guidance and wisdom. They have dedicated themselves fully to the task of total repositioning of Telecom Namibia for a future beyond 2010.



**Titus Haimbili**  
CHAIRMAN