



telecom
namibia

2010/2011



Annual Report



Vision

To be Namibia's most preferred, high-performance information communication technology (ICT) service provider of world-class standards.

Mission

To anticipate, understand and satisfy the telecommunications/information needs and wants of our customers. We will address these demands through the development of solutions, sales and support of quality electronic, voice, data, image and text services at competitive rates.

Values

Integrity
Care
Commitment
Accountability
Empowerment
Teamwork
Mutual respect

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Technical & Financial Highlights

for the years 2006 to 2011

Comparative Growth










Technical	2006	2007	2008	2009	2010	2011
Port Capacity (Network Switch Capacity)	208,178	223,238	233,903	231,760	229,947	249,544
Percentage Digital	100%	100%	100%	100%	100%	100%
Direct Exchange Lines (DEL's)						
Analogue, ISDN & DID slots	136,042	138,105	145,294	148,606	157,037	159,059
(Including public telephones)						
Manual	121	66	66	66	26	-
TOTAL (DELs)	136,163	138,171	145,360	148,672	157,063	159,059
Waiting List	3,844	3,100	2,829	1,410	629	645
DEL Penetration	6.5%	6.5%	6.6%	6.6%	7.3%	7.3%
Population	2,080,972	2,135,077	2,190,589	2,247,544	2,143,410	2,184,091
# of Public Phones	6,086	4,200	3,860	3,726	2,949	2,824
Public phones per 1000	2.9	2.0	1.8	1.7	1.4	1.3
Number of Households (projected)	393,898	404,139	414,647	425,428	405,725	413,426
Penetration per Households	34.6%	34.2%	35.1%	34.9%	38.7%	38,5

Financial	2006	2007	2008	2009	Restated 2010	2011
Company	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Revenue	1,058,072	1,060,687	1,080,491	1,129,828	1,133,588	1 144 924
Operating profit	175,497	67,223	102,967	58,536	103,964	105 021
Profit after Taxation	112,294	23,217	46,943	25,598	69,712	51 707
Accumulated Retained Profits	539,123	860,897	907,840	933,438	1,003,150	1 054 857
Tangible & Intangible Assets	831,315	1,472,304	1,593,404	1,598,143	1,600,530	1 602 609
Long-term Liabilities	119,764	75,079	157,817	200,998	546 871	522 510
Equity	992,210	1,015,427	1,062,370	1,087,968	1,157,680	1 209 387
Capital Expenditure	170,009	346,145	260,649	167,297	159,350	176 296
Equity to Debt Ratio	8.28	13.52	6.73	5.41	2.11	2.31
Return on Fixed Assets	13.50%	1.57%	2.94%	1.60%	4.35%	3.2%



THE TELECOM NAMIBIA NETWORK REACH



-  **VSAT**
-  WiMAX Wireless Coverage
-  CDMA - Mobile Coverage
-  Ultraphone Wireless Coverage
-  Primary / International Exchange
-  Remote Line Units / ADSL
-  Small Digital Exchanges
-  Rurtel
-  Other, including UMC/OFDC

228 DIGITAL DESTINATIONS IN NAMIBIA

395 POINTS OF PRESENCE

8,060 KM OF FIBER ROUTES

178 TOWERS

Group Structure



100% Owned
Government of Namibia

Angola
44%



South Africa
100%



serving all communities



12.5%

Board of Directors



R Gertze

FJP Ndoroma (MD)

JS Iita (Chairman)

F Veldskoen

Top Management



Amanda Hauuanga
General Manager:
Marketing and Sales

Barend van der Merwe
Head: Internal Audit &
Risk Management

Frans Ndoroma
Managing Director

Chie Wasserfall
General Manager: Service
Provisioning and Assurance

Robert Offner
General Manager:
Finance and Administration

Heinrich Bader
General Manager:
Special Projects



Oiva Angula

Senior Manager: Corporate
Communications & Public
Relations

Theo Klein

General Manager:
Corporate Strategy

Patience Kanguenzi – Kanalelo

Head: Legal Services &
Company Secretary

Laban Hiwilepo

General Manager: Network
Provision and Assurance

Wessel van der Vyver

General Manager:
International and Joint Ventures

Andrew Kanime

General Manager:
HR and Strategic Training

CHAIRMAN'S REVIEW

I am delighted, on behalf of the Board of Directors, to present the 18th annual report on the business & operations of Telecom Namibia (TN) together with the Audited Financial Statements for the year ended 30th September, 2011.

Through this review I would like to share with you the strategic direction that drives TN's enterprise within the context of local and global industry trends and environments, whilst also touching briefly upon the key developments and achievements of the year.

Economic and Industry Environment

In line with the global economic recovery, the Namibian economy also bounced back in 2011 and the medium term outlook appears favourable. All macro-economic indicators will stay well under control and provide a stable framework for economic development also for the new financial year.

Growth in the medium term is expected to be broad based across all sub-industries with market expectations of around 4%. GDP growth will be supported by expansionary fiscal policy and previous monetary easing.

Consumption growth and investment (especially investment by the Government of Namibia) is expected to be relatively strong. The country's fiscal and debt position is projected to deteriorate, but not to an unsustainable extent. Similarly, inflationary pressures are expected to increase, but not very strongly. Latest indications project in fact a stabilisation of inflation rates. Interest rates are now expected to decline marginally and the Namibian dollar is projected to depreciate slightly against the USD and EURO. On the positive side again, the external current account is expected to improve due to improved commodities outlook and increased SACU inflows.

At the industry level, the telecommunications sector is constantly evolving. Technological developments are occurring at breath-taking speeds with increasing demand for broadband, multimedia and mobile services as well as new devices, applications and innovations. Strategies are being built around technological developments like cloud computing, through which solutions are being delivered through cloud technology, eliminating the need for operators to invest in infrastructure.

Indeed, there is a tendency to move from models requiring capital expenditure to those where costs fall under operating expenditure. Infrastructure sharing is being viewed less as a competitive issue than as a matter of sustainability.

The current market potential for ICT products and services in Namibia amounts to around N\$3.5 to N\$3.8 billion, with around 80% of the potential having been exploited by the market players. Overall growth will flatten out within the next few years with prices to start falling which will be curbed by growing demand especially for bandwidth. Lower single digit growth rates are expected in the sector for the coming years. This is clearly confirmed by the growth figures of major players in 2011.

Legal and Regulatory Developments

The Communications Act, 2009 (Act No. 8 of 2009) officially came into force on 29 April 2011, except Part 4 and

6 of Chapter V and IX. The Act sets to create the Communications Regulatory Authority of Namibia (CRAN), which is responsible for putting in place the licensing regime, promote competition in the telecommunications sector and provide for the promulgation of regulations.

On 18 May 2011, CRAN was finally established in terms of the Communications Act to regulate the Namibian communications, broadcasting and postal services sector. The following regulations have been put into place since:



- Regulations Setting out Broadcasting and Telecommunications Service Licence Categories
- Regulations Regarding Transitional Procedures for Telecommunications and Broadcasting Service Licences and Spectrum Use Licences
- Regulations Regarding the Submission of Interconnection Agreements and Tariffs
- Regulations Regarding Licensing Procedures for Telecommunications and Broadcasting Service Licences and Spectrum Use Licences
- Regulations Regarding Consumer Complaints

CRAN is currently in the process of its transitional stage where all the existing operators are obliged to submit applications for new licenses under the Communications Act 8 of 2009. By November 2011, the license transition is planned to be accomplished.

Strategic Focus

TN needs to consolidate its areas of strength whilst meeting the challenges posed by increasing liberalisation of the sector, the new infrastructure models, device and consumption trends in the industry. This was behind the 2011/13 strategic plan, which emphasises on TN becoming a full service operator with fixed/mobile convergent offerings, focusing on the ICT core business and achieving profitability in all areas of business leading to a +30% EBIDTA margin.

Whilst we actively pursue our efforts to achieve increasing growth and enhance our profitability levels, we will not compromise on measures to increase employee motivation, enhance customer satisfaction, innovate as well as provide continuous staff training at all levels of the Company.

The market of IT application/services identified as a fast growing segment is the natural extension of our Company's existing core business. An entire suite of IT products and services will be introduced starting with the new year for the Corporate and business market to clearly position TN in the IT space.

There is a high market potential in the domestic and regional Wholesale business as well. Bringing Internet access via WACS, SEACOM or SAT3 to other operators in Namibia or in neighbouring countries will be a key growth area. Selling our transport routes to other parties especially South African players is the second big business field where TN will aggressively grow revenue and market share in FY 2011/12. Key success factors are that TN will negotiate for best prices from upstream suppliers and build and maintain a quality transport network across the country. Revenue generated by IP based products is expected to rapidly grow and contribute significantly to the business of TN.

Our new mobile strategy will assist the Company to benefit from high growth especially in the mobile broadband market. TN's value proposition will be built around convergence and will position ourselves as the only converged communication service provider in Namibia. This in turn will help to curb further declines in revenue from fixed line business.

The strategic goal to be a Tier-2 Provider and a fully-fledged ICT Provider in a fast changing ICT landscape is calling for an aggressive capital programme to ensure future success. TN's

nationwide network will receive special attention in 2011/12 with total capital expenditure expected to be around N\$ 292 million.

Expanding the fibre network and maintaining copper is first priority. A redundant national fibre network towards Zambia, Zimbabwe and Botswana will be built on OTN/DWDM. International points of presence in Cape Town, Johannesburg and London (whether own or shared) are planned for mid 2012. Fibre nodes will be implemented to the Southern border of the country to ensure optimal network interconnect with RSA. OSS/BSS upgrades will be required for the management area to ensure proper network performance and capacity management.

Corporate Governance

TN remains committed to implementing and maintaining best practices throughout the group, by ensuring that the highest standards of business integrity, transparency and professionalism and ethics are practiced throughout the organisation. Our strategies comply with good corporate governance practices, provide fair working conditions and offer secure products and services while supporting environmental and community projects.

The Company contributes funds to various social causes in the communities we operate in. When natural disasters like floods struck Namibia we responded swiftly to render support, especially working tirelessly to restore services to allow people to contact their loved ones and transfer funds to the Namibia Medical Society (NMS) teams that were dispatched to the Omusati, Oshana, Ohangwena and Kunene regions to render medical services to the needy.

The environment in which we operate is our primary concern. We believe that excellence in environmental management is important for our long-term success. We therefore strive for the best in technology, operations efficiency and our relationships with communities.

End note

We are confident that the coming year will bring us even greater success. Fraught with uncertainties, economic crisis, fierce competition and other global issues, the past two years have been the most challenging ones for many businesses including TN. Yet we managed, thanks to bold measures, to navigate quite successfully through the troubled waters. The 2011/12 financial year will not be free from those economic, financial and environmental difficulties but in these trying times, we, the Board, Management and employees, will have to differentiate ourselves in many aspects to continue growing wealth for the benefit of Namibia and its people.

May I, on behalf of TN thank all our Stakeholders - we value your friendship and support over all these years - we look forward to nurturing and cherishing these relationships for many more years to come. The years ahead hold challenge and opportunity in equal measure and the Company looks forward eagerly to reap reward together with you.



Joseph S. Iita
Chairman

MANAGING DIRECTOR'S REPORT

The financial year 2010/11 was an eventful year with plenty of challenges and accomplishments. Despite of negatives like escalating electricity and fuel costs and an inclement economic scenario, Telecom Namibia (TN) remained focused on its strategic intent with new initiatives and new investments. Our priority was on preparing for a telecommunications landscape dominated by ultra-fast broadband and getting TN in a good competitive shape.

During the year under review, our other preoccupation was the transformation of the TN business in all its facets to be aligned to the very different environment that is emerging through changes in technology, customers' expectations and regulation. As a result, significant reorganisation and realignment was initiated throughout the Company, where people and other resources are being aligned better to meet the new strategic direction of the Company. The results of this will be seen in the ensuing years.

West Africa Cable System

February 8th, 2011 will remain a memorable date because it is the date Namibia was connected by optical fibre cable of the West Africa Cable System (WACS) with the rest of the world. As the Landing Party, Telecom Namibia played an important role to ensure the successful landing of the cable at Swakopmund. All equipment passed the critical performance tests successfully, and the Swakopmund WACS landing station has been ready-for-service since August 2011.

The whole WACS system is scheduled to be operational in 2012. Namibia and Botswana jointly invested US\$75 million in the fibre-optic cable initiative which will link Namibia, West Africa and Europe.

WACS will provide cost-effective access for the country to the rest of the world. The outcome is that customers will have access to good quality broadband internet services at a good price. At the national level, widely available and affordable ICT services would improve Namibia's economic performance and public service delivery.

Financial Performance

The past financial year has once again produced results that indicate that the customers in Namibia are benefitting from intense competition between the operators, a stronger Namibia dollar and an increase in network capacities.

In an increasingly competitive environment, the Company recorded turnover of N\$1,145 billion, up by a meagre N\$11 million on 2009/10. A closer analysis however indicates a healthy N\$34,7 million increase in data services to N\$452 million, up 8.3%. The rapid erosion in voice traffic both in usage and price offsets these gains. The move in revenue streams once again reinforces our strategic move in 2007 to move away from voice and focus on fixed and mobile data.

During the year under review, TN reached the optimum level of 45% dependency on voice revenue compared to 69% at the end of September 2006. This was achieved by a lesser than usual decline in voice revenue and a more significant growth in broadband, IP and IT services.



A more sobering picture is that of our operating profit which increased by N\$1,057million to N\$105 million up by 1%. This was achieved by the lowering of the interconnection rates with the mobile operators and access to cheaper international bandwidth, utilising Neotel in South Africa to access Seacom on the east coast of Africa. This will improve further once WACS goes live in 2012.

Investment in infrastructure amounted to N\$176 million, while our final capital call contributions to Neotel amounted to N\$101 million and loan repayments amounted to N\$25.7 million, all of this was done from own cash flows with no new loans taken.

Network

The high performance and quality of our networks are crucial to our strategy of maximising and expanding our core business. Network modernisation therefore was continued in 2010/11 through investment in a wide range of technologies, such as WiMAX, ADSL, IP VSAT and MetroNet and IP/MPLS. The Company implemented a SCADA and Netcool systems which allows the proactive monitoring and remote management of the countrywide network.

During the year TN has managed to expand and to upgrade its IP backbone to a solid and state-of-the-art IP backbone infrastructure. Only a stable network with sufficient capacities will allow TN to exploit the coming WACS international connectivity and services to the benefit of the country's economy and that of our customers. The total national transport network is being upgraded from 10Gb/s to 40Gb/s along the national fibre ring networks. Phase A of the 40Gb/s DWDM system was deployed. The next two stages will follow in the 2011/12 financial year.

With this great IP backbone in place, we need to roll-out of broadband access networks (ADSL, WiMAX, VSAT) much faster to connect more customers so that all these networks can be loaded with IP traffic - all driven by attractive broadband packages and features.

TN is already providing fixed broadband packages of up to 10MB/s to customers. In urban areas, the ADSL platform continues to provide a good and stable service. Connected services increased by 28,7% during the year. Also 12 new WiMAX stations were taken into service, bringing the total stations to 64. Furthermore, a new IP VSAT, SkyEdge II, was installed and commissioned to replace the old and outdated Faraway and Dialaway platforms.

Whether fixed-line or mobile, TN invests continuously in network expansion as well as the security and stability of existing networks. All these investments are designed to ensure that Namibia realizes its national goals using modern telecoms infrastructures as engine for growth and development.

Customer experience

In the year under review, the customer continued to remain at the centre of all our initiatives brought in to cater for specific needs, new trends and customer expectations. They included the introduction of a flat rate package for fixed line users, providing for unlimited calling on the Company's fixed line networks during off-peak times including weekends.

Other changes implemented include a revised pricing model for Least Cost Routing services, Callmaker validity periods and customised rate plans for corporate solutions. Fixed broadband users also benefitted from improved internet usage when TN introduced free upgrade of packages at no extra cost. TN mobile broadband users also benefit from a reduced promotional out-of-bundle usage tariff of 25c/MB. The continued upkeep of Teleshops around the country has helped to provide customers with a more welcoming environment. These and other measures brought encouraging results in terms of enhanced customer service.

Opportunities for interaction with businesses and ICT companies were provided through the Company's annual ICT Summit which enabled customers to learn more about ICT services and products offered by other players in the Namibian market.

Looking forward

In the 2011/12 financial year, we will continue to execute the Company's 2011-13 strategic plan which was approved by the Board of Directors. The plan focuses on:

- Actualisation of the Company's new mobile strategy
- Ensuring that the Company is ready for WACS – both technically and commercially.
- Continue to re-align the TN business in terms of embedding a customer and service orientation in a fast changing industry.
- Putting people at the heart of the Company's development and remaining an employer of choice
- Contributing to the advancement of Namibian society by helping to turn into reality Government's vision of making ICT the most important sector in the economic development of the country.

In a nutshell, the exciting challenges lying ahead in the new financial year include the completion of the company's re-alignment exercise, the acquisition of a GSM-based network and the deployment of the DWDM project, the coming into operation of the WACS submarine cable and the vigorous chase of our mobile strategy of migrating towards GSM.

Thank you

All in all, we can look back on a successful and eventful year. We owe our achievements in the FY 2010/11 to the diligent efforts of our dedicated employees and the confidence and loyalty of our customers. Naturally, a good measure of my gratitude goes to our shareholder and the members of our Board who have and continue to support us in all our endeavours.



FJP Ndoroma
Managing Director

BUSINESS REVIEW

Sector Outlook

"The telecoms market in the emerging regions of Africa, Asia, Eastern Europe, and Latin America are set to have an exciting start into the new decade. Disruption and innovation will remain the norm, but this will increasingly be coupled with much more intense competition, lower prices, and slower growth and lower margins. Service providers and vendors will have to up their game to retain their relevance and market position." Ovum Report, Telecoms in 2011.

Over-arching trends are still mobility, broadband, "everything IP" and new business models. Convergence is a natural consequence out of these trends. Infrastructure sharing is a hot topic due to significantly increasing pressure to curb/control cost.

Mobility

Mobile services (basically voice) have generated a global mobile customer base of around five billion. This 'land-grab-phase' was a very positive but will start to wind down. For service providers this will mean that competition will intensify as players increasingly focus on winning market share from each other. The market for mobile broadband is showing better prospects.

The rapid growth of smart-phones and feature-rich phones in the emerging markets will persist. This will be driven by significant further reductions in smart-phone device price points combined with the increasing capability of mid-range devices. To deliver excellent customer experience and retain their margins, operators will increase their cost-efficiency efforts. The most successful players will be those that strike the right balance between a strong brand and focused service portfolio, coupled with a lean, efficient network and back-office operation.

Broadband

Broadband access will take centre stage in the emerging markets for the next years as the fastest, most promising growth engine, amid the rapidly growing coverage of 3G and to a lesser extent wireline, cable, WiMAX, and in some instances fibre. There will be parallels with the mobile land grab in the intensity of the battle, but the explosion of data traffic that will ensue will pose a whole new set of network and financial challenges to telcos.

While the rapid increase of data use is good news, network investment is needed to meet consumer and enterprise user expectations for optimum performance at minimum cost. Business models and tariff strategies need to be carefully crafted in order to make a profitable business. There are new and innovative approaches to data service charging, such as 'quality-of-service' pricing or 'data-buckets' for use across multiple devices.

The potential for broadband fixed-to-mobile substitution is strongly linked to the relative unavailability of fixed line broadband. It is evident that the future will bring a significant customer group with fixed broadband only access and a similarly big segment with mobile broadband connect only. But there are plenty of sub-segments that will have a variety

of access modes.

Convergence

All over the world, intense competition is forcing pricing down and making differentiation difficult. With these pressures, operators are increasingly relying on the growing importance of ubiquitous web access and its central role in service and content delivery as the main engine of both, survival and growth. More operators are becoming integrated fixed and mobile players so they can more efficiently sweat assets and cross-sell services.

Bundling is most common today. Convergence of fixed and mobile services is a more sophisticated approach with enormous potential.

All IP

"The cloud" will continue to provide the biggest growth opportunities for the ICT sector in the following ways:

- Infrastructure as a Service in a basic form is already been offered by TN with its shared Server Room services.
- Platform as a Service including Virtual Firewalls and Virtual Servers for Clients or Hosted PABX functionalities.
- Software as a Service based on the principle that the Software is hosted and provided by the external communications service provider.

The cloud allows the user to buy a defined packet of services without having to worry about the back-end for a fixed price per year. This will also fuel the demand for new and bigger data centres at any attractive location around the world.

New Business Models

"The Internet has changed operators' thinking about their role in providing new services to their customers. They are now beginning to stop viewing them as competitors and, instead, starting to pursue them as partners to add value to their core access business. Operators have spent the last 10 years thinking that they could be genuine service providers but now acknowledge in an IP world it is a role better suited to dedicated Internet companies." Ovum Report, Telecoms in 2011.

Operators' future profitability depends on the ability to re-introduce the direct linkage between price, revenues and costs in a broadband world. If that is achieved there is no reason why access alone cannot be the business model that justifies the roll-out of next-generation networks.

Strategic Initiatives

TN's current strategic initiatives comprise the following areas:

New mobile strategy

In order to mitigate potential losses from continuous substitution of fixed services by mobile services and in order to service new and existing customers through alternative, cost-effective, and easy to manage platforms, TN will enter the GSM space in FY 2011/12.

Mobile data services will receive highest attention and TN

plans to aggressively grow market share.

WACS Readiness

WACS readiness in TN translates to being technically and commercially ready for the operational launch of WACS in 2012.

Technical readiness has been defined in detail for all of TN's network layers and detailed plans and milestones have been identified and set between Corporate Strategy and Technical Operations & Projects. This includes the financial requirements for necessary capital projects.

Commercial readiness includes that products and services have to be developed and launched. They must be ready at the right time, attractive to the customer needs and competitive.

TN's main marketing objective for late 2011 and early 2012 is to create appetite for bandwidth in the market.

Re-alignment

To operate effectively as a Next Generation Network (NGN) service provider, the reorganisation of TN is a strategic imperative. Staff outside the bargaining unit, up to level 3, is in the process of being interviewed and appointed. For the bargaining unit, consultations with the union are still ongoing. Meanwhile, the framework for placement of staff in the realigned structure was signed off between management and the union.

Mundo Startel divestiture

Negotiations have started with several interested parties to buy out the TN shares. Total exposure at end-July 2011 stood at N\$107 million.

Risk Management

Fundamental to effective corporate governance is good risk management, which has become a focus area in all corporate governance frameworks.

Enterprise is the undertaking of risk for rewards. A thorough understanding of the risks accepted by TN in the pursuance of its objectives, together with those strategies employed to mitigate those risks, is thus essential for a proper appreciation of the Company's affairs by the board and stakeholders.

Risk management ultimately is about proactively identifying and understanding the factors and events that may impact the achievement of strategic and business objectives, then managing, monitoring and reporting these risks. Good risk management is not about eliminating or avoiding risks, but rather taking acceptable risks and managing them well.

Our policy is that we constantly identify, manage, monitor and report on risk in our organisation and hold our management accountable for the effective management of risk.

The process for the identification of risk is an objective driven process which assesses the impact that risks would have on the achievability of the objectives of our organisation.

Roles and Responsibilities

Managing risks is the responsibility of the Board. This re-

sponsibility is delegated to management and, appropriate to their levels, to each employee in the company. The Board is ultimately responsible for ensuring that risks are managed effectively in TN which includes:

- Constituting a Risk Committee and approving the Risk Committee Charter; and
- Consideration of risk reports from the Risk Committee and assurance providers via the Internal Audit department, to enable them to conclude on the effectiveness of risk management in the Company.

Understanding the Corporate Objectives

Understanding objectives is the first step in the risk management process. Without this understanding, risks that could prevent the achievement of objectives cannot be identified completely. These objectives should be aligned throughout the organisation to ensure that direction and focus of the different levels of management are fully integrated. Objectives need to flow from a strategic level, to a business and ultimately a process level to ensure alignment.

Identification and Management of Risks

TN has certain objectives i.e. goals it has set for itself to achieve. Risks are the obstacles that can prevent TN from achieving these objectives. Therefore, having clearly understood the business objectives at any level of the company it is important to identify the risks that could prevent the achievement of business objectives.

Once risks have been identified current controls/actions in place to respond to the risk have to be examined.

Using the established guidelines, management decides whether to accept the risk, manage the risk, transfer (insure or outsource) the risk or avoid the risk altogether.

Having identified the response strategy, continuous monitoring needs to occur to ensure that the desired response strategy for a risk is implemented successfully. Monitoring is arguably the most important step of the entire risk management process as it provides early warning of where risks may materialise.

Fraud Hotline

The purpose of the Hotline is to enhance personnel and customers to report any kind of fraud, theft or suspicion. Three calls were received during the 2010/11 financial year and all three were satisfactorily addressed.

Network

TN has one of the most powerful digital infrastructures in Africa. During the year a further amount of N\$176 million was pumped into the infrastructure for modernisation and expansion.

After years of hard work and commitment, TN successfully landed Namibia's first-ever global submarine cable network, West Africa Cable System (WACS), at Swakopmund on 8 February 2011. During March-June 2011, all equipment passed the critical performance tests successfully. The Swakopmund Landing Station has been ready-for-service

since August 2011. Unfortunately the total consortium project is behind schedule. Telecom Namibia has already started to prepare the Hage Heights Station in Swakopmund for potential co-location requests from consortium partners. This project is scheduled for completion by April 2012.

Due to the ever increasing IP traffic demand, together with the coming of WACS, direct international connectivity as well as the increased Keetmanshoop peering POP capacity, the total national transport (transmission) network is being increased drastically by the latest technology. TN is currently rolling out an Optical Transport Network/Dense Wavelength Division Multiplexing (OTN/DWDM) 40Gbps platform along the national fibre ring networks. This is the first such national network in Namibia and will provide high capacity transport routes as well as Express Routes between major centres. The platform will enable TN to implement a highly efficient IP network with 40Gbps connections on existing infrastructure to satisfy traffic growth in a cost efficient way.

The first stage of the OTN-based DWDM project will be completed in the first week of December 2011, and runs along Nampower's OPGW fibre route from Katima Mulilo to Grootfontein and also on TN's own backbone fibre routes of Grootfontein-Buitepos, Buitepos-Windhoek and Windhoek-Keetmanshoop.

TN will therefore complement its existing national fibre ring networks with these selected OPGW routes to provide an even better and even more stable long distance transport network for national and international traffic and services.

The traffic routed via the DWDM platform is an STM-4 for the MPLS network from Windhoek Earth Station to Keetmanshoop. The total southern ring provides now for full 2 x STM-4's for the MPLS platform. This will greatly improve the international internet traffic flow and user experiences.

Some of the major projects executed include the following:

- The deployment of the national IP/MPLS project, which is the base of Telecom Namibia's IP network and service provisioning, was completed.
- A new peering point of presence (PoP) platform and bandwidth manager were installed and simultaneously upgraded it from a 1G to a 10G platform.
- An STM-4 is being installed to add more trunk lines to Europe for IP traffic. All will be ready for service by mid December 2011.
- TN installed recovered STM-16 equipment on spare fibres between Aus-Oranjemund and Keetmanshoop – Karasburg. This increased the SDH transmission capacity immediately with 100% and this catered for the immediate demands for the interim period until the new DWDM network is in place.
- In all urban areas, the ADSL 2+ platform provides good and stable services. During the year, the DSLAM's were increased from 109 to 121, which allowed for an increase of the number of equipped ports to 29,584 (+32%).

- The Worldwide Interoperability Microwave Access (WiMAX) is greatly complementing Telecom Namibia's initiative for extending wireless broadband facilities up to rural/farming communities countrywide. During the year 15 new WiMAX stations were taken into: Klein Waterberg, Oshakati, Arendsnes/Rundu, Otjozundu, Otjihase Mine, Ombika, Mbela, Steinhausen, Summerdown, Onguari, Emmabrunn and Ohangwena. This brings the total stations to 64. Currently under construction are Okoruso, Okandjatu, St Elmo, Leonardville, Solitaire, Sossusvlei and Rooiberg.
- During 2010 the new IP VSAT, SkyEdge II, was installed and commissioned to replace the old and outdated Faraway and Dialaway platforms. Early 2011 all old remote VSAT's were replaced. Presently there are 372 VSAT's connected. New products were added, e.g. MPLS over VSAT, with more being developed. VSAT is mainly for very remote customers/needs and also to replace obsolete technologies like openwire networks, Magneto, Magnolia and SOR-18.
- All Magneto customers were converted to the new SkyEdge II VSAT or disconnected. The Magneto exchange was shut down forever in June 2011 after the "Nommer asseblief" services were with us the last 70 years or even longer.
- The payphone deployment was rationalised with emphasis on revenue generation and social responsibility provisioning in under-serviced areas, community centres, schools, hospitals etc.
- The maintenance of the copper network has remained a priority to ensure that interruption of services is minimised.

Hardap West Project

The Hardap West project continued during the year after external challenges had to be finalised. The Sesriem camp is now connected to a fibre backbone route which is connected via Nudaus to Maltahöhe. The infrastructure for equipment accommodation at Sesriem camp is completed and local services will be provided before end 2011. In the same project also WiMAX stations will be implemented at Solitaire, Sossusvlei and Rooiberg with completion one-by-one during Q1/2012.

DCA WAM Project

TN is to implementing a WAM (wide area multilateration) network across the country for air traffic management at the request of the Directorate of Civil Affairs (DCA). The project aims to enhance air safety for Namibia to meet the requirements of the international air traffic controlling board.

A number of sites were identified alongside the Namibian coast to install radio equipment for the WAM network. A total of 36 stations were completed, providing data service through TN's MPLS system between the 36 sites to the DCA Control Centre at Eros Airport in Windhoek. The data circuits carry real time information to enable the Air Traffic Controllers to monitor air traffic in real time.

DCA has decided to add another 11 stations to that network (apparently a world leading design) to close specific coverage gaps and to increase details/accuracy at certain areas. The roll-out of the new 11 sites has started and will be completed by March 2012.

GMDSS Network Project

The Directorate of Maritime Affairs has tasked TN to deploy a Global Maritime Distress and Safety System (GMDSS) network alongside the Namibia Coast in order to improve security in the Namibian maritime industry. A total of 10 sites were identified to install radio equipment for the GMDSS network. The project is 90 % completed and there are only two sites under construction, which are expected to be completed by 30 January 2012.

The system will help the ships in the Namibian waters to communicate smoothly with the GMDSS Centre off-shore and vice-versa as well as improve communication from ship-to-ship during distress and rescue operations. This will also help Namibia comply with the requirement of the IMO GMDSS standards.

Border Posts Project

The Ministry of Home Affairs selected TN to provide broadband connectivity between its Central Data System and a number of border posts that were not previously connected. This was required to facilitate efficient processing of passport and immigration data of all entries to and exists from Namibia at these border posts. The majority of the border posts were not connected by any telecommunications infrastructure at the time and required the establishment of these services.

During the year, two new WiMAX stations were erected at Arendsnes and Oshakati, bringing the total to eight. Work at the Mata Mata border post is underway and will be finalised by March 2012.

In addition, the deployment of WiMAX base stations enabled TN to connect additional customers in the coverage areas that previously had no services. Special mention can be made of a number of lodges and campsites around the Kamuchonga base station alongside the Okavango river, south of Bagani, as well as a number of schools and lodges connected to the Arendsnes base station near Rundu.

Pricing and Tariffs

It is of strategic significance that TN ensures that its price levels for the entire product portfolio remain competitive in the market and also favorably comparable in the region and beyond. Telecommunications plays a critical facilitation role in the growth of the Namibian economy and TN has been maintaining its pricing philosophy of ensuring that its services are affordable to users while at the same time yield reasonable return on investments.

In line with the Company's vision and strategic plan, a number of pricing initiatives were implemented during the financial year under review. Below are highlights of some of the key pricing initiatives introduced during the financial year 2010/11.

The annual tariffs changes for 2010/11 were implemented on 1 October 2010. These changes included upward adjustment of rental charges for basic telephone lines, ISDN, co-location and site sharing services. A special rates campaign was also launched for reduced international call tariffs to major international destinations for a period of three months starting from 1 October 2010 to 31 December 2010. The special rates campaign ensured that our international callers enjoyed affordable international calling to their loved ones living beyond our borders.

Following a ruling by the NCC that public mobile cellular operators shall implement a price cap for off-net call prices and call charges to fixed lines to the level of their on-net charges effective 1 March 2011, the Company revised its pricing structure for mobile services to comply with the ruling. After further clarifications with the NCC on the ruling, TN implemented the revised tariffs and submitted same to the NCC in March 2011.

In terms of CRAN's "Regulations regarding the submissions of Interconnect Agreements and Tariffs", TN filed its tariffs for 2011/2012 with the Regulator for approval. Tariffs amendments included reductions in international call charges for a number of international destinations such as RSA mobile, Angola, Germany, UK, US and Portugal. Tariffs amendments filed with the regulator also included increases in rental tariffs for basic telephone lines, ISDN, Site sharing and co-location services. New tariffs are planned to take effect as of 1 December 2011 upon approval by CRAN.

Following successful negotiations with internet upstream suppliers and activation of upgraded upstream internet capacities from suppliers at favorable prices, TN completed a review of pricing for internet access services mainly targeting corporate and wholesale clients who benefited from reduced tariffs and new attractive discount schemes that were implemented in October 2010. At the same time, our fixed broadband users also benefitted from improved internet usage when TN introduced FREE upgrade of packages at no extra cost. The upgrade for broadband packages allowed for an increase of bandwidth per package while users continue to pay the same tariffs for applicable packages within a running contract.

TN mobile broadband users also continued to benefit from a reduced promotional OOB usage tariff of 25c/MB. This promotion continued to attract great interest in TN's mobile broadband services. To respond to growing demand for internet usage, another free package upgrade for mobile broadband users was implemented while tariffs for the packages were kept unchanged. A new flat rate package was also introduced offering users 10 GB data usage cap with value added services at an attractive flat rate of N\$ 549 per month.

A new pricing framework was introduced for higher capacity DDP and IPLC circuits in order to align TN's pricing models to international benchmark standards. The new pricing model was defined mainly for E3, STM 1, STM 4, STM 16 and STM 64 circuits with attractive discount offers in addition.

Pricing models for online broadband and MPLS products were also revised. These services are targeted at wholesalers and resellers of TN broadband and MPLS services.

A flat rate package for fixed line users was introduced in October 2010. This flat rate package includes unlimited calling on TN fixed line networks during off-peak times including weekends. Other changes implemented include a revised pricing model for Least Cost Routing services, Callmaker validity periods and customised rate plans for corporate solutions.

The focus for 2012 will include completion of currently ongoing major activity based costing and pricing projects to support future tariffs re-positioning for the various products and services.

Retail Business

The retail business serves the whole of Namibia, providing the full range of products and services, from fixed-line and mobile communications to internet and data services to residential customers, as well as to small and medium sized enterprises. The SMEs receive integrated solutions tailored to their needs: compatible lines, secure access, professional services and intelligent networks.

Customer focused solutions

TN broadband internet services provide the customers within the retail segment with end-to-end communications solutions which include fixed and mobile voice, value added services such as fax2email, email services, websites design and development, network of payphones, satellite-based voice and data services, network of bulk and small scale airtime distributors and a wide network of retailers to increase customer contact points. Point-to-point to multi-point connectivity is provided to companies in the retail space with regional branches. This allows companies to improve efficiency of their business over a single infrastructure from one service provider.

Teleshops

The network of over 40 outlets service thousands of customers on a daily basis to provide telecommunications services, inquiry assistance and offer after-sales support. The teleshops have introduced a counter for senior citizens. The number of complaints received from customers via the SMS line was reduced. Special focus was placed on service delivery thereby reducing the time it takes to process customer services.

Customer Contact Centre

Staff of the Customer Contact Centre (CCC) received semi-technical training to ensure quicker handling of customer queries. The new knowledge levels have allowed the first and second line support agents to handle internet related queries. The second level agents also underwent in-depth technical training together with other technical personnel, because they provide after-sales and technical support to customers, thereby reducing the workload on technicians who deal with Internet related problems.

The Helpdesk is also a national response centre for all ICT related call logging and allocation, while also providing technical support to the entire 3G customer base. The stage duration were reduced significantly to be in line with other retail stage duration levels. The CCC will be repositioned to offer outbound services and engage our customer through social media applications, e-commerce application and online portal for the provision and self-provisioning of services.

Account management

Supervisors have improved the monitoring of received application forms thereby improving account capturing accuracy and data correctness. Account payment is becoming easy as more customers sign up for direct debit or electronic transfers. The biggest challenge is the influx of payments after account suspensions and the corresponding opening of the services, especially on the centralised data services. IVR and SMS based account inquiry services have assisted customers to validate account payments. The consolidation of electronic payments under one commercial bank has streamlined the electronic payment service. Electronic statements for both TN and iWay account holders were introduced.

Challenges and opportunities

This retail segment has customers with diverse telecommunications requirements, while the disposable income has telecommunications services as a low priority. This segment wants more complex services without necessarily having to pay a premium price. It has a high churn rate due to competitive forces generated by ISPs and mobile operators' offerings, characterised by specials on the voice and data services. Challenges arise from meeting customer expectations on a daily basis while quality of experience should be kept constant.

TN has fully-fledged network that allows retail to venture into the SMLE market segments, which today possesses untapped potential in terms of new revenue streams. The challenges come with the thinly spread population which drive up the cost of service delivery. The West Africa Cable System will allow retail to redefine its product portfolio to improve the overall internet experience, thereby improving penetration in both the towns and countryside. The retail segment is well-positioned for converged products and this will improve the competitive positions and revenue potential.

New products and services

TN has continued to offer faster and cheaper broadband connections during the year under review, as part of its strategy to boost broadband take up. Some of the new products and services introduced include:

- *High-end fixed broadband* packages range from 4096k, 6144k, 8192k and up to 10240k.
- *Free Magic Box*: Existing home customers with 5113 Fritz!Box (CPE) were upgraded from 256k to 384k package and new customer applying for 384k got a Free Magic Box.
- *Mobile Giant (10GB)*: This 3G postpaid mobile broadband package with 10GB data per month gives the customer the freedom to move around and connect within TN's 3G coverage area at speeds up to 3.1 Mbps.
- *New Mobile New Packages (2.2GB and 5.5GB)*: The new postpaid mobile broadband packages target both new and existing customers. Existing customers' data packages were automatically upgraded free of charge to the next level while new customers are applying for the new package.
- *Talknet Package (Fixed Line)* enables fixed line postpaid customers to make free on-net, off peak and weekend

calls from their fixed lines.

- *Talknet on City Phone Postpaid & VSAT* is a package that enables City Phone postpaid and VSAT customers to make free on-net, off peak and weekend calls from their fixed lines.
- *FlexiCall Card on Switch* is the value add service enabling customers to use Flexicall card on Switch service.
- *Link Speed Upgrade Gift* was an initiative which automatically migrated fixed broadband customers to the next level starting from 256k up to 2048k without additional charges.
- *Enhancement of professional packages* (Static IP) from 3Meg up to 10 Meg to offer a variety of features in one product to the professional user. The BIAP is designed for home users and SMEs.
- *Wimax Repeater* makes it possible to connect customers outside the normal WiMAX coverage area within repeater reach. Two types of WiMAX repeaters are available: up to 20km and 50km.
- *E-statement* is for iWay customers to now receive monthly Internet bills via email service. It is the same as the hard-copy account statement you receive via the postal mail.
- *Switch Postpaid Call Limit* enables postpaid customers (fixed and mobile) to apply for a monthly credit limit on their number during a billing cycle. When the credit limit is reached, outgoing calls will not be allowed until the next billing cycle unless a prepayment is made.
- *Switch Basic Service* is a postpaid service without any bundles such as CPE, free minutes or text messages with six months contract commitment.
- *Hipath 1100 Family PABX* system is the high performance phone system made up of two systems (Hipath 1120 & Hipath 1150) for companies with up to a maximum of 50 telephone users. With ADSL broadband access, HiPath 1100 offers tomorrow's communication technology today.
- *Fixed line usage enquiry* is a value added service that enables fixed line postpaid customers to enquire usage via the IVR platform, i.e. current usage of the number you are calling from.
- *Microsoft Office Home & Business* package offers new and enhanced features and allow users to work from anywhere. The full product package of Microsoft Office home and business includes the following applications: Word, Excel, PowerPoint, Outlook and One Note software.

Corporate Business

Whether voice or data, mobile or fixed network, individual products or integrated solutions, the Corporate Business segment is a leading provider in the field of business communications, supporting corporate and government departments

in the areas of planning, implementation and operation of their IT and communications infrastructure with cost-effective solutions and reliable services.

The corporate business environment is highly competitive in Namibia, with about 12 companies operating in this ICT space. Customer choice is mainly focused on total solution designs, pricing, service level agreements and uptime.

Customer Relationship Management (CRM)

The CRM concept within the corporate business environment was successfully implemented. Each customer has a dedicated customer relationship manager to ensure excellent customer relationship. The main focus on customer relationship is to retain existing revenues and to grow revenues through providing proper solutions to ensure customer satisfaction.

The customer relationship managers are also managing the accounts of the customer and solve all customer queries. They provide customers with presentations on new products and services and manage all installations and maintenance issues on behalf of the customer.

Corporate products and services

A total solution to a customer presupposes the combination of several products and services to ensure cost saving and latest technology at affordable pricing. Customers have the options to buy or rent services at a fix rate over different time periods. Customised agreements and service level agreements are also available for different products, depending on design and customer requirement.

The main growth area for the year was on IP MPLS services which have grown by 42%. Fixed broadband, metro services, co-location and internet access were the main contributors to the overall IT growth of 8.8% at corporate level. With at least seven new products already in the developmental stage with the newly created ICT Factory, the Corporate Business is looking forward to once again exceed customers' expectations.

Our product and services portfolio include the following:

- Customer premises equipment (CPE)
- Value added services (VAS)
- Data services (Leased line and Metro Ethernet)
- Internet Protocol services (IP)
- Internet access services (WWW)
- Virtual private networks (VPN)
- LAN, WAN, Intranet & Extranet services
- Structured cabling
- Leased cost routing
- Co-location services
- Disaster recovery centre facilities
- Web hosting
- Web development
- Domain administration
- E-mail services
- Videoconferencing
- Consultancy services

Wholesale & International Business

The Wholesale segment offers service providers an array of

wholesale services that allow them to implement their own service offerings.

International traffic (volume)

International outgoing call volumes decreased by 9% to 59,8 million minutes in 2011. Traffic to South Africa has declined by 6,7% , while traffic to neighbouring countries decreased by 10,3% over the previous year. This was mainly attributed to the fact that Leo has its own international gateway and MTC is making use of alternative routing to some destinations.

The interconnect rate between mobile operators in Namibia reached the level of N\$0,30 per minute on 1 January 2011 with no further lower rates anticipated in the near future.

DWDM routes

The DWDM project was embarked upon to ensure that broadband capacity from the WACS cable is distributed into Namibia and the SADC region. The DWDM project will jointly use the capacity from the existing TN fibre and part of the OPGW fibre on the Nampower routes. A critical issue to be finalised is the signing of the lease agreement between the parties, TN, Nampower and MTC. WACS is designed as such that it has several terabytes of capacity that can sustain Namibia for the next 20 years in terms of data speed and internet. The DWDM network was designed to distribute this capacity into the country and region.

IP Services (IP/MPLS)

IP services to Zambia remained stable for the year with Coppernet, Zamnet, Zesco, Quikedge and MTNI being the main customers. A second STM16 link across the Zambian border was established with Zamtel at the Katima Mulilo border. IP services to Airtel have been taken up by Gateway as well as PCCW who both took up an additional IPLC link from TN. This is an essential link for TN and a lot is being done to ensure a stable service to the region.

Leased Lines

International leased lines have seen positive growth, specifically to South Africa and Zambia. However this was accompanied by a significant price drop across the region, specifically at the high order, i.e. STM 1. TN's drive toward traffic aggregation is expected to address the cost/pricing issues.

On the home front, while the volume growth on leased lines has been significant, we have seen a move towards optimisation, with individual small links being phased out and replaced with bigger capacity pipes. We have also seen MTC replacing the Windhoek sites with direct fibre, and this is being extended to the northern and coastal areas,

Online services

A new product Online Service was introduced into the market, which is an application for ISPs using TN infrastructure to provide services to their sub-customers. This differs from wholesaling and reselling as the customer data is delivered to the ISP network and does not remain with TN. The ISP can label this service, making it impossible for the end-user to realise that the service is running on TN infrastructure. TN has already signed agreements with some wholesale customers with more in the pipeline.

Human Resources

Employment Levels

TN continues to enjoy high levels of employee retention across all bands. The labour turnover has been consistently below 1% or 4 % below the target threshold of 5%. At the end of the 2010/11 financial year TN had 1,055 permanent employees compared to 1,068 the preceding year.

Affirmative action

In compliance with the Affirmative Action, Act 29 of 1998, TN successfully attained the Affirmative Action Compliance Certificate for 2010/2011.

The Company's workforce is constituted by 85% of designated groups of which 35% are women, 0.66% are people with disabilities and 1.42% represents non Namibians.

Structural re-organisation

The Company's re-organisation at Level One moved from the structural re-alignment of the business to employee placement. This was achieved fairly expeditiously - with the filling of all executive management positions through internal applicants, save that of Chief Commercial Officer. No suitable applicant could be found despite advertising in the media and through employment agencies candidate scouting. At Level Two which constitutes the Heads of Departments all positions were successfully filled through internal promotions and one lateral appointment.

The consultations with the Union leadership have been protracted, if not prolonged. However, positive progress was made in the corporate support divisions which include Finance, Human Resources, Strategy, and Corporate Communications & Public Relations. So far only two commercial divisions responsible for International Wholesale as well as Corporate Sales had their new structures signed off. The structures for the technical division are yet to be agreed with the Bargaining Unit.

Remuneration and benefits

TN agreed to implement above inflation remuneration increments for all levels in the organisation. This has impacted positively on our relative competitiveness. A key agreement to transition all employees in sub-grade A2 to Upper-C over a two year period was part of the collective agreement with the workers' representatives. The move is bound to increase the employee net-income through a more efficient total cost of employment structure of remuneration.

In terms of benefits, the housing allowances were increased by the Consumer Price Index of 3.2%. TN employees enjoy very competitive rates on shelter benefits compared to a vast majority of companies in the local labour market.

Significant improvements were also affected to the broadband internet service benefits for employees to encompass free installation, free upgrades of speeds and uncapped usage. The business significance is that it will promote a broader culture of internet usage among employees and their families.

Talent management and succession planning

TN instituted a scheme in line with its Talent and Succession Management Policy. Both the Career Path Analysis Assessment and the Personal Index Profile Evaluation of all D band employees were completed. During the 2011/12 financial year, policy actualisation will start with a top-down implementation process starting with the executive management positions being the first phase.

Human capital development

To meet the challenges of rapid technological advances and changes in consumer demands, TN needs to continuously upgrade the skills and competencies of its people. Furthermore, investing in the skills and knowledge of our employees will help the business to deliver solid results and strong growth.

An amount of N\$11.4 million was spent on training and development which is roughly 3% of the Company's overall labour budget.

A total of 1,466 employees attended various courses both locally and abroad during the year, with some delivered in-house. The focus of the courses aimed at building IP related skills which are a prerequisite for TN to successfully migrate from a legacy network operator to new generation network (NGN) operator. During the year finishing touches were put on the completion of an all IP/MPLS network. Employees are increasingly being equipped to support the full range of NGN services and solutions that will result from our latest technological deployments.

A number of employees are being assisted to improve their professional qualifications. During the year 12 employees received an interest free study loan to upgrade their qualifications at tertiary institutions, bringing the total number of employees receiving such study assistance to 41.

TN continues to provide educational opportunities to the deserving Namibians through its Bursary Scheme. The Company provided study bursaries to 22 school leavers during the year to study in fields of engineering, information technology and accounting. To date the number of active bursary recipients totals 56. In addition, 18 graduates from tertiary institutions were recruited during the year to join the TN Graduate Development Scheme. There are currently 69 interns on the scheme.

Performance management

A key strategic aspirational goal of TN is to be the most preferred, high performance ICT service provider in the country. An effective Performance Management System at corporate level on key balance scorecard indices on finance, internal process, customer and stakeholders as well core people measures remained fundamental to managing the overall Company performance relative to the targets set in the Strategic Blueprint 2013.

At an individual employee level a lot of emphasis was placed on the contractual performance targets. In the year under review, a notable improvement was realised in the areas of compliance to performance reviews standards and monitoring through performance audit committees with all divisions undertaking compliance audits on all employees. Follow-

through action was taken to address the employees who have been consistently performing below par. In order to enhance capacity in managing the system, 50 employees were taken through the performance management process and procedures training. Induction and supervisory training on performance system will continue to be a focus area at system maintenance level.

Organisational climate

In line with its strategic values, TN strives to improve the organisational climate as one of the core fundamental steps to creating a great place to work. Regular organisational climate surveys are conducted to measure employee engagement with the culture, values, policies and systems that characterize their place of work- and how they are managed.

The Company participated in a regional Deloitte Best Company to Work For 2011 survey. The feedback on this survey is still awaited at the time of writing but planned for first week of December, 2011.

During the year previous action steps were tracked through divisional Plan-Do-Review sessions in order for line management to take ownership of issues affecting employee in their department. In the new financial year a leadership training programme will be run which seeks to address aspects of management impacting on employee engagement. After the survey results focus groups to appreciate specific employee issues will be held by an independent resource.

Employee Wellness

TN continues to provide a wellness facility manned by an occupational health specialist in the form of a primary health clinic at the Head Office in Windhoek. The number of employees using the facility increased from 661 to 921. The positive aspect for the business is that employees are treated on-site for minor maladies.

Twice monthly health and wellness tips are disseminated throughout the Company via the Intranet and the staff newsletter Telescope. Awareness and information sessions form part of an on-going activity to sensitise employees on health related issues.

A total of 53 Wellness Educators were trained throughout the Company to enhance and improve the outreach capacity of the Employee Wellness Staff given the vastness of the country. Key issues addressed through the year include stress, tuberculosis, healthy sleep, flu, hepatitis, Know your status, healthy lifestyles, and healthy drinks.

On medical surveillance, 237 employees participated in the programme this year compared to 181 the previous year, which is an increase of 30%. This is a positive trend on employee wellness.

Safety management communication

Maintaining a high level of safety and loss control is key to managing a safe and healthy working environment. Communication is therefore key to this approach of preventive safety and loss control. During the course regular information releases and publications covered key aspects including defensive driving, prevention of accidents and accident and incident reporting.

During the year under review the Company did not suffer a fatal accident or lost- work-day injuries to its employees. Such injuries are statutory reportable accidents to Ministry of Labour. In the year under review 24 Safety Representatives who are appointees in terms of the Labour Act received training to execute their roles effectively. In addition, 20 employees received first-aid training which is part of the Company's emergency preparedness strategy. The Company has approved a Health and Safety Framework which, after Union stakeholders, will become a TN Wellness Agreement. This is a key aspect of involving employees in their own health and safety. TN's value of employees empowerment will therefore be actualised in this key domain of employee care.

The overall TN compliance on our own internal standards

articulated in Company policy and the statutory requirement standards stood at an average of 96.6%. This was ascertained through sample health and safety inspections

Employee relations

In a year when wild-cat strikes were rampant in the country, TN enjoyed industrial peace. The negotiations on salaries and benefits were characteristically concluded in good time. A significant part of the agreement was the two-year agreement to convert all employees to total cost of employment. This gives the employees optimal value for their remuneration packages and from the employer's perspective streamlines administration of benefits and creates a more equitable terrain across all bands of employees in the company.