

NIMBUS INFRASTRUCTURE LIMITED
(Incorporated in the Republic of Namibia)
(Registration Number 2017/0558)
(Date of Registration: 30 June 2017)
Share Code: NUSP ISIN:NA000A2DTQ42
(“Nimbus” or “the Company”)

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, throughout this Circular including this cover page.

Shareholders are referred to page 12 of this Circular, which sets out the action required of them with regard to the Annual General Meeting, full details of which are set out in this Circular. If you are in any doubt as to the action that you should take, please consult your Broker, banker, legal advisor, accountant or other professional advisor immediately.

CIRCULAR TO NIMBUS SHAREHOLDERS

Regarding:

- the approval of the implementation of the proposed Swap as a Category 1 transaction together with an issue of new shares as consideration, in terms of the Listing Requirements.
- a renounceable Rights Issue to Qualifying Shareholders in respect of 15'545'085 Rights Issue Shares in the ratio of 15 Rights Issue Shares for every 10 Shares held at the close of trade on Monday, 07 May 2018, at a price of N\$10.50 per Rights Issue Share.

and incorporating

- the Notice of General Meeting;
- a form of proxy in respect of the General Meeting for use by Certificated Shareholders with own-name registration only; and
- a form of Instruction in respect of Letters of Allocation for use by Qualifying Shareholders only.

Date of issue: 27 March 2018

Copies of this Circular are available in English only and may, from 27 March 2018 until 17 April 2018 (both days inclusive), be obtained from the registered office of Nimbus at the address set out in the “Corporate Information” section of this Circular. A copy of this Circular will also be available on the Nimbus website (nimbus.africa).

**Corporate/Transaction
Advisors**



**Auditors and Independent
Reporting Accountant to
Nimbus**



**Legal Counsel to
Nimbus**



Independent Expert



Sponsor



**Auditors and
Independent
Reporting Accountant
to Paratus**



CORPORATE INFORMATION

NIMBUS INFRASTRUCTURE LIMITED

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<p>Auditors and Reporting Accountants to Paratus BDO Namibia Registered Accountants and Auditors 61 Bismarck Street (P O Box 2184, Windhoek, Namibia) Tel: +264 61 224125</p>	<p>Registered Address of Paratus Paratus Telecommunications (Proprietary) Limited 106 Nickel Street, Prosperita, Windhoek, Namibia (P O Box 90140, Windhoek, Namibia) Tel: +264 83 300 1000</p>
<p>Independent Expert Ernst & Young Advisory Services (Pty) Ltd cnr Otto Nitzche and Maritz Street Windhoek Namibia (P O Box 1857, Windhoek, Namibia) Tel: +264 61 289 1100</p>	

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I. FORWARD-LOOKING STATEMENT DISCLAIMER

- 1.1. The definitions and interpretations set out on page 7 of this Circular apply to this forward-looking statement disclaimer.
- 1.2. This Circular contains statements about Nimbus that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.
- 1.3. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Nimbus cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Nimbus operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.
- 1.4. All these forward-looking statements are based on estimates and assumptions made by Nimbus, as communicated in publicly available documents by Nimbus, all of which estimates and assumptions, although Nimbus believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Nimbus or not currently considered material by Nimbus.
- 1.5. Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Nimbus not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extents to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Nimbus has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

CONFLICT OF INTERESTS

- 1.6. There are potential conflicts of interest between the various parties involved in the proposed Swap. Further information as to how they have been addressed can be found in paragraph 12 of the Circular.
 - 1.6.1. Cirrus Capital is the transaction advisor on the proposed Swap, in their capacity as Investment Manager, and is eligible to earn a fee on the successful completion of this transaction.
 - 1.6.2. Cirrus Capital is a minority shareholder in Nimbus. These voting rights will not be exercised in the approval of the proposed Swap.
 - 1.6.3. Cirrus Capital has a representative serving on the Board of Nimbus, as the CIO. This representative will not partake in the Board approval process for the proposed Swap.
 - 1.6.4. It is Cirrus's opinion, that the performance of these functions or the minority shareholding does not impair Cirrus's independence from Nimbus or impair Cirrus's objectivity in its professional services to Nimbus or in relation to the Swap.
 - 1.6.5. Paratus is the target of the proposed Swap.
 - 1.6.6. Paratus is the Manager of Nimbus as per the Management Agreement signed pre-listing of Nimbus.
 - 1.6.7. Paratus has two representatives serving on the Board of Nimbus, as the CEO and CFO, as per the terms of the Management Agreement. These representatives will not partake in the Board approval process for the proposed Swap.
 - 1.6.8. It has been agreed that the assets acquired through the proposed Swap will be excluded from the asset base upon which the management fees for Paratus' are calculated. Therefore, no management fees will be payable to Paratus resulting from the proposed Swap. Paratus will, however, remain liable to perform in terms of its obligation as stipulated in the Management Agreement.
 - 1.6.9. Schalk Leipoldt Van Zyl Erasmus holds a significant shareholding in Nimbus on behalf of Paratus, as their nominee. These voting rights will not be exercised in the approval of the proposed Swap.
 - 1.6.10. A number of the significant shareholders in Paratus are also shareholders in Nimbus. These interests are disclosed in more detail in paragraphs 4 and 12 of this Circular. These voting rights will not be exercised in the approval of the proposed Swap.

II. SALIENT DATES AND TIMES

The definitions and interpretations set out on page 7 of this Circular apply to this salient dates and times section.

Record date to determine which Shareholders are eligible to receive the Circular:	27 March 2018
Circular containing notice of General Meeting, form of Instruction in respect of Letters of Allocation for use by Qualifying Shareholders and form of proxy sent to Shareholders and announced on NENS on:	27 March 2018
Last day to trade in order to be eligible to vote at the General Meeting:	29 March 2018
Record date to be eligible to vote at the General Meeting:	09 April 2018
Last day to lodge forms of proxies in respect of the General Meeting by 10:00 on:	16 April 2018
General meeting of Nimbus Shareholders to be held at 10:00 on:	17 April 2018
Results of the General Meeting released on NENS on:	18 April 2018
Last day to trade in Shares in order to participate in the Rights Issue (cum entitlement):	26 April 2018
Shares commence trading ex entitlement at 09:00 on:	30 April 2018
Issuing of Shares relating to Swap on:	30 April 2018
Record Date which Shareholders are eligible to receive Letters of Allocation:	07 May 2018
Letters of Allocation will be available at Transfer Secretaries	14 May 2018
Listing of and trading in the Letters of Allocation on the NSX commences at 09:00 on:	14 May 2018
Rights Issue opens at 09:00 on:	14 May 2018
Last day to trade Letters of Allocation on the NSX:	24 May 2018
Record date for the Letters of Allocation on:	01 June 2018
Rights Issue closes at 12:00 on:	05 June 2018
Results of the Rights Issue announced on NENS on:	06 June 2018
Results of the Rights Issue published in the Namibian press on:	07 June 2018
Rights Issue Shares issued on:	19 June 2018

Notes:

1. All of the above dates and times are subject to change. Any changes made will be notified to Shareholders by release on NENS. The dates applicable to the Rights Issue have been calculated based on regulatory approval having been obtained and the Share Swap having become effective and executed by 30 April 2018. Should the regulatory approval delay the execution of the Share Swap, the dates pertaining to the Rights Issue will be adjusted accordingly by release on NENS.
2. Shareholders should note that settlement of transactions takes place 5 (five) Business Days after such transaction. Therefore, persons who acquire Shares after the last day to trade as detailed in the table above will not be able to vote thereat.
3. A Shareholder may submit the form of proxy not less than 24 hours before the commencement of the General Meeting (or any adjournment of the General Meeting).
4. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement. All times given in this Circular are local times in Namibia.

III. DEFINITIONS AND INTERPRETATIONS

In this Circular, annexures and attachments hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the other, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and words in the first column hereunder have the meanings stated opposite them in the second column, as follows:

TERMS	CORRESPONDING MEANINGS
“Act” or “Companies Act”	the Companies Act No 28 of 2004, as amended;
“Available Cash”	the cash available to Paratus from time to time to pay to its shareholders in respect of distributions on Paratus Shares and payment of loan claims which any Paratus shareholder has against Paratus;
“AOA”	the Articles of Association of Nimbus in force as at the date of this Circular;
“Attorneys”	Cronjé & Co. of 01 Charles Cathral Street, Olympia, Windhoek;
“BDO”	BDO Chartered Accountants (Namibia) Registered Accountants and Auditors, the reporting accountants and auditors in respect of this Circular, whose details are set out on page 2. (<i>Corporate Information</i>);
“Board” or “Directors” or “Board of Directors”	the board of directors of Nimbus at the date of this Circular whose details are set out on page 14 of this Circular;
“BoFiNet”	Botswana Fibre Networks (Proprietary) Limited, a Botswana Government owned legal entity, duly registered under the laws of Botswana with registration number CO 2012/12673 and having its principal place of business at Plot 2 nd Floor Zambezi Towers, Gaborone Central Business District;
“Business Day”	Any day other than a Saturday, Sunday or an officially recognized public holiday in Namibia in terms of the Public Holidays Act 26 of 1990;
“Circular”	this document distributed to Shareholders and dated 27 March 2018, containing the circular to Shareholders, annexures, the Notice of General Meeting, a form of proxy and a form of instruction in respect of Letters of Allocation;
“Circular Record Date”	the date upon which Shareholders must be registered in the Register in order to be eligible to receive a copy of this Circular;
“Cirrus” or “Cirrus Capital”	Adessus Investments (Proprietary) Limited trading under the name and style of Cirrus Capital, a private company with limited liability, duly incorporated in terms of the laws of the Republic of Namibia, Registration Number 2015/1377;
“Cuvelai”	Cuvelai Telecommunications (Pty) Ltd, registration number 2012/0709, a private company with limited liability duly registered and incorporated as such in accordance with the applicable Law of Namibia;
“CPC”	a special purpose acquisition company as envisaged in the Listing Requirements, being a special purpose vehicle which is established to facilitate the primary capital raising process to enable the acquisition of Viable Assets in pursuit of a listing on the NSX;
“the Common Monetary Area”	the Republics of Namibia and South Africa and the Kingdoms of Lesotho and Swaziland;

“Conditions Precedent”	the conditions precedent to the Swap Agreements set out in paragraph 2.4 of this Circular;
“Completion”	with reference to the acquisition of a Viable Asset by Nimbus, when such an acquisition has become unconditional and the assets have been transferred on to the name of Nimbus and “Complete” and “Completed” shall be construed accordingly;
“CRAN”	the Communications Regulatory Authority of Namibia, established by the Namibian Communication Act No. 8 of 2009;
“DBN”	the Development Bank of Namibia Limited a public company duly incorporated in accordance with the laws of Namibia, Registration Number: 2003/189;
“Dense Wavelength Division Multiplexing” or “DWDM”	a fiber optic transmission technique that employs light wavelengths to transmit data parallel-by-bit or serial by character;
“Documents of Title”	means the – <ul style="list-style-type: none"> - original share certificates in respect of the Paratus Shares acquired in Paratus from the Sellers; - undated share transfer forms in respect of the Paratus Shares acquired in Paratus from the Sellers duly completed by the registered holders thereof and indicating Nimbus as the transferee; - certified copies of resolutions of directors of Paratus; <ul style="list-style-type: none"> - approving the transfer of the Paratus Shares acquired in Paratus from the Sellers in terms of the Swap Agreement; - noting the cession of the Sale Claims acquired in Paratus from the Sellers; and - certified copies of a resolution approved by all shareholders of the Paratus approving the transaction contemplated in the Swap Agreement; and - Certified copies of the Title Deeds of the properties held by subsidiaries of Paratus;
“Form of Instruction”	a printed, personalised form of instruction in respect of Letters of Allocation reflecting the Rights of Qualifying Shareholders and on which Shareholders are entitled to indicate whether they wish to take up their Rights or sell or renounce all or a portion of their Letters of Allocation;
“Gbps”	means billions of bits per second and is a measure of bandwidth on a digital data transmission medium such as optical fiber;
“General Meeting”	the General Meeting of Nimbus Shareholders to be held at 10:00 on 17 April 2018 at 45 Nelson Mandela Avenue, Windhoek, Namibia convened in terms of the Notice of General Meeting;
“General Meeting Record Date”	the date upon which Shareholders must be registered in the Register in order to be eligible to attend and vote at the General Meeting;
“Harmse”	Bartholomeus Roelof Jacobus Harmse an adult male Namibian citizen;
“ICT”	Information and Communication Technology;
“IFRS”	International Financial Reporting Standards as developed by the International Accounting Standards Board;
“Investment Agreement”	the agreement entered into between Cirrus Capital and the Company, the salient features of which is contained in paragraph 9.2;
“Investment Manager”	Cirrus Capital, as appointed and in terms of the Investment Agreement;

“Investment Committee”	a committee of the Board with the task of evaluating recommendations from the Investment Manager, consisting of Brown Yati Ilone Amuenje (Namibian), Josephine Naango Ndakulilwa Shikongo (Namibian), Christoph Oliver Stork (German) and Stuart Hilton Birch (South African);
“IRS”	Indefeasible Right of Supply;
“IRU”	Indefeasible Right of Use;
“Last Practicable Date”	28 February 2018, being the last practicable date prior to the finalisation of this Circular;
“Letter of Allocation”	a renounceable (nil paid) letter of allocation issued by Nimbus to Qualifying Shareholders, conferring a Right on the holder thereof;
“Listing”	the listing of Nimbus on the NSX as a CPC and the concurrent private placement, whereby it raised an amount of N\$ 102,884,000.00 (one hundred and two million eight hundred and eighty four thousand Namibia Dollar);
“Listing Date”	the date upon which the Nimbus’ Shares were listed on the NSX, being 06 October 2017;
“the Listing Requirements”	the Listing Requirements of the NSX, as amended from time to time by the NSX;
“MAC Event”	<p>a material adverse change event, being any event which:</p> <ul style="list-style-type: none"> - occurs after the signature date, but before the day following the effective date, of the Swap Agreements; and - causes a material adverse effect on the cash-flows attributable to Paratus and/or assumptions underpinning the financial model agreed between the parties to the Swap Agreements in relation to the consideration payable therefore, <p>it being agreed that no event or effect shall be regarded as materially adverse unless:</p> <ul style="list-style-type: none"> - it results in an aggregate reduction of at least 5% (five percent) in the total aggregate future cash-flows attributable to Paratus; and/or - it results in an aggregate reduction of at least 5% (five percent) in the net asset value of Paratus;
“Management Agreement”	the agreement entered into between Paratus and Nimbus in terms of which Paratus provides certain services to Nimbus;
“Manager”	Paratus, as appointed and in terms of the Management Agreement;
“NENS”	the Stock Exchange News Service, the news service operated by the NSX;
“Namibia”	the Republic of Namibia;
“Namibia Dollar” or “N\$”	Namibia Dollar, the currency of Namibia;
“Notice of General Meeting”	the notice of the General Meeting attached to and forming part of this Circular;
“Nimbus” or “the Company”	Nimbus Infrastructure Limited, a public company duly incorporated in accordance with the laws of Namibia, Registration Number: 2017/0558;
“the NSX”	the Namibian Stock Exchange, which is licensed as an exchange in terms of the Stock Exchange Control Act 1 of 1985, as amended;

“Paratus” or “Paratus Namibia”	Paratus Telecommunications (Proprietary) Limited, a private company with limited liability, duly incorporated in terms of the laws of the Republic of Namibia, Registration Number 2007/0100;
“Paratus Board”	the board of directors of Paratus;
“Paratus Group”	Paratus Group Holdings Limited registration number (096530 C2/GBL) a limited liability private company duly incorporated in accordance with the Law of Mauritius, and its subsidiaries;
“Paratus Shares”	ordinary shares of N\$5.00 (Five Namibian Dollars) each and / or ordinary shares of N\$0.01 (one cent) each held by the Sellers, all ranking <i>pari passu</i> in all respects, in the authorised and issued share capital of Paratus and collectively constituting no less than 24.95% (twenty four point five nine percent) of the issued shares in Paratus, which once transferred to Nimbus, will increase Nimbus’ effective see-through economic interest to 51.4% (fifty one point four percent) in Paratus;
“Permissible Adjustment Event”	the occurrence of a MAC Event; or Nimbus requiring an adjustment to the consideration paid for the allotment of shares pursuant to the results of the DD Investigation;
“Pre-Listing Statement”	the Nimbus Pre-Listing Statement issued on 25 September 2017;
“Previous Circular”	the document distributed to Shareholders and dated 16 November 2017, pertaining to the proposed acquisition by Nimbus, of an effective see-through economic interest of 26.5% (twenty six point five percent) in Paratus, containing the circular to Shareholders, annexures, the Notice of General Meeting and a form of proxy, a copy of which is available on the Nimbus website at http://www.nimbus.africa under “Investor Relations”;
“PwC”	PricewaterhouseCoopers Chartered Accountants (Namibia) Registered Accountants and Auditors, the reporting accountants and auditors in respect of this Circular, whose details are set out on page 3. (<i>Corporate Information</i>);
“Qualifying Shareholder”	a holder of Shares registered as such on the Register on Monday, 7 May 2018, the record date which Shareholders are eligible to receive Letters of Allocation, excluding the Sellers having obtained their Shares by virtue of the Swap, as Nimbus in its sole discretion may determine;
“Register”	the register of certificated Shareholders maintained by the Transfer Secretaries on behalf of Nimbus in terms of the Companies Act;
“Right/s”	the right/s to subscribe for Rights Issue Shares at the Rights Issue Price pursuant to the Rights Issue;
“Rights Issue”	the renounceable rights issue to Qualifying Shareholders of the Rights Issue Shares at the Rights Issue Price, in the ratio of 15 Rights Issue Shares for every 10 Shares held on the Record Date;
“Rights Issue Price”	the subscription price payable being N\$ 10.50 (ten Namibia Dollars and fifty cents) per Rights Issue Share;
“Rights Issue Shares”	Up to 15’545’085 new Shares to be issued pursuant to the Rights Issue;
“Sale Claims”	a proportionate share of the amounts of any nature whatsoever owing by Paratus to the Sellers on the Closing Date from any cause whatsoever, including by way of loan account or otherwise, in contract or in delict, actual or contingent, including any

interest accrued or to be accrued thereon;

“Swap”	a share swap transaction with between Nimbus and the Sellers whereby Nimbus acquires further Paratus Shares in exchange for the Swap Consideration, which increases Nimbus’ effective see-through economic interest to 51.4% (fifty one point four percent) in Paratus, as more fully set out in paragraph 2 of this Circular;
“Swap Agreement(s)”	the share swap agreement entered into between Nimbus and the Sellers, subject to the Conditions Precedent being fulfilled, in terms whereof Nimbus will acquire Paratus Shares a Shares in exchange for the Swap Consideration, as more fully set out paragraph 2 of this Circular;
“Swap Consideration”	the amount set out in paragraph 2 of this Circular, which comprises 8’495’400 Nimbus Shares to be allotted to the Sellers at a pre-determined and agreed upon price of N\$ 10.50 (ten Namibia Dollars and fifty cents) each and a total value of N\$ 89,201,700 (eighty nine million, two hundred and one thousand seven hundred Namibia Dollars);
“Shareholders” or “Nimbus Shareholders”	holders of Shares;
“Shares” or “Nimbus Shares”	ordinary shares with a par value of N\$0.01 each in the authorised and issued share capital of Nimbus;
“SIRU”	Super Indefeasible Right of Use;
“Sellers”	mean Cuvelai and Harmse collectively and “ Seller ” shall mean either of them as the context may require;
“Special Majority of the Paratus Board”	A resolution of the Paratus board approved by no less than 75% of the members of the Paratus board;
“TKF Line” or “TKF Project” or “TKF”	The Trans-Kalahari Fibre network currently under construction by Paratus that will stretch from Walvis Bay to the WACS Landing Station in Swakopmund to Windhoek via Okahandja and on to Buitepos;
“Transfer Secretaries”	Transfer Secretaries (Proprietary) Limited, a private company incorporated in Namibia, Registration Number 93/713;
“WACS”	the West Africa Cable System, a submarine communications cable linking Namibia with the United Kingdom.

IV. ACTION REQUIRED BY NIMBUS SHAREHOLDERS

Please take careful note of the following provisions regarding the action required by Nimbus' Shareholders.

If you have disposed of your Nimbus Shares (in whole or in part), please forward this Circular to the purchaser of such Nimbus Shares or to the Broker, banker or other agent through which such disposal was effected.

If you are in any doubt as to what action you should take, please consult your Broker, accountant, banker, attorney, accountant or other professional adviser immediately.

The Rights that are represented by Letters of Allocation are valuable and may be traded on the NSX.

You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the General Meeting.

GENERAL MEETING

Notice of General Meeting

Nimbus' Shareholders are invited to attend the General Meeting, convened in terms of the Notice of General Meeting (which is annexed to and forms part of this Circular), to be held on Tuesday, 17 April 2018 at 45 Nelson Mandela Avenue, Windhoek, Namibia at 10:00 in order to consider, and if deemed fit, approve and adopt the resolutions set out in the Notice of General Meeting forming part of this Circular.

All Nimbus Shareholders are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, 4 Robert Mugabe Avenue, Windhoek Namibia (PO Box 2401, Windhoek, Namibia) by no later than 10:00 on Monday, 16 April 2018.

Action Required By Qualifying Shareholders in respect of Rights Issue

A Form of Instruction for completion by Qualifying Shareholders is enclosed with this Circular and the relevant procedure for participation in the Rights Issue is set out below.

If you do not wish to exercise all of the Rights allocated to you as reflected in the Form of Instruction, you may either dispose of or renounce all or some of your Letters of Allocation as follows:

- if you wish to sell all or part of your entitlement, you must complete Form A in the enclosed Form of Instruction and return it to your Broker. Take note that the last day to trade Letters of Allocation on the NSX will be close of trading on Thursday, 24 May 2018, therefore your Form of Instruction should be forwarded to your Broker well in advance of that date. Note that your Broker will endeavour to procure the sale of Rights on the NSX on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the Broker, Transfer Secretaries nor Nimbus will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of any or all of such Letters of Allocation.
- if you wish to renounce some or all of your Letters of Allocation in favour of any named renounee, you must complete Form B in the enclosed Form of Instruction, and the renounee must complete Form C in the enclosed Form of Instruction and return it to Transfer Secretaries, so as to be received by no later than close of trading on Thursday, 24 May 2018, together with EFT proof of payment of the aggregate Rights Issue Price payable in respect of the Rights Issue Shares subscribed for.

If you are a Qualifying Shareholder and wish to exercise all or some of the Rights allocated to you as reflected in the enclosed Form of Instruction, you must complete the enclosed Form of Instruction in accordance with the instructions contained therein and lodge it, together with your EFT proof of payment of the aggregate Rights Issue Price payable in respect of the Rights Issue Shares subscribed for, with the Transfer Secretaries so as to be received by the Transfer Secretaries by no later than close of trading on Thursday, 24 May 2018.

No excess applications will be permitted.

To the extent that you subscribe for Rights Issue Shares, you will receive such Rights Issue Shares in certificated form.

If the required documentation and payment have not been received in accordance with the instructions contained in this Circular and the Form of Instruction (either from the Qualifying Shareholder or from any person in whose favour the Rights have been renounced) by close of trading on Thursday, 24 May 2018, then the Rights and the relevant number of unsubscribed Rights Issue Shares will be deemed to have been declined and the Rights Issue entitlement will lapse.

CIRCULAR TO NIMBUS SHAREHOLDERS



NIMBUS INFRASTRUCTURE LIMITED

(Incorporated in the Republic of Namibia)

(Registration Number 2017/0558)

(Date of Registration: 30 June 2017)

Share code: NUSP ISIN:NA000A2DTQ42

("Nimbus" or "the Company")

Directors

Executive

Schalk Leipoldt Van Zyl Erasmus (Namibian)

Stefanus Isaias de Bruin (Namibian)

Morné Romé Mostert (Namibian)

Non-Executive

Hans-Bruno Gerdes (Independent Chairman)
(Namibian)

Brown Yati Ilone Amuenje (Independent) (Namibian)

Josephine Naango Ndakulilwa Shikongo (Independent)
(Namibian)

Christoph Oliver Stork (Independent) (German)

Stuart Hilton Birch (Independent) (South African)

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

- 1.1. Nimbus Shareholders are referred to the announcement released on NENS on 27 March 2018 setting out the details of the Swap.
- 1.2. The proposed Swap constitutes a Category 1 transaction in terms of the Listing Requirements, wherefore the transaction requires approval from Nimbus Shareholders by way of ordinary resolution in general meeting.
- 1.3. In respect of the proposed Swap, the salient terms of the Swap Agreements are set out in paragraph 2 of this Circular;
- 1.4. The proposed Swap will have a diluting effect on the current Shareholders, wherefore Nimbus will perform a Rights Issue granting Qualifying Shareholders the opportunity to follow their Rights and to avoid being diluted from the Nimbus transaction pipeline as explained more fully in the rationale for the rights issue in paragraph 3.1 below; and
- 1.5. The purpose of this Circular is to:
 - 1.5.1. provide Shareholders with the requisite information regarding the proposed Swap to enable them to make an informed decision in respect of the resolutions set out in the Notice of the General Meeting;
 - 1.5.2. advise Shareholders of the terms and conditions of the Rights Issue and provide Shareholders with instructions on participation in the Rights Issue; and
 - 1.5.3. convene the General Meeting in order to consider and, if deemed fit, approve the resolutions set out in the Notice of the General Meeting.

2. DETAILS OF THE SWAP

2.1. Terms of the Swap and Consideration

The proposed Swap shall consist of the following:

- 2.1.1. A Share Swap resulting in an increased effective shareholding of Nimbus of 51.4% of the total issued ordinary shares in Paratus:
 - 2.1.1.1. 8 815 ordinary shares in Paratus together with any Sale Claims held by Cuvelai, representing a holding of 18.6% of the issued share capital of Paratus;
 - 2.1.1.2. 3 000 ordinary shares in Paratus together with any Sale Claims held by Harmse, representing a holding of 6.3% of the issued share capital of Paratus; and
 - 2.1.1.3. The above Paratus Shares and Sale Claims are to be acquired by Nimbus in one indivisible transaction in accordance with the Swap Agreement, which after having been transferred to Nimbus will increase the effective shareholding of Nimbus from 26.5% to 51.4% of total issued ordinary shares of Paratus.
- 2.1.2. The Swap Consideration will be:
 - 2.1.2.1. the issue of 8,495,400 new ordinary shares in Nimbus to be allotted to the Sellers at a pre-determined and agreed upon price of N\$ 10.50 (ten Namibia Dollars and fifty cents) each and a total value of N\$ 89,201,700 (eighty nine million, two hundred and one thousand seven hundred Namibia Dollars)

2.1.3. The Swap Agreement in no way novates, supersedes, replaces, amends or alters the terms of the share sale and subscription agreement entered into between Nimbus, Paratus, Harmse, Schalk LvZ Erasmus, Cuvelai and Paratus Mauritius or the shareholders agreement entered into between Nimbus, Paratus, Harmse, Schalk LvZ Erasmus, Cuvelai and Paratus Mauritius on or about 16 November 2017, except to the extent that the shareholders agreement is amended as discussed in clause 2.4 below.

2.1.3.1. The terms of the share sale and subscription agreement and the shareholders agreement and all the relevant protections and warranties provided for therein have been fully disclosed in the Previous Circular issued by Nimbus, dated 06 November 2017.

2.1.4. The Swap Agreement provides for a sustainable controlling shareholding in Paratus, through the following mechanisms:

2.1.4.1. Key Executives and Management of Paratus has been identified, being:

<u>Name:</u>	<u>Designation:</u>
Schalk L V Erasmus	Chief Operating Officer
Samantha J Geysler	Executive: Planning
Edward J D'Alton	Managing Director
Andrew Hall	Executive: Operations

2.1.4.2. All of these Key Executives and Management are shareholders in Cuvelai. Cuvelai intends to distribute the Swap Consideration due to it to its shareholders, wherefore the Key Executives and Management of Paratus will obtain Nimbus Shares.

2.1.4.3. In terms of the Swap Agreement the Key Executives and Management each grant a call option in favour of Nimbus or its nominee for a period of 5 (five) years from the Closing Date in terms of the Swap Agreement, whereby Nimbus will retain the right to repurchase the Nimbus Shares that are distributed by Cuvelai to them from the proceeds of the Swap Consideration. The call option will become enforceable when any of the Key Executives and Management leaves the employment of Paratus, without prior written consent from Nimbus.

2.1.4.4. In the event any of the Key Executives and Management leaves the employment of Paratus, without prior written consent from Nimbus, Nimbus or its nominee shall have the right to buy back the Nimbus Shares distributed to them from the Swap Consideration at a price of N\$ 10.50 each.

2.1.4.5. In the event that any of the Key Executives and Management ceases to be employed by Paratus as a result of a breach of his or her fiduciary duty towards the Company; or theft, fraud or any offence involving dishonesty, Nimbus or its nominee shall have the right to buy back the Nimbus Shares distributed to them from the Swap Consideration at the par value of such Nimbus Shares.

2.2. **Swap Details**

2.2.1. **The Paratus Group**

Paratus was founded as the Internet Technologies group in 2003/2004 in Angola. In 2005 the business was launched in Namibia, after a successful network rollout and testing. Over the past decade, the Paratus Group has extended its footprint further into SADC, opening offices in Zambia, Mauritius, South Africa and Botswana. Most recently the Paratus Group also established a new company in Mozambique.

Paratus Telecom has now established itself in the ICT sector, delivering the full spectrum of ICT services ranging from 4G LTE, fiber technology, VSAT, MPLS, voice, hosting, portable products and LAN solutions. As the group has grown, it has become increasingly reliant on its own independent infrastructure, consisting of fiber networks, satellites, licensed wireless access, 4G LTE and data centres.

Apart from officially operating in these seven countries, Paratus is delivering services in more than 20 African Countries, making the group as a pan-African telecommunications operator.

The move into Africa unlocked significant potential in the Paratus Group with collective revenue growing from USD29 million in 2012 to USD65 million in 2017, translating into a compounded annual growth rate of 17.5% over the five-year period. The drive into Africa and what it graphically represents is synonym for what the Paratus Group stands for, being high levels of growth stemming from the fast-paced ICT industry, diversification across multiple African countries and exposure to numerous foreign currencies.

2.2.2. **Paratus Namibia**

Paratus Namibia forms the head office from which the Paratus Group's African operations are primarily overseen and managed, boasting a management team with operational and infrastructure ICT experience across the African continent.

The Paratus Namibia growth profile is representative of the management team's execution and implementation abilities, achieving major successes over the past 10 years, such as obtaining a full ECS/ECNS telecommunications license, International Data Gateway License, independent fiber crossing into South Africa via Velloorsdrif/Onseepkans and an independent fiber crossing into Zambia via Katima Mulilo/Sesheke.

In 2014 Paratus Namibia launched the first privately owned fiber ring in Windhoek which marked a strategic moment in Paratus Namibia's life cycle. A clear new trend was set in their telecommunications revenue, with growth accelerating from 9% in FY14 to 36% in FY15 and 35% in FY16. Paratus Namibia has since completed the installation of fiber rings in Swakopmund and in Walvis Bay.

Paratus Namibia boasts a strong existing client base consisting of more than 2100 clients including various large corporates, with recurring contractual revenues on average representing 85% of Paratus Namibia's revenue, as opposed to 15% in the form of more volatile once-off revenues.

2.2.3. **Swap rationale**

As set out in more detail in the Previous Circular, the acquisition of an initial stake of 26.5% in Paratus was made in pursuance of the following:

- 2.2.3.1. Obtaining exposure to Paratus Namibia's diversified revenue streams;
- 2.2.3.2. Creating an alignment of interest between the Nimbus Manager and Shareholders;
- 2.2.3.3. Acquisition of a strong foundation for further capital raising; and
- 2.2.3.4. Entitlement of Nimbus to transition from a CPC to a main board listing.

The Swap will further capitalise on the rationale above by increasing the effective shareholding of Nimbus from 26.5% to 51.4% of total issued ordinary shares of Paratus Namibia, transitioning Nimbus from a well-protected minority shareholder to a majority shareholder in Paratus Namibia.

In addition to the rationale as set out above and in more detail in the Previous Circular, a majority shareholding in Paratus Namibia will ensure that Nimbus secures a firm foothold in the ICT sector, which will serve as a stable platform for future growth and expansion. Paratus Namibia will be a subsidiary of Nimbus and its financial results will be consolidated into Nimbus' financial reports.

Further, a controlling interest in Paratus secures strategic control of the TKF-Line, which is believed will play an instrumental role in the future private sector growth in the ICT sector in Namibia and further into the land-locked countries of sub-Saharan Africa.

Nimbus intends to expand in a sustainable manner by way of strategically making further acquisitions and investments in the ICT sector. A controlling interest in Paratus will make Nimbus an attractive investment partner, as Nimbus will be able to unlock unique synergies from future investment opportunities through its strategic alliance with Namibia's largest independent telecommunications operator, Paratus Namibia.

A controlling interest in Paratus Namibia established Nimbus as an integral player in the Paratus Group with a proven investment track record, which will secure Nimbus access to the Paratus Group investment pipeline in the rest of sub-Saharan Africa.

2.3. **Effective date and Closing date of the Swap**

The effective date of the Swap Agreement shall be upon the date of the fulfilment of all the conditions precedent as disclosed in paragraph 2.4.

2.3.1. The closing date of the Swap Agreement shall be the 1st (first) Business Day following the day in which the last of the Conditions Precedent is fulfilled or waived (as the case may be).

2.3.1.1. On the closing date the representatives of Nimbus and the Sellers shall meet at 10h00 at the office of the Attorneys where the Sellers shall deliver the Documents of Title to Nimbus, where after Nimbus shall instruct Transfer Secretaries to allot the Swap Consideration to the Sellers.

2.4. **Conditions Precedent**

2.4.1. **Capacity and authority opinion**

A legal opinion of legal counsel satisfactory to Nimbus, dealing, *inter alia*, with the powers, capacity and authority of the Sellers and Paratus to conclude the Swap Agreement; and the due incorporation and due execution of Cuvelai and Paratus must be obtained to the satisfaction of Nimbus.

2.4.2. **Fairness opinion**

An opinion must be obtained from an independent expert acceptable to the NSX that the terms of the Swap is fair and reasonable as far as the Shareholders of Nimbus are concerned, as required in terms of paragraph 10.4 read together with Schedule 5 of the Listing Requirements.

2.4.3. **Each current shareholder of Paratus waiving pre-emptive rights**

The Swap with the Sellers, being shareholders in Paratus will trigger the rights of the current Paratus shareholders to acquire the shares. Therefore, to obtain the effective shareholding in Paratus of 51.4% as agreed, the current shareholders of Paratus must waive their pre-emptive rights to obtain the shares being Swapped.

2.4.4. **Approval of Swap by Paratus board**

Paratus' board of directors must approve or ratify the Swap Agreement, as well as all other agreements contemplated as part of the Swap.

2.4.5. **Call options with key management and executives**

Retention of key management and executives will be secured by entering into binding addendums to the employment agreements with each of the Key Management and Executives (previous shareholders of Cuvelai only, which was subject to the share swap agreement), as listed in paragraph 2.1.4.1 above, the terms of which must be acceptable and approved by Nimbus beforehand, whereby a Call Option is granted to Nimbus in respect of the Swap Consideration distributed to the shareholders of Cuvelai.

2.4.6. **Addendum to shareholders agreement**

All the shareholders in Paratus must enter into an addendum to the shareholders agreement in respect of their shareholding in the Company, whereby they agree that management- and technical control of Paratus shall be unchanged by the Share Swap and shall remain vested in the Key Management and Executives of Paratus. Further details are contained in paragraph 9.3 below.

2.4.7. **Regulatory approval**

2.4.7.1. **CRAN**

Paratus is to obtain from CRAN -

- written consent in terms of Section 35 (1) of the Communication Act (Act 8 of 2009) for the proposed Swap or confirmation that Section 35 (1) of the Communication Act (Act 8 of 2009) does not apply to the Swap;
- written confirmation that the Swap does not amount to a contravention of Section 46 (1) of the Communication Act (Act 8 of 2009); and

Paratus must submit a notice contemplated in Section 35 (2) of the Communication Act (Act 8 of 2009) to CRAN.¹

2.4.7.2. **Competition Commission**

The must be unconditionally approved by the Competition Commission in terms of the Competition Act (Act 2 of 2003) or conditionally approved on terms and conditions, which Nimbus confirms in writing to the Sellers to be acceptable to it, which acceptance shall not be unreasonably withheld nor delayed.

2.4.8. **Approval processes**

2.4.8.1. The proposed Swap shall first be presented to the Investment Committee of the Board by the Investment Manager.

2.4.8.2. Upon approval having been granted by the Investment Committee of the Board, the Investment Committee must present the proposed Swap to the Board, where it must be approved by the majority of the disinterested members of the Board.

2.4.8.3. Upon the approval having been granted by the Board, the proposed Swap shall be presented to the Shareholders as a category 1 transaction in terms of the Listing Requirements, to be approved by the majority of Shareholders at a general meeting.

2.5. **Other significant terms of the Swap Agreements**

2.5.1. **Warranties and Representations**

The Swap Agreement includes the following warranties from Paratus:

- 2.5.1.1. All licenses and required approvals are in place and up to date;
- 2.5.1.2. There are no undisclosed liabilities in Paratus; and
- 2.5.1.3. A confirmation of current shareholding structure of Paratus.

2.6. **Related party categorisation of the Swap**

2.6.1. Paratus holds 5% of the issued share capital of Nimbus through Schalk Leipoldt Van Zyl Erasmus as their nominee. Various Paratus' employees also partook in the Private Placement. Paratus has also been appointed by Nimbus as the Manager in terms of the Management Agreement. As per the

¹ Section 35 (1) of the Communication Act (Act 8 of 2009) (Transfer of control of licensees and assignment of licences):

- (1) No telecommunications service licence or broadcasting licence may be assigned by any person, and control of any person holding such a licence may not be transferred without the prior consent of the Authority, which consent may be given if the Authority finds that the transfer or assignment would not be prejudicial to the objects of this Act.
- (2) The parties to any transaction transferring an interest in (or conferring or transferring a right to appoint or dismiss a director of) any holder of a licence referred to in subsection (1), must notify the Authority of that transaction within 15 days from the conclusion of that transaction whether it transfers control in the licensee or not.

Management Agreement, Paratus may nominate two executives to the board of Nimbus. These board members, the Chief Executive Officer and Chief Financial Officer of Nimbus, also have interests in Paratus as disclosed fully in paragraph 5.3 (directors interests in transactions).

- 2.6.2. The Chief Investment Officer of Nimbus has an interest in the proposed Swap as disclosed fully in paragraph 5.3 (directors' interests in transactions).
- 2.6.3. Due to the aforementioned, the proposed Swap is categorised as a related party transaction and additional disclosures as required by section 10 of the Listing Requirements have been included, as well as a fairness reasonable opinion by an independent expert (see Annexure G below).

3. RIGHTS ISSUE

PLEASE TAKE CAREFUL NOTE OF THE FOLLOWING REGARDING THE RIGHTS ISSUE:

The Rights Issue shall be subject to the successful conclusion of the Share Swap. Should the Share Swap not be approved by the Shareholders at the General Meeting of Nimbus Shareholders at 10.00 on Tuesday 17 April 2018, or by the Competition Commission of Namibia, or by CRAN, or for any other reason, the Rights Issue shall not proceed.

Kindly take note that should the Share Swap be concluded successfully, Letters of Allocation will be awarded to Qualifying Shareholders. Letters of Allocation will be available at Transfer Secretaries from Monday, 14 May 2018.

All Qualifying Shareholders who do not wish to exercise their Rights as awarded in the Letters of Allocation, can trade those Letters of Allocation on the NSX. Trading will commence on 09.00 on Monday, 14 May 2018. Letters of Allocation will cease trading at 17.00 on Thursday, 24 May 2018.

After trading in Letters of Allocation has closed, the register of all persons holding Rights through Letters of Allocation to participate in the Rights Issue will be finalised.

All persons wishing to exercise their rights in terms of the Letters of Allocation awarded to them as Qualifying Shareholders, or acquired by them thereafter through trading, or renunciation by a Qualifying Shareholder in their favour, must complete the Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment of the aggregate Rights Issue Price payable in respect of the Rights Issue Shares for which they intend to subscribe, with Transfer Secretaries at the address set out in the "Corporate Information and Advisors" section of this Circular on page 2, so as to be received by Transfer Secretaries by no later than 12:00 on Tuesday, 05 June 2018.

Any delays caused by the regulatory approval processes could have an impact on the dates as set out in this Circular. Any changes to the relevant dates or a cancellation of the Rights Issue will be communicated to Nimbus Shareholders via a NENS announcement.

3.1. Regulatory process

In terms of Section 152 and 153 of the Companies Act, 2004 the Letters of Allocation must first be approved by the NSX before they may be issued, distributed or delivered or caused to be issued, distributed or delivered.

After obtaining NSX approval, Nimbus must lodge, with the Registrar for registration, a copy thereof. As soon as the Registrar of Companies has registered the Letter of Allocation, he or she must give notice of the registration to Nimbus or the person who lodged them on behalf of Nimbus.

Provided that the Share Swap and the Rights Issue is approved by the Shareholders at the general meeting to be held on Tuesday, 17 April 2018 at 10h00 and the Share Swap is successfully executed Nimbus will proceed to have the Letters of Allocation registered with the Registrar of Companies before issuing them.

3.2. Rationale for the Rights Issue

3.2.1. **Use of proceeds**

The purpose of the Rights Issue is to raise capital which will enable Nimbus to make further investments into the sub-Saharan Africa ICT sector. As at the date of issue of the Circular, Nimbus is evaluating investing in Lightstruck Operating Company (Pty) Ltd and is performing feasibility studies on potential datacentres in Namibia and Zambia.

Nimbus has entered into negotiations with Lightstruck Holdings (Pty) Ltd, Eaglestone Investment Holdings (Pty) Ltd, Africa Merchant Capital Holdings (Pty) Ltd and Dijethale Holdings Ltd, with the intention to acquire an equity interest of more than 25% in Lightstruck Operating Company (Pty) Ltd. This investment will allow Nimbus the opportunity to invest and participate in a phased last-mile fibre network roll out across Windhoek allowing FTTH (fibre to the home) and FTTB (fibre to the business) access to the city's neighbourhoods and business districts.

The potential Lightstruck transaction fits into the Nimbus investment criteria of investing into the ICT sector in sub-Saharan Africa. Through this investment Nimbus will derive both direct and indirect investment returns. In addition to the direct benefits of co-ownership of in a phased fibre network, Nimbus also stands to benefit indirectly from its shareholding in Paratus as a result of increased demand for backhaul internet capacity and the on selling of fibre enabled services.

Negotiations to acquire equity interest of more than 25% in Lightstruck Operating Company (Pty) Ltd are at an advanced stage. The parties have signed heads of terms setting out the salient details of the proposed acquisition and whereby they agreed to deal exclusively with each other with respect to the proposed transaction for a period of two months, commencing on 20 March 2018. In the event that negotiations are concluded successfully and a transaction is agreed upon and executed, the details thereof will be announced to Shareholders in a separate circular in accordance with the Listing Requirements.

3.2.2. **Minimise the dilutionary effect of the Swap Transaction to Qualified Shareholders**

The execution of the Swap outlined in paragraph 2 above, will result in the issue of 8'495'400 new Nimbus Shares to be allotted to the Sellers at a pre-determined and agreed upon price of N\$ 10.50 (ten Namibia Dollars and fifty cents) each and a total value of N\$ 89,201,700 (eighty nine million, two hundred and one thousand seven hundred Namibia Dollars)).

The issue of the 8'495'400 new Nimbus Shares will cause a dilution of 24.74% for all current shareholders, some of which hold strategic minority positions.

Rights will be offered to all Qualifying Shareholders in a ratio of 15 Rights Issue Shares for every 10 Shares held at the Closing Date, so as to enable all Qualifying Shareholders to reduce the diluting effect of the Share Swap and to retain their increased exposure to the promising Nimbus transaction pipeline.

3.3. **Terms of the Rights Offer**

In terms of the rights issue:

- Qualifying Shareholders will be entitled to subscribe for 15'545'085 Rights Issue Shares, upon the terms set out in this Circular;
- Each Qualifying Shareholder recorded in the Register at 17:00 on Monday, 07 May 2018 will be awarded Letters of Allocation. Letters of Allocation in respect of the Rights Issue Shares will be listed and able to be traded on the NSX from 09:00 on Monday, 14 May 2018 until 17:00 on Thursday, 24 May 2018.
- After trading in Letters of Allocation has closed 17.00 on Thursday, 24 May 2018, the register of all persons holding Rights through Letters of Allocation will be finalised by 01 June 2018. All holders of Rights by way of Letters of Allocation shall be entitled to subscribe for 15 Rights Issue Shares for every 10 Shares held;
- All Rights held by way of Letter of Allocation must be exercised in the manner as provided for below, by completing the relevant sections of the Form of Instruction and submitting same, together with EFT proof of payment to Transfer Secretaries from 09.00 on Monday, 14 May 2018, but before 12:00 on Tuesday, 05 June 2018; and
- The subscription price will be N\$10.50 per Rights Issue Share.

The Rights Issue will open at 09:00 on Monday, 14 May 2018 and will close at 12:00 on Tuesday, 05 June 2018.

The Rights Issue Shares will, upon allotment and issue, rank *pari passu* with all other existing Shares in all respects, including in terms of both voting rights and dividends. The Rights Issue Shares do not have any convertibility or redemption provisions.

The Rights Issue Shares, once issued, will be fully paid up and freely transferable.

The Rights Issue is not underwritten.

3.4. **NSX Listing**

The NSX has approved the listings of:

- the Letters of Allocation, NSX code: **NUSPN** and ISIN: NA000A2JGHU2, in respect of all of the 15'545'085 Rights Issue Shares with effect from the commencement of trade on Monday, 14 May 2018 to the close of trade on 17:00 on Thursday, 24 May 2018, both days inclusive; and
- 15'545'085 Rights Issue Shares with effect from the commencement of trade on Tuesday, 05 June 2018.

3.5. **Details regarding the Letters of Allocation**

3.5.1. **Acceptance**

Full details of the procedure for acceptance of the Rights Issue by Qualifying Shareholders are contained in the Form of Instruction. Qualifying Shareholders and/or their renounees who wish to exercise all or some of their Rights as set out in the Form of Instruction, must complete the Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment of the aggregate Rights Issue Price payable in respect of the Rights Issue Shares for which they intend to subscribe, with Transfer Secretaries at the address set out in the "Corporate Information and Advisors" section of this Circular on page 2, so as to be received by Transfer Secretaries by no later than 12:00 on Tuesday, 05 June 2018. It should be noted that:

- acceptances are irrevocable and may not be withdrawn;
- acceptances may only be made by means of the Letters of Allocation issued and provided [herewith] by the Transfer Secretaries;
- any payment received will constitute an irrevocable acceptance of the Rights Offer upon the terms and conditions set out in this Circular and in the Letter of Allocation once the electronic transfer has been cleared for payment;
- the properly completed Letters of Allocation and proof of electronic funds transfer in payment of the subscription price payable for the relevant Rights Issue Shares must be received by the Transfer Secretaries at the address at the address set out in the "Corporate Information and Advisors" section of this Circular on page 2, by no later than 12:00 on Tuesday, 05 June 2018. All acceptances of the Rights Offer sent by post by the Qualifying Shareholders will be accepted, provided the envelope is received no later than 12:00 on Tuesday, 05 June 2018;
- the Letter of Allocation to take up the Rights in question will be regarded as complete only when the electronic transfer has been cleared for payment;
- If payment is not cleared on or before 12:00 on Tuesday, 05 June 2018, the Qualifying Shareholder or renounee concerned will be deemed to have declined its Rights and the right to subscribe for the relevant number of Rights Issue Shares in terms of the Form of Instruction and it will lapse regardless of who holds it; and
- If a Qualifying Shareholder does nothing in response to this Rights Offer, such Qualifying Shareholder's Rights will lapse. Incomplete applications will be deemed void and the Rights in

respect thereof will automatically lapse. An application is not complete until payment has been received and cleared. Neither Nimbus or Transfer Secretaries shall be under any obligation whatsoever to inform any Qualifying Shareholder or its renounee of any deficiency in any application and shall not be liable for any damage suffered as a result thereof.

Electronic Bank Transfers (EFT) must be done to the banking details as disclosed on the Form of Instruction. Forms of Instruction and proof of EFT payment may be e-mailed to rights@nimbus.africa. Kindly note that this is for subscription of the Rights only and is not for selling of the Rights.

Qualifying Shareholders are advised to take into consideration postal delivery times when posting their Forms of Instruction, as no late postal deliveries will be accepted. Qualifying Shareholders are advised to deliver their completed Forms of Instruction together with payment to Transfer Secretaries by hand or by courier, or alternatively email the completed Form of Instruction together with proof of payment.

3.5.2. Renunciation

Qualifying Shareholders who do not wish to exercise all or some of the Rights allocated to them as reflected in their Form of Instruction, may either dispose of or renounce all or some of their Letters of Allocation as follows:

- Qualifying Shareholders who **wish to sell** all or some of their Letters of Allocation, must complete **Form “A”** in their Form of Instruction and forward it to their Broker as soon as possible to allow for the trading thereof on the NSX.
 - Trading in Letters of Allocation on the NSX will commence on 09.00 on Monday, 14 May 2018. Letters of Allocation will cease trading at 17.00 on Thursday, 24 May 2018, where after the register Letters of Allocations will be finalised and all persons who are entitled to participate in the Rights Issue will be recorded.
 - Their Broker will endeavour to procure the sale of Letters of Allocation on the on behalf of such Qualifying Shareholders and will remit the net proceeds of the sale in accordance with the instructions set out in the Forms of Instruction.
 - In this regard, neither the Transfer Secretaries, nor the Broker effecting the sale nor Nimbus will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such Letters of Allocation.
 - All Forms of Instruction must be completed and returned to Transfer Secretaries by no later than 12:00 on Tuesday, 05 June 2018.
- Qualifying Shareholders who **wish to renounce** all or some of their Letters of Allocation in favour of any named renounee, must complete **Form “B”** in their Form of Instruction, and the renounee must complete **Form “C”** in their Form of Instruction and return it to the Transfer Secretaries, so as to be received by no later than 12:00 on Tuesday, 05 June 2018, together with payment in the manner prescribed in paragraph 3.5.3 of this Circular of the aggregate Rights Issue Price payable in respect of the Rights Issue Shares to be subscribed for.

Qualifying Shareholders wishing to sell or renounce all or some of their Letters of Allocation will be liable to pay brokerage charges and associated expenses.

3.5.3. Payment

All Qualifying Shareholders or their renounees who are holders of Letters of Allocation as at 17.00 on Thursday, 24 May 2018 shall be entitled to partake in the Rights Issue.

The amount due on acceptance of the Rights Issue is payable in Namibia Dollars.

Proof of electronic payment for the amount due, together with a duly completed and signed Letter of Allocation, must be lodged by Qualifying Shareholders seeking to take up their Rights by no later than 12:00 on Tuesday, 05 June 2018, in accordance with the instructions contained in the Letter of Allocation and clearly marked with the reference as shown in the Letter of Allocation.

By hand to: Transfer Secretaries (Proprietary) Limited
 4 Robert Mugabe Avenue
 Windhoek

Or sent by post, at the risk of the Qualifying Shareholder concerned to:

Transfer Secretaries (Proprietary) Limited
PO Box 2401
Windhoek

Or by e-mail, at the risk of the Qualifying Shareholder concerned, followed by the delivery of the original documentation to:

e-mail: rights@nimbus.africa
Transfer Secretaries (Proprietary) Limited
4 Robert Mugabe Avenue,
Windhoek

All payments for the allocation of Rights are to be made into the following account:

Bank: Bank Windhoek Limited
Account name: Nimbus Infrastructure Limited – Rights Issue
Branch: Windhoek
Branch code: 481 972
Account number: 8009 5576 15
Account type: Cheque
Reference number: As shown on letter of allocation

In the event that any payment is dishonoured, Nimbus, in its sole discretion, may treat the relevant payment as void or may tender delivery of the relevant Rights Issue Shares to which it relates against payment in cash of the subscription price for such Rights Issue Shares

Money received in respect of an application which is rejected or otherwise treated as void by Nimbus, or which is otherwise not validly received in accordance with the terms stipulated in this paragraph, will be refunded and paid in Namibian currency to the applicant concerned by Tuesday, 12 June 2018, at the applicant's own risk, by electronic funds transfer. No interest will be paid on any money received in respect of an application or otherwise.

3.5.4. **Lapsing of rights**

Qualifying Shareholders that do not take up their Rights will continue to own the same number of Shares, but their percentage holding in Nimbus will be diluted. Rights not exercised will be deemed to have been declined and will lapse and the relevant Qualifying Shareholder shall not receive any economic benefit in respect of such lapsed Rights

3.5.5. **Documents of title**

New share certificates will be issued to Qualifying Shareholders (or their renounees) in respect of

those Rights Issue Shares for which they have validly subscribed,

New share certificates can be collected from Transfer Secretaries or, upon request, will be posted to Qualifying Shareholders (or their renounees), by post, at their risk, on or about Tuesday, 19 June 2018.

Should Qualifying Shareholders (or their renounees) wish to have their new share certificates posted to them, they must indicate it in **Form “D”** in their Form of Instruction.

3.5.6. **Exchange controls as agreed to by the Bank of Namibia**

The following summary is intended as a guide and is therefore not comprehensive. Qualifying Shareholders who are in any doubt as to the appropriate course of action to take should consult their professional advisors.

The Rights Issue Shares to be issued pursuant to the Rights Offer are not freely transferable from Namibia and must be dealt with in terms of the Namibian Exchange Control Regulations.

Qualifying Shareholders who are non-residents should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to follow their Rights in terms of the Rights Offer.

Non-residents of the common monetary area

In terms of the Exchange Control Regulations of Namibia and upon specific approval being obtained from the Bank of Namibia, non-residents, excluding former residents, of the common monetary area will be allowed to:

- trade Letters of Allocation on the NSX;
- take up Rights allocated to them in terms of the Rights Offer;
- subscribe for the Rights Issue Shares in terms of the Rights Offer, provided payment is received in Namibia Dollars from a non-resident account; and
- Certificates issued pursuant to the application by non-residents must be endorsed “non-resident”.

A “non-resident” endorsement will be applied to Letters of Allocation issued to non-resident Qualifying Shareholders.

All applications by non-residents for the above purposes must be made through a Namibian authorised dealer.

4. **MAJOR SHAREHOLDERS**

4.1. As far as the Directors are aware, as at the date of the Circular the following persons, directly or indirectly, have an interest of 5% (five percent) or more of the Shares in issue:

Name of Shareholder	Number of Shares	% of Shares in Issue
Capricorn Investment Group Limited	3,446,071	33.25%
AF Investments Namibia Equity Fund	1,256,140	12.12%
Old Mutual Life Insurance Company	1,000,000	9.65%
Retirement Fund for Local Authorities in Namibia	575,830	5.56%
Paratus Telecommunications (Pty) Ltd	535,000	5.16%

- 4.2. There has been no change in the controlling Shareholder nor trading objects of Nimbus from the Listing Date to the Last Practicable Date, and there will be no change in the shareholding in Nimbus as a result of the Swap.

5. BOARD

5.1. Directors' interests in securities

The direct and indirect interests of the Directors and their associates in the Share of Nimbus as at the Last Practicable Date, are set out below:

Name of Shareholder	Direct	Indirect	Total Number of Shares	% of Shares in Issue
Schalk Leipoldt Van Zyl Erasmus*	5,000	538,500	543,500	5.24%
Stefanus Isaias De Bruin	100,000		100,000	0.96%
Morné Romé Mostert	1	25,000	25,001	0.24%
Stuart Birch*		5,000	5,000	0.05%
Josephine Naango Ndakulilwa Shikongo	2,500		2,500	0.02%
Total Shareholding	107,501	568,500	676,001	6.52%

*Includes Shares held in trusts of which the Directors are discretionary beneficiaries.

- 5.1.1. The Directors' Shares which are set out in the table above are held in custody by the Attorneys, in accordance with the Custody Agreement.

5.2. Associates' interests in securities

- 5.2.1. Associates' interest and securities are disclosed in paragraphs 4, 5.1 and 5.2.

5.3. Directors' interests in transactions

The following Directors have interests, whether directly or indirectly, in the proposed Swap, as more fully set out below:

5.3.1. **Schalk Leipoldt Van Zyl Erasmus**

Schalk is a significant shareholder as well as an executive member of management (Chief Operating Officer) of Paratus.

Paratus is a significant shareholder of Nimbus, as disclosed in paragraph 5.1 above and performs the duties of Manager, the salient terms of which are disclosed in paragraph 9.1 below.

5.3.2. **Stefanus Isaias de Bruin**

Stefan is an executive of the management (Chief Financial Officer) of Paratus.

Paratus is a significant shareholder of Nimbus, as disclosed in paragraph 5.1 above and performs the duties of Manager, the salient terms of which are disclosed in paragraph 9.1 below.

5.3.3. **Morné Romé Mostert**

Romé is a significant shareholder as well as an executive member of Cirrus Capital, the Investment Manager, which plays an intricate role in the Swap process. The salient terms of the Investment Agreement are disclosed in paragraph 9.2 below.

Cirrus is an insignificant shareholder of Nimbus, as disclosed in paragraph 5.1.

5.3.4. Other insignificant interests

Other directors that hold Shares in Nimbus, whether directly or indirectly, have been disclosed in paragraph 5.1. The shareholdings held by them do not constitute a material interest in Nimbus individually or collectively, nor is it a material portion of either's net wealth.

5.4. Directors' service contracts and remuneration

5.4.1. As at the Last Practicable Date, Nimbus has not entered into employment agreements with the Executive Directors and will not be paying any direct remuneration to the Executive Directors. The Executive Directors are remunerated by the Manager (CEO and CFO) and the Investment Manager (CIO). The fees payable to the Manager and the Investment Manager are varied based on the ability to successfully invest into assets. Further details regarding the fees payable to the Manager and Investment Manager are disclosed in paragraph 9 (Material Contracts for Nimbus).

5.4.2. Non-executive Directors will earn a sitting fee for attending board meetings, proportional to their responsibility and duties at and related to the meeting. Further, Non-Executive Directors will also earn sitting fees for serving on committees of the Board, as stipulated in paragraph 5.4.3 below.

5.4.3. The remuneration policy that has been adopted for Director's fees, including those for committees to be paid for the financial year ending 28 February 2019 are set out below. The policy has not been amended as at the Last Practicable Date:

Anticipated Maximum Remuneration				
	Number of Members	Fee Per Member (N\$)	Meetings Per Year	Total Cost (N\$)
Board				
Chairman	1	32,500	4	130,000
Member	4	27,500	4	440,000
Total				570,000
Risk and Audit Committee				
Chairman	1	15,000	2	30,000
Member	2	12,000	2	48,000
Total				78,000
Investment Committee				
Chairman	1	15,000	8	120,000
Member	2	12,000	8	192,000
Total				312,000
Grand Total				960,000

5.4.3.1. The anticipated Board fees per Director are set out below. These fees exclude the fees for sitting on Committees, as these committees have not yet been constituted. The total maximum fees pertaining to committees have however been defined in the table above.

Full Name	Remuneration (N\$)
Hans-Bruno Gerdes (Chairman)	130 000
Brown Yati Ilone Amuenje	110 000
Josephine Naango Ndakulilwa Shikongo	110 000
Stuart Hilton Birch	110 000
Christoph Oliver Stork	110 000

6. MATERIAL LOANS OF PARATUS

6.1. Development Bank of Namibia

The DBN has extended financing to Paratus. As at 31 August 2017, an amount of N\$111,535,501 is outstanding. The outstanding amount will be repaid in equal monthly instalments over the remainder of the loan term, being 101 months. The loan bears interest at the DBN base rate, currently 10.50%.

The following covenants form part of the loan agreement:

- No dividends shall be paid by Paratus for the duration of the loan, without the consent of the DBN²; and
- No further debt shall be incurred by Paratus without the consent of the DBN, which consent shall not unreasonably be withheld.

The loan is secured as follows:

- Unlimited suretyship by Bartholomeus Roelof Jacobus Harmse;
- Unlimited suretyship by Schalk Leipoldt Van Zyl Erasmus;
- Unlimited suretyship by Rolf Peter Konrad Mendelsohn;
- Unlimited suretyship by John Walenga;
- Unlimited suretyship by Canocopy (Pty) Ltd supported by the cession of debtors;
- Unlimited suretyship by Paratus Properties Two (Proprietary) Limited (previously ITN Property Two (Pty) Ltd) supported by 1st continuing coverage mortgage bond for N\$34,000,000.00 over Erf 348, Prosperita, Windhoek; and
- Suretyship for N\$9,000,000.00 by Paratus Properties (Proprietary) Limited (previously Easco Properties CC) supported by 1st continuing coverage mortgage bond for N\$9,000,000.00 over Erf 232, Prosperita, Windhoek.

6.2. Overdraft facilities

6.2.1. Nedbank Namibia Ltd

On 26 September 2017 Nedbank Namibia Limited ("Nedbank Namibia") extended an overdraft facility of N\$10,000,000.00, which was extended to N\$15,000,000.00 on 01 February 2018 to Paratus, subject to the following terms:

- The purpose of the facility is to bridge the payments from Botswana Fibre Networks (Pty) Ltd to Paratus in terms of the commercial agreement signed between Botswana Fibre Networks (Pty) Ltd and Paratus during September 2017 (refer to paragraph 10.1 for full disclosure of the terms of the commercial agreement);
- The facility will expire on 15 May 2018;
- The facility will carry interest at the prime rate plus 1% (currently 11.50%);
- The facility is secured by unlimited suretyships in favour of Nedbank Namibia by:
 - Schalk Leipoldt Van Zyl Erasmus;
 - Bartholomeus Roelof Jacobus Harmse;
 - Rolf Peter Konrad Mendelsohn; and

² On 22 January 2018 DBN directed a letter to Paratus Telecommunications (Pty) Ltd ("Paratus") in terms of which DBN agreed to waive the condition set out in clause 19.7 of the loan agreement. The conditions set by DBN were:

- *Dividend policy to make provision for a clause stating that the client (Paratus) should maintain a debt service coverage ratio (DSCR) of at least 1.3 for any dividend to be distributed and for the duration of the DBN loan.*
- *The collateral position of the Bank to remain the same and changes to our collateral position should be communicated to the Bank for its consideration or approval.*
- *The client to obtain approval from the Competition Commission and to provide a copy of same to the Bank.*
- *The client to provide the Bank with a copy of the dividend policy once concluded.*
- *The client to provide the Bank with its annual budgets after each budgeting period and as approved by both Boards.*

These conditions were approved by Nimbus.

- by Canocopy (Pty) Ltd Reg. No. 86/145.
- All proceeds from the commercial agreement signed between Botswana Fibre Networks (Pty) Ltd and Paratus will be paid into Paratus' Nedbank Namibia account.

6.2.2. First National Bank of Namibia Ltd

On 03 May 2017 First National Bank of Namibia Limited ("FNB"), amongst other immaterial facilities, confirmed the following overdraft facilities available to Paratus:

- Direct short-term facility of N\$10,000,000.00, expiring after 8 months;
- Direct short-term facility of N\$20,000,000.00, expiring after 8 months;
- The overdrafts will carry interest at the prime rate (currently 10.50%);
- The overdrafts are subject to the written consent of the DBN having been provided to FNB for the facilities;
- In the event that the ownership of revenue of the Trans Kalahari Fiber be transferred to an entity other than Paratus, the N\$20,000,000.00 facility will be settled by the earlier of the event or 31 December 2017; and
- The overdrafts are secured by:
 - In the name of Paratus Telecommunications (Pty) Ltd Reg. No. 2007/0100:
 - An unlimited suretyship, upon terms and conditions acceptable to FNB, given by Schalk Leipoldt Van Zyl Erasmus in favour of FNB for any and/or all obligations of the Borrower now and/or in future towards FNB;
 - An unlimited suretyship, upon terms and conditions acceptable to FNB, given by Bartholomeus Roelof Jacobus Harmse in favour of FNB for any and/or all obligations of the Borrower now and/or in future towards FNB;
 - An unlimited suretyship, upon terms and conditions acceptable to FNB, given by Rolf Peter Konrad Mendelsohn in favour of FNB for any and/or all obligations of the Borrower now and/or in future towards FNB;
 - An unlimited suretyship, upon term and conditions acceptable to FNB, given by Canocopy (Pty) Ltd Reg. No. 86/145 in favour of FNB for any and/or all obligations of the Borrower now and/or in future towards FNB; and
 - Cession given by the Borrower of any and all rights which the Borrower has towards its debtors from time to time upon terms and conditions acceptable to FNB.
 - In the name of Schalk Leipoldt Van Zyl Erasmus:
 - Deed of Cession and Pledge N\$ Unlimited over 3,000 Shares in Paratus Telecommunications (Pty) Ltd Reg. No. 2007/0100.
 - In the name of Bartholomeus Roelof Jacobus Harmse:
 - Deed of Cession and Pledge N\$ Unlimited over 3 000 Shares in Paratus Telecommunications (Pty) Ltd Reg. No. 2007/0100.

7. MATERIAL CHANGES

7.1. Paratus

- 7.1.1. The following material changes in the financial or trading positions of Paratus have occurred since the end of its last financial year ended 28 February 2017:
- 7.1.1.1. Paratus continued its healthy growth trend in the interim;
 - 7.1.1.2. The completion of the Ngoma – Sesheke connection in terms of the agreement with BoFiNet, as disclosed in paragraph 10.2 below, has seen significant revenues being generated and has given Paratus access to transit capacity through Botswana;
 - 7.1.1.3. The conclusion of the agreement with BoFiNet, whereby they are granted transit capacity on the TKF Line, once completed, has fixed significant future revenues and contributed to ensuring sufficient capital for the completion of the TKF Line construction.
 - 7.1.1.4. The combined effect of the agreements with BoFiNet and the potential of the TKF Line, will have a material impact on Paratus' trading position going forward;
 - 7.1.1.5. The completion of the TKF Line will have a significant impact on Paratus' drive to convert its cost of sales into privately owned infrastructure which will contribute to future growth;
 - 7.1.1.6. The properties currently leased by Paratus, from which they operate, have been included

as wholly owned subsidiaries of Paratus as per the transactions set out in the Previous Circular ; and

7.1.1.7. Canocopy (Pty) Ltd, which does not form part of the core operations of Paratus, has been removed as a subsidiary of Paratus.

7.1.1.8. As set out more fully in the Previous Circular, Nimbus has acquired an effective shareholding of 26.5% (twenty six point five percent) in Paratus through:

- an initial cash payment of N\$20,000,000.00 to acquire 8% (eight percent) of the issued share capital in Paratus (prior to the dilution effect caused by the events below) from Cuvelai;
- a subscription in the amount of N\$75,000,000.00 for the allotment and issue of Paratus Shares to bring the effective shareholding in Paratus after the allotment to 26.5%, resulting in an effective 20.1% dilution of existing shareholders at that time.

7.1.2. With the exception of the Paratus' drive to own and operate key infrastructure, there has been no material changes in the business or trading objects of Paratus within the past five years preceding the date of this Circular.

7.2. **Nimbus**

7.2.1. As set out more fully in the Previous Circular, Nimbus has acquired an effective shareholding of 26.5% (twenty six point five percent) in Paratus through:

- an initial cash payment of N\$20,000,000.00 to acquire 8% (eight percent) of the issued share capital in Paratus (prior to the dilution effect caused by the events below) from Cuvelai;
- a subscription in the amount of N\$75,000,000.00 for the allotment and issue of Paratus Shares to bring the effective shareholding in Paratus after the allotment to 26.5%, resulting in an effective 20.1% dilution of existing shareholders at that time.

7.2.2. There have been no material changes in the business or trading objects of Nimbus since its incorporation and thus within the past five years preceding the date of this Circular.

8. **PROSPECTS**

8.1. Nimbus has a potential investment pipeline, and with good prospects of raising debt and / or further equity, Nimbus targets the construction of a portfolio of high quality assets over time.

8.2. The Swap represents the second acquisition by Nimbus, and as an established company, with a strong and diversified revenue stream, as well as impressive growth prospects, provides a high quality, revenue generating base, from which further transactions can be pursued. Further, the Swap provides strategic alignment of interest between Nimbus and Paratus, an imperative given the Management Agreement signed between Nimbus and Paratus and the transaction pipeline in the Paratus Group.

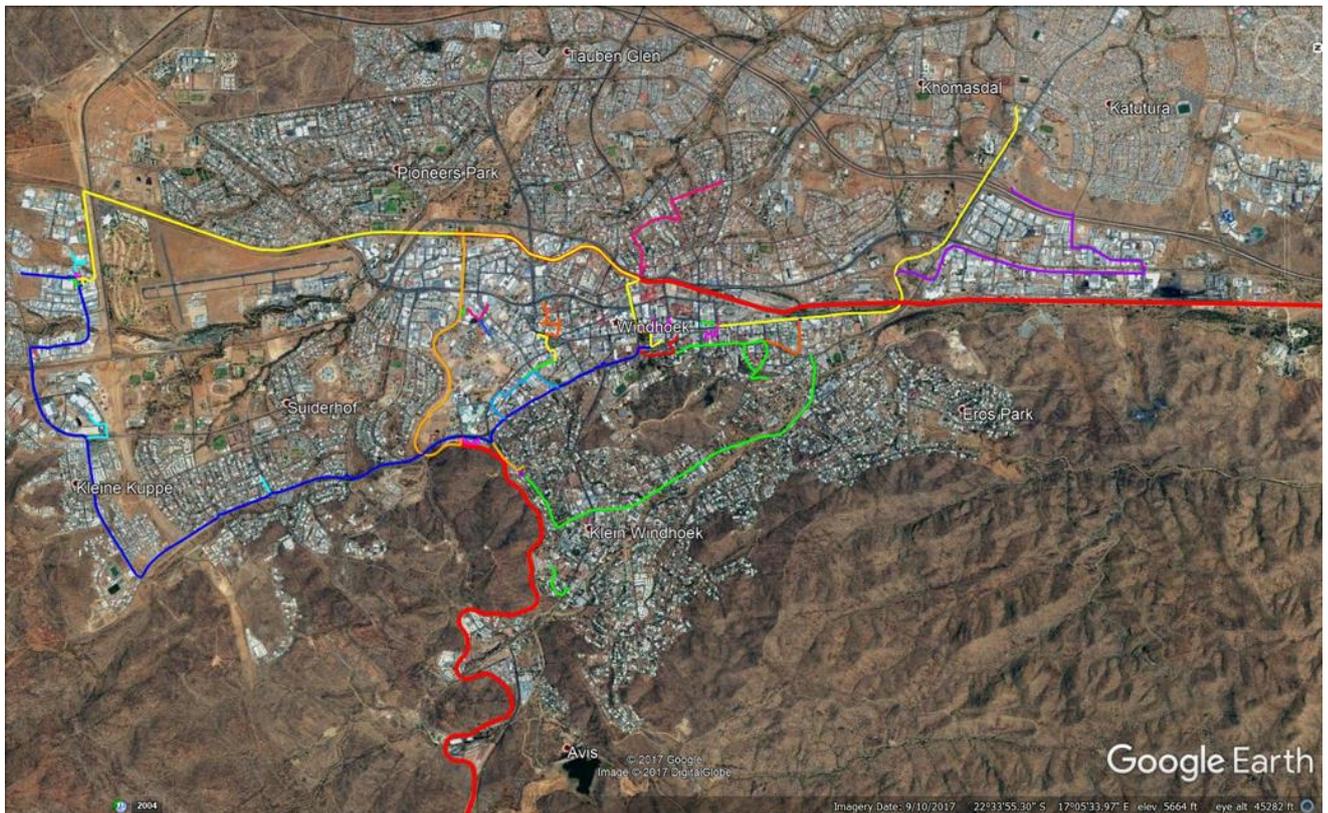
8.3. **Paratus Background**

Paratus Namibia forms the head office from which the Paratus Group's Africa operations are overseen and managed. The local management team has extensive operational and infrastructure experience in the ICT sector across sub-Saharan Africa.

The Paratus Namibia growth profile is representative of the management team's execution and implementation abilities, achieving major successes over the past 10 years, including obtaining a full ECS / ECNS telecommunications license, International Data Gateway License, an independent fiber crossing into South Africa via Velloorsdrif/Onseepkans and an independent fiber crossing into Zambia via Katima Mulilo/Sesheke.

In 2014 Paratus Namibia launched the first privately owned fiber ring in Windhoek, marking a strategic turning point for the company. This investment has driven a structural shift in the company's growth profile. The growth in the Company's profitability stemmed from two factors, being an acceleration of growth in revenue, paired with decreases in cost of sales, as new and existing business was moved onto the company's own infrastructure. As a result, Paratus Namibia's infrastructure roll out has contributed to increased efficiencies and widening operating margins.

The below image illustrates Paratus Namibia's fiber network in Windhoek:



Source: Paratus Telecommunications (Pty) Ltd

Further to the Windhoek fiber ring, Paratus Namibia has also commissioned infrastructure roll outs in Swakopmund and in Walvis Bay, as illustrated in the images below. The infrastructure roll outs in the coastal towns further contribute to Paratus Namibia's service offering and operational efficiencies.

Swakopmund

Walvis Bay



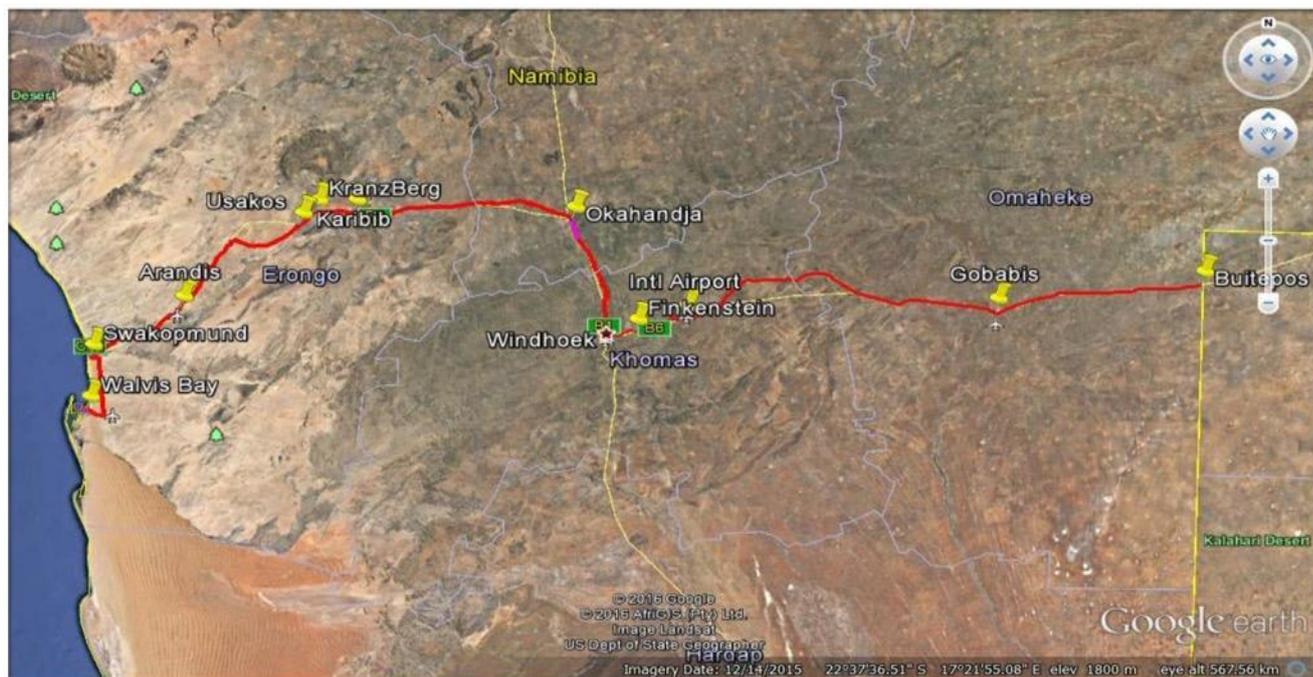
Source: Paratus Telecommunications (Pty) Ltd

Concurrent to the infrastructure roll out in the metro areas, Paratus Namibia commissioned the installation of terrestrial infrastructure. Significant terrestrial projects include:

- a fiber line across the Caprivi strip from Ngoma in Botswana to Sesheke in Zambia, completed in August 2017; and
- the Trans Kalahari Fiber line from Walvis Bay through Swakopmund and Windhoek to the Buitepos border post with Botswana, connecting the landlocked countries to the east of Namibia to WACS.
 - The first phase of the TKF Line from Windhoek to Swakopmund is complete and active;
 - the second phase from Swakopmund to Walvis Bay is complete and active; and

- o the third and final phase from Windhoek to Buitepos expected to reach completion by April 2018 and as at the date of issue of this Circular fibre installation is completed to Witvlei.

Below is a graphical illustration of the TKF Line upon completion:



Source: Paratus Telecommunications (Pty) Ltd

In June 2017, Paratus signed a commercial agreement with BoFiNet, through which BoFiNet purchased a 20-year Dark Fiber Indefeasible Right of Use (“IRU”) on the Ngoma-Sesheke fiber line, gaining access to two of the 24 dark fiber pairs contained within the line. Paratus offered a discount to BoFiNet on this transaction, in exchange for transit capacity, equivalent to an STM-64, from Buitepos to Ngoma for the term of the IRU. This capacity provides connectivity between the TKF Line and the Ngoma-Sesheke Line, connecting the WACS cable, from the landing station in Swakopmund, to Zambia using Paratus Namibia’s infrastructure and agreements.

In early September 2017, Paratus signed a further commercial agreement with BoFiNet, through which BoFiNet purchased a 20-year Super Indefeasible Right of Use (“SIRU”) for 10 DWDM Wavelengths on the TKF line from Swakopmund to Buitepos.

As with the Windhoek fiber ring, the strategic move to install terrestrial infrastructure marks another key turning point for Paratus Namibia, enabling the Company to offer land locked countries, such as Botswana and Zambia, efficient connectivity to submarine cable systems. Further, this infrastructure internalises a significant portion of Paratus Namibia’s existing cost of sales.

In summary, Paratus Namibia has established the following strategic fiber infrastructure assets:

- Windhoek fiber ring;
- Swakopmund fiber;
- Walvis Bay fiber;
- Ngoma – Sesheke fiber line;
- 20-year STM-64 IRU from Buitepos to Ngoma; and
- Trans Kalahari Fiber line³.

8.4. **Revenue**

Paratus Namibia boasts a strong existing client base consisting of more than 2,100 clients, including various large corporates.

³ The TKF Line has been completed from Swakopmund to Windhoek and is still under construction from Windhoek to Botswana.

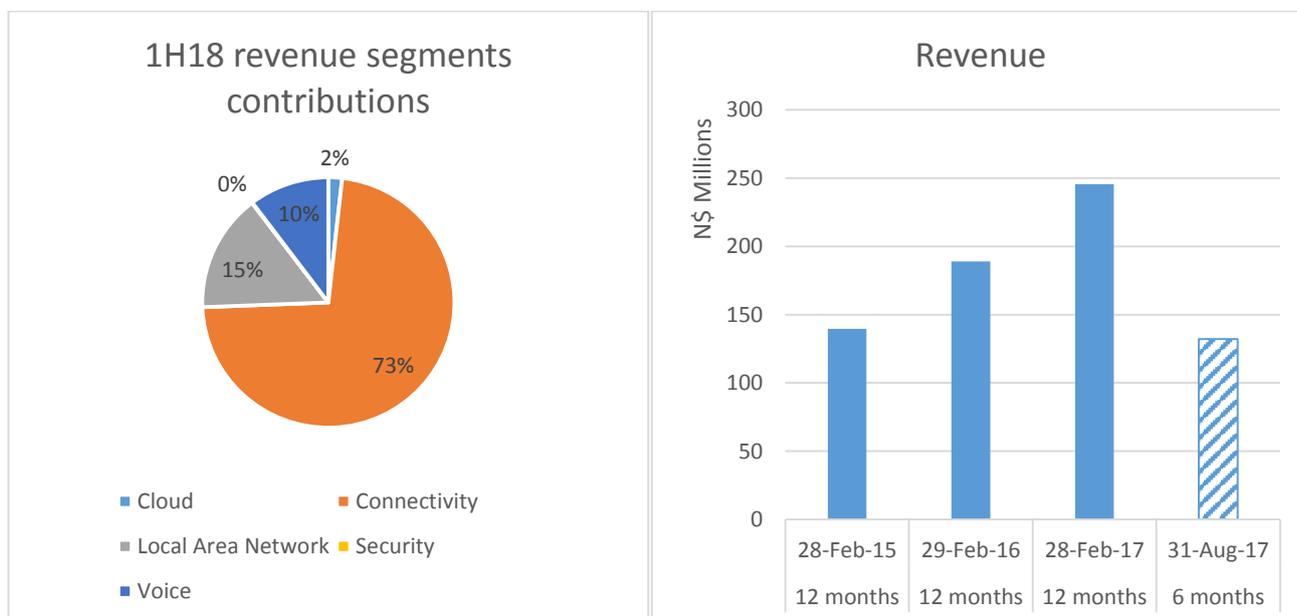
Recurring contractual revenues on average represent 85% of Paratus Namibia’s revenue, as opposed to approximately 15% from once-off revenues.

The high quality of Paratus’ client base is reflected in its bad debt charges, averaging 62 basis points of revenue over the past 18 months.

As discussed in section 8.3, a key factor in Paratus’ growth has been the roll-out of infrastructure, particularly fiber rings and fiber backhaul. This growth has been the most apparent in the “Connectivity” revenue line, which contributed 73% to Paratus’ revenue for the interim period, ended 31 August 2017. The “Local Area Network” revenue line represents 15% and the “Voice” revenue line 10% of total revenue. Connectivity sales amongst other offerings include Digicon services, fiber services to businesses, and complete product offerings to users in the form of service level agreements and Wimax. Access to reliable fiber infrastructure underpins the ability of Paratus to roll out and expand these product offerings at sustainable margins.

Paratus has displayed strong growth trends in revenue, with revenue increasing 35.4% in FY16 and 29.9% in FY17, to N\$189 million and N\$246 million, respectively. For the interim period ended August 2017, Paratus reported revenue of N\$132 million, showing signs of a continuation of this trend.

The 18 months prior to the release of this Circular saw one of the weakest periods of economic growth in the independent history of Namibia, with the Namibia Statistics Agency reporting four of the past five quarters showing the economy contracting. Despite the challenging economic environment, Paratus continued to grow sales over this 18-month period. Paratus has realised growth in its average monthly revenue from N\$11.6 million in FY15 to N\$15.7 million in FY16 to N\$20.5 million in FY17 to N\$22.0 million in 1H18.

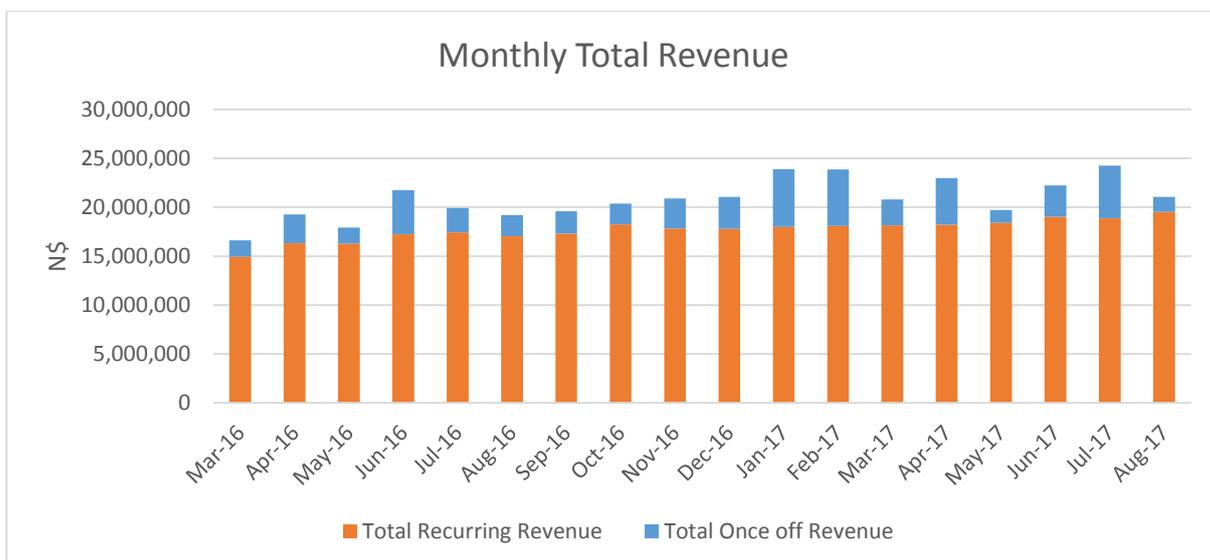


Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements and Interim Financial Report

8.4.1. Recurring revenue

On average, 85% of Paratus’ revenue is in the form of recurring contractual revenues. Paratus has grown its recurring revenues consistently over the past 18 months, adding on average N\$230,000 per month in new business to its recurring revenue lines.

The resilience in the Company’s recurring revenue is evidence of the sector’s growth potential and defensive attributes.



Source: Paratus Telecommunications (Pty) Ltd

8.4.2. **Once off revenue**

Over the past 18 months, once off revenues averaged N\$3.0 million per month, fluctuating between N\$1.3 million and N\$5.9 million per month.

8.4.3. **Trans Kalahari Fiber revenue potential**

8.4.3.1. **Capacity**

The fiber being installed from Walvis Bay via Swakopmund and Windhoek to Buitepos, has the following specifications:

- 48 cores (48 single fiber cables), paired into:
 - 24 pairs (fibers are paired into a receiving- and a transmitting strand), offering:
 - 40 x 10Gbps wavelengths/lambdas per pair.

On the same passive infrastructure (the fiber cable), the active components can be upgraded to provide 80 x 10Gbps or 40 x 100Gbps wavelengths, increasing the usable capacity of the line.

Each wavelength (of which there are 960 on the current active infrastructure) before any upgrades, is an STM-64 equivalent.

These STM-64 equivalents can be further split in multiples of four (or otherwise), as follows:

Connection	Speed	TKF Capacity
STM-1	155 Mbps	61,440
STM-4	622 Mbps	15,360
STM-16	2.5 Gbps	3,840
STM-64	10.0 Gbps	960

To place the relative capacity of the TKF Line into context, Namibia currently utilises the equivalent of approximately three STM-64 connections.

8.4.3.2. **Pricing**

Illustrated in the table below is Telecom Namibia's monthly transit pricing from the

landing station in Swakopmund to various border points, in Namibia Dollars, for STM-1, STM-4, STM-16 and STM-64, provided by Telecom Namibia as is published in the Government Gazette. These are similar routes to those that the Trans Kalahari Fiber line will service.

From - To	Provider	Protection	STM-1 (N\$)	STM-4 (N\$)	STM-16 (N\$)	STM-64 (N\$)
Swakopmund - Buitepos	Telecom Namibia	Unprotected	192 627.52	443 043.29	1 018 999.56	2 139 899.07
Swakopmund - Katima Mulilo	Telecom Namibia	Unprotected	242 499.48	557 748.81	1 282 822.27	2 693 926.77
Swakopmund - Ngoma	Telecom Namibia	Unprotected	250 309.61	575 712.10	1 324 137.83	2 780 689.44
Swakopmund - Zambian Border	Telecom Namibia	Unprotected	246 254.60	566 385.59	1 302 686.86	2 735 642.41

Source: Government Gazette – General Notices by Communications Regulatory Authority of Namibia

8.4.3.3. Target market

The Paratus Group's African operations⁴ currently source most of their bandwidth from South Africa via Zimbabwe or Botswana, rather than through Namibia. The reason for this is that current transit prices through Namibia are many multiples more expensive than similar capacity routed through South Africa, Botswana and Zimbabwe. The Trans Kalahari Fiber line will enable the Paratus Group to source its bandwidth from Namibia via Botswana. Currently, the Paratus Zambia operations utilises 25 STM-1 connections, which capacity does not transit Namibia due to the relatively high transit costs through Namibia.

Similarly, there exists potential to provide bandwidth capacity to neighbouring countries and operators via the TKF line. The first such agreement was signed between Paratus and BoFiNet in September 2017, as discussed in section 8.3. As an indication as to the revenue generating capacity of the TKF line, the purchase of bandwidth capacity in the form of a Super Indefeasible Right of Use for ten 10Gbps (10x10Gbps) wavelengths for 20 years, was sold for a total cost of N\$87.9 million. This bandwidth sale represents approximately 1% of the capacity available on the current active components on the TKF line (which active components can be upgraded further to increase bandwidth available).

Further to the transit market, Paratus will also be positioned to target corporations within Namibia that require direct connectivity (banks and similar) between hubs, as well as direct connections across national borders.

8.5. Cost of sales

Paratus' cost of sales has increased over the past 2 years, in support of the growth in revenue. Cost of sales increased 43.6% in FY16 and 16.3% in FY17.

However, due to revenue growth exceeding that of cost of sales, margins have been seen to widen. Cost of sales as a percentage of revenue has decreased from 61.5% in FY16 to 55.1% in FY17 and to 48.3% in 1H18.

	FY16	FY17	1H18
% Growth in Revenue	35.4%	29.9%	N/A
% Growth in Cost of Sales	43.6%	16.3%	N/A
Cost of Sales / Revenue	61.5%	55.1%	48.3%

⁴ Excluding Paratus Namibia and Angolan operations.

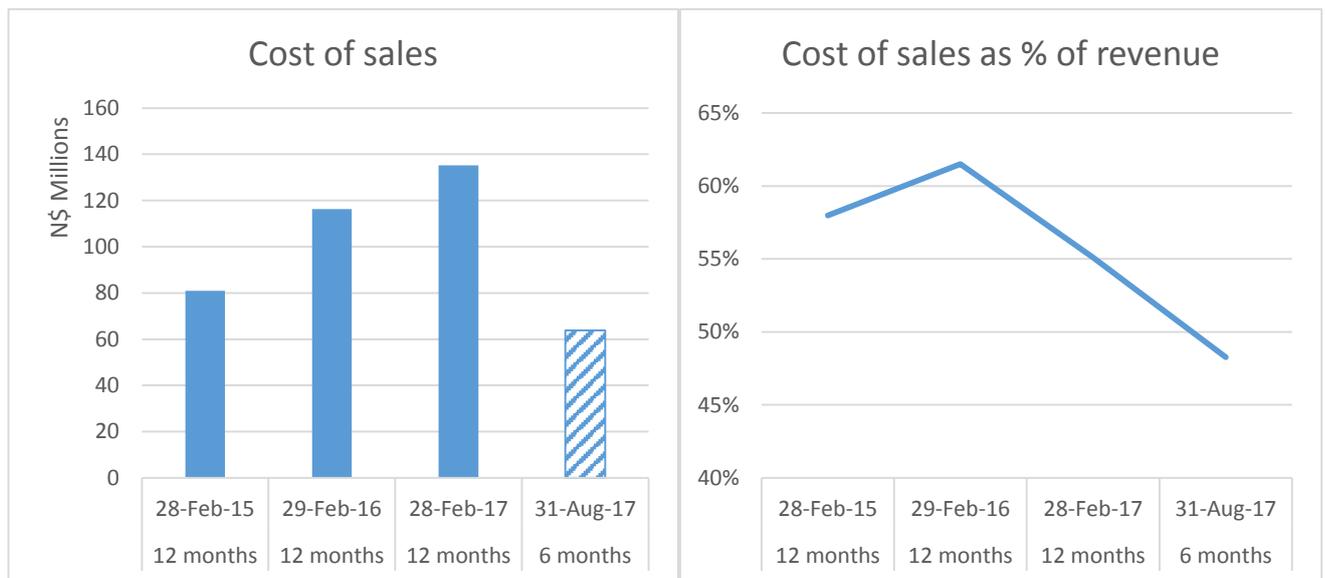
The decrease in the cost of sales to revenue ratio is a function of Paratus' infrastructure roll out, decreasing dependence on- and costs paid to external service providers. Evident from the trend in cost of sales, is that the revenue volume growth has enabled an increased transition from a variable cost structure to a fixed cost structure, bootstrapping revenue growth into faster earnings growth through this operating leverage effect.

Over the past 18 months approximately 60% of Paratus' cost of sales is made up of three line items, consisting of:

- digicon backbone (46%);
- depreciation (9%); and
- least cost routing (5%).

Over the same 18 month period, the remaining 40% of cost of sales averaged approximately 22% of revenue.

While the digicon backbone cost has been decreasing as a percentage of revenue, depreciation has been on a steady increase, again testifying to the structural shift within Paratus, internalising cost of sales.



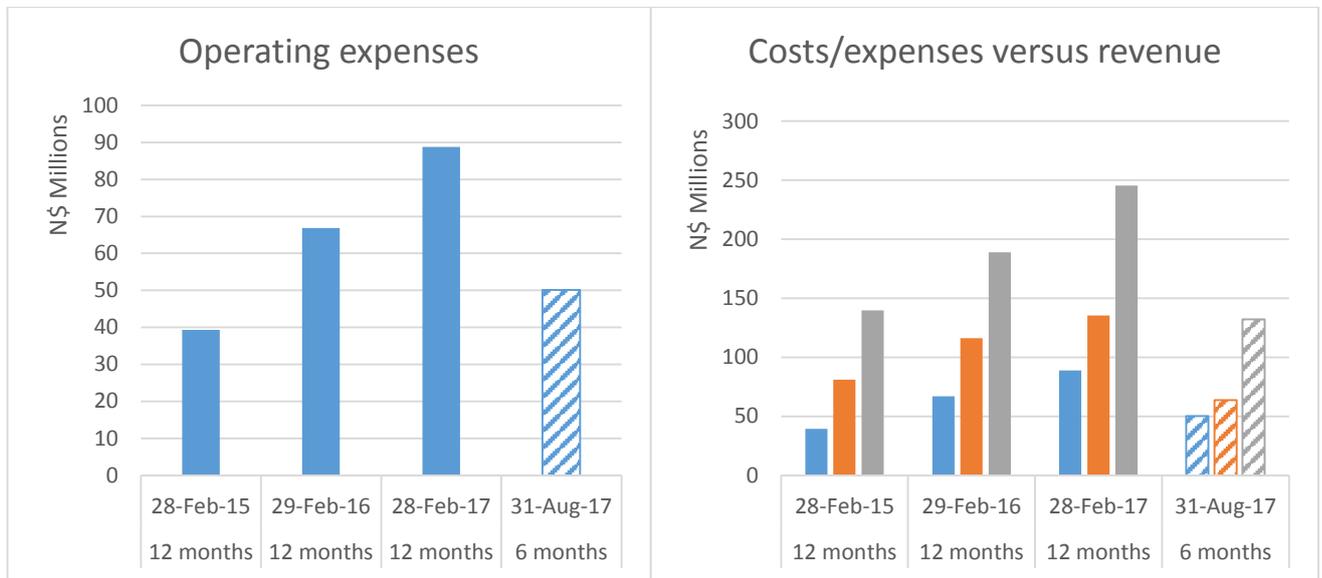
Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements and Interim Financial Report

8.6. Operating expenses

The five largest categories in Paratus operating expenditure accounts for approximately 80% of total expenses. These categories are:

- employment costs (59.1%);
- license fees (6.1%);
- advertising (5.4%);
- depreciation (5.0%); and
- lease rentals on operating leases (4.2%).

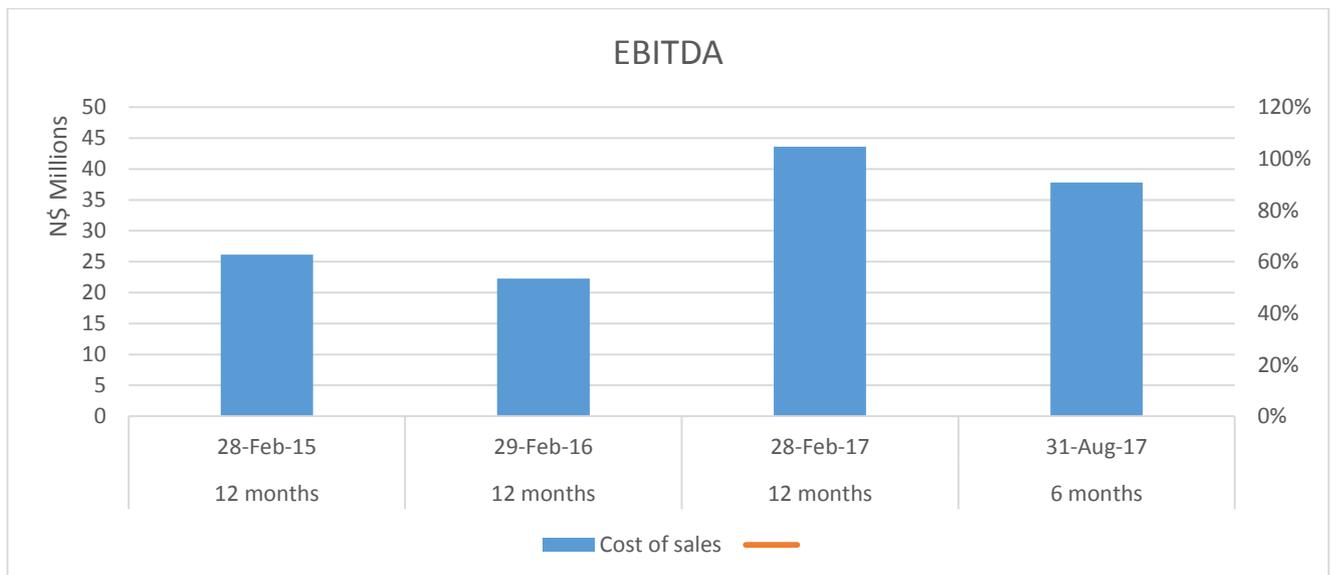
Due to the specialised nature of the ICT sector, the Paratus staff component forms a critical part of its business, Paratus has adopted a strategic focus on skills retention and transfer, to protect the long term sustainability of its business.



Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements and Interim Financial Report

8.7. Earnings

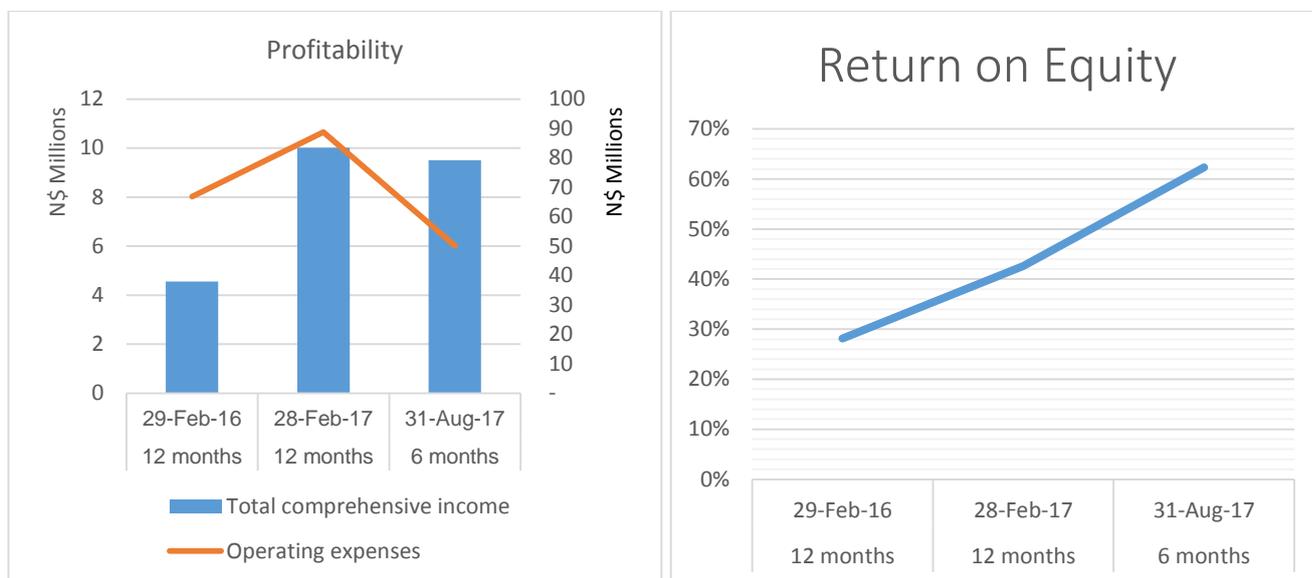
The combination of growth in revenues and slower growth in costs was the catalyst for growth in earnings before interest, tax, depreciation and amortisation (EBITDA) and widening operating margins. EBITDA increased from N\$12.4 million in FY16 to N\$43 million in FY17, with the trend continuing in the interim with EBITDA for the 6 months recorded at N\$37.8 million. The EBITDA margin has widened from 11.8% in FY16 to 17.8% in FY17 to 28.6% in 1H18, testament to the ongoing improvement in the operational efficiencies of Paratus.



Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements and Interim Financial Report

The improvement in the operational performance has flowed through to the earning ability of Paratus. Paratus profit after tax increased from N\$4.5 million in FY16 to N\$10 million in FY17. The interim period reflected strong growth with profits (adjusted for once offs) for the 6 months recorded at N\$9.5 million. The net profit margin increased from 2.4% to 4.1% in FY17 to 7.2% in 1H18.

The earnings enhancement led to an improvement in Paratus' average return on equity, increasing from 28.1% in FY16 to 42.6% in FY17 to an annualised 61.1% in 1H18.



Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements and Interim Financial Report

8.8. **Future prospects**

The future prospects for Paratus Namibia remain positive, with further infrastructure investment resulting in further reductions to cost of sales, whilst bolstering the potential to increase revenue. Further, reductions in cost-of sales, particularly to a direct competitor, allow Paratus greater price-manoeuvrability, which can be expected to expand their customer base further.

The outlook for Paratus and the company's earning ability is positive given significant structural developments over the last 6 to 12 months. Paratus finished the construction of the fiber line, connecting Ngoma in Botswana to Sesheke in Zambia. Paratus started the construction of the Trans Kalahari Fiber line and subsequently signed an N\$87.9 million commercial agreement with BoFiNet. The TKF line is further expected to significantly alter the Paratus cost of sales profile, internalising a substantial percentage of the Company's backhaul capacity, decreasing the monthly cost of sales in excess of N\$800,000 and increasing the Company's capacity dramatically changing its competitiveness in Namibia and sub-Saharan Africa. With the write down of the capital expenditure over three years for income tax purposes, the Company's effective tax rate is projected to decrease over the next four financial years.

Improved infrastructure backhaul will allow Paratus not only to offer an improved product in Namibia, but it will also allow the company to generate transit revenue for the first time, carrying backhaul bandwidth capacity from the WACS landing station in Swakopmund to various land-locked countries to Namibia's east. Moreover, once complete, the TKF line will allow the company to earn transit revenue with little-to-no additional variable cost, implying that the fixed costs associated with the lines development will then be spread over greater revenue, and margins will widen further.

9. **MATERIAL CONTRACTS FOR NIMBUS**

Save for the Swap Agreements as disclosed above, shareholders agreement as disclosed in the Previous Circular, Management Agreement, Investment Agreement and Employment agreements with executive Directors disclosed in paragraphs 2; 9.1; 9.2; 9.3 and 9.4, respectively, as at the date of this Circular, Nimbus has not entered into any material contracts, including any restrictive funding arrangement and/or contracts entered into (whether verbally or in writing) otherwise than in the ordinary course of business carried on, or proposed to be carried on, by Nimbus since incorporation, or entered into at any time and containing an obligation or settlement that is material to Nimbus.

9.1. **Management agreement**

The Board has outsourced the day-to-day management of Nimbus to the Manager, by way of the Management Agreement. The agreement commenced on the Listing Date and will continue for a period of five years. The Management Fees shall be a quarterly fee, calculated as one quarter of 0.5% of the total value of the all the

assets acquired or invested in by Nimbus. The proposed Swap shall be excluded from the ambit of the Management Agreement due to it being a direct investment into the Manager. The Nimbus board has however agreed to pay Paratus on a basic cost recovery basis and in this regard a monthly fee of N\$ 15'000-00 is paid to Paratus by Nimbus.

9.2. **Investment agreement**

The Board has outsourced the investment management of Nimbus to the Investment Manager, by way of the Investment Agreement for the sourcing, identifying, investigating and assessing potential acquisitions of Viable Assets and exit strategies, and presenting these to Nimbus's Board and/or Investment Committee for approval. This Agreement is being negotiated for renewal. Cirrus is entitled to be paid agreed upon fee by Nimbus with every acquisition by Nimbus of investments, as well as for capital raisings conducted by Cirrus on Nimbus' behalf.

9.3. **Shareholders agreement**

To govern the relationship between the shareholders of Paratus, a Shareholders Agreement has been entered into. The following minority protections have been provided for to cater for the interests of Nimbus in Paratus:

- 9.3.1. Nimbus will have the right to elect 2 (two) non-executive directors to the board of Paratus;
- 9.3.2. The number of directors serving on the board of Paratus will be limited to 7 (seven);
- 9.3.3. Nimbus shall have a proportional right of first refusal for Paratus and subsidiary shares;
- 9.3.4. Paratus shall adopt a formalised Corporate Governance structure which is compliant with the Namcode;
- 9.3.5. Paratus shall issue IFRS compliant Annual Financial Statements no later than 3 months after year end;
- 9.3.6. Paratus shall appoint the same auditor as Nimbus, which is to be implemented by the commencement of the FY19 annual statutory audits;
- 9.3.7. An annual budget must be presented to the Board for approval by a Special Majority of the Paratus Board, which on approval shall be binding on Paratus and its shareholders. The annual budget shall incorporate the following principles:

Solvency requirements

- Debt / Assets ranging between 50% and 75% (for purposes of this ratio, Preference Shares will be deemed to be debt).
- EBITDA interest coverage of two times (for purposes of this ratio, Preference Share dividends will be deemed to be interest).

Liquidity requirements

- Acid-test or Quick-ratio of no less than 100%.

Dividend Policy

- A dividend pay-out policy varying between 15% and 45% of earnings must be proposed, based on capital requirements in the following year, working capital needs and other relevant factors.
- 9.3.8. Any material deviation from the annual budget, being an amount that is greater than 10% of the budgeted profit before taxation as presented in the latest approved annual budget, or any deviation that should be regarded as material because of the nature thereof being influential to the decisions of a user of the financial statements of Paratus, shall be approved by a Special Majority of the Paratus Board.
 - 9.3.9. Dividends shall be considered for and declared at the first Board meeting after the last day of August and the last day of February each year and apply the principles agreed to in the latest, approved annual budget, adjusted to actual results to the extent available; adopt a consistent, prudent and conservative accounting policy based on sound and generally accepted accounting principles which are IFRS compliant; make provision for the reasonable cash requirements of the Company in respect of its budgeted cash commitments and its commitments in the ordinary course of business; make provision for reasonable reserves as may be necessary to enable the Company to carry out its operations; and make provision for taxation (including deferred taxation). Special dividends may be considered and declared from time to time as deemed appropriate, subject to similar principles being applied.
 - 9.3.10. A capitalisation and funding policy shall be adopted whereby preference is given to commercial debt

funding, but providing for alternatives such as preference share issues, shareholders loans and further issue of ordinary shares;

9.3.11. Subordination of related party debt;

9.3.12. Nimbus shall have a veto right with regards to the appointment of a Chief Financial Officer for Paratus, should the current CFO leave the employ of Paratus for any reason whatsoever; and

9.3.13. The executives of Paratus shall remain in the employ of Paratus for at least 3 years post effective date of the proposed Acquisition.

As part of the Share Swap agreement, the shareholders agreement was amended as follows to ensure that management- and technical control remains vested in Paratus for as long as the -

9.3.14. budgeting process and the approval thereof is observed by management; and

9.3.15. actual results of the Company do not deviate materially from the budgeted results due to a lack of proper management- and / or technical control; and

9.3.16. management does not exceed their mandates as approved in the budgeting process or otherwise by the Board;

Any act whereby an ordinary shareholder of Paratus wishes to exercise its control in such a manner as to influence management and / or technical control of the Company may only be performed upon written recommendation of the Paratus board approved by no less than a Special Majority of the Paratus board.

9.4. **Employment Agreements with executive Directors**

The employment of each of the executive Directors commenced on 08 August 2017 for the CEO and CFO and on 30 June 2017 of the CIO respectively, will continue for a fixed term of five years, subject to termination by either Nimbus or the executive Director on not less than three months' written notice, which may not be given before a period of one year after the acquisition by Nimbus of a viable asset on 24 January 2018.

As a viable asset has been acquired as set out more fully in the Previous Circular, negotiations will be underway with each executive Director, for a remuneration package to be approved by Nimbus' remuneration committee.

If Nimbus and the executive Director do not reach agreement on the remuneration package, the employment of the executive director by Nimbus will terminate.

As at the Last Practicable Date no remuneration packages have been agreed upon.

10. MATERIAL CONTRACTS FOR PARATUS

10.1. **BoFiNet TKF agreement**

Paratus and BoFiNet entered into an agreement in September 2017, whereby BoFiNet will gain access, via the TKF Line from Buitepos (Namibia's Border with Botswana) to the WACS landing station in Swakopmund. BoFiNet purchased a 20 year IRS from Paratus, being a permanent contractual commercial agreement that cannot be undone, with transit bandwidth equivalent to capacities of 10 DWDM Wavelengths.

The total purchase price for the 20-year IRS, inclusive of operational and maintenance fees will be paid in the following manner:

<u>Payments:</u>	<u>N\$</u>	<u>Date:</u>
Capital expenditure payments		
- Deposit:	20 000 000.00	received
- Completion of Windhoek to Swakopmund:	10 819 744.00	received
- Completion of Windhoek to Witvlei:	10 819 744.00	completed
- Finalisation:	<u>20 000 000.00</u>	estimated 30 April 2018
	<u>1 639 547.00</u>	

Operational and Maintenance Fees:

- Year 1:	12 457 658.00	01 May 2019
- Year 2:	13 828 000.00	01 May 2020
	<u>26 285 658.00</u>	

All amounts exclude Namibian Value Added Tax at 15% (to be charged thereon) and Botswana Withholding Tax at 10% (to be deducted therefrom) where applicable.

10.2. BoFiNet Ngoma agreement

Paratus and BoFiNet entered into an agreement whereby Paratus provides BoFiNet with 2 pairs of dark fiber optic cable in terms of a 20 year dark fiber IRU between Ngoma and Sesheke via Katima Mulilo, so as to connect BoFiNet to Zambia via Namibia.

The total project cost, inclusive of maintenance and excluding any VAT and withholding tax was agreed to be US\$ 1 308 000.00.

However, Paratus offered the following strategic discounts on the transaction:

- 35% discount on the total cost amounting to US\$ 458 000.00, on transit capacity through Botswana between Namibian borders, being between Buitepos and Ngoma. The duration of the Transit is based on the duration of the IRU, being 20 years.
 - In exchange for the 35% discount on the total cost amounting to US\$ 458 000.00, BoFiNet agreed to provide Paratus with one STM-64 transit capacity, free of charge, between Buitepos and Ngoma once the TKF Line is operational.
- Paratus provided a further 3% goodwill discount to BoFiNet amounting to US\$ 25 500.00

The total purchase price for the 20-year IRS, inclusive of operational & maintenance fees and discounts, less withholding tax of 10% have been paid in the following manner:

<u>Payments:</u>	<u>US\$</u>
- Deposit of 45%:	333 923.00
- First tranche of 20%:	148 410.00
- Second tranche of 20%:	148 410.00
- Finalisation of project (15%):	<u>111 308.00</u>
	<u>742 050.00</u>

11. ESTIMATED COSTS OF SWAP AND RIGHTS OFFER

It is estimated that Nimbus' expenses relating to the Swap and the Rights Issue will amount to approximately N\$ 5.4 million. The expenses (including VAT, if applicable) relating to the Swap and Rights Issue are detailed below:

Nature of expense	Paid/payable to	N\$
Legal Fees	Attorneys	575'000
Fairness Opinion	EY	325'000
Audit Fees	PWC & BDO	86'250
Transaction Fees	Cirrus	1'282'274
Raising Fees	Cirrus	2'346'336
NSX Capital Raising Fee	NSX	250'000
Stamp Duties for Swap	Receiver of Revenue	178'402
Stamp Duties for Rights Offer	Receiver of Revenue	326'446
Shareholders meeting	Creditors	10'000
Printing and postage	John Meinert Printers & Nampost	50'000
Total		5'429'708

Notes:

The raising fees and stamp duties are variable in nature are based on the assumption that the Rights Issue is fully exercised.

12. PERCIEVED CONFLICTS OF INTEREST

As outlined in the Forward Looking Statement and Disclaimer on page 5 of these Circular, potential conflicts of interests exist between the various parties to the Swap. Various controls have been implemented to mitigate the risks associated with these perceived conflicts and ensure that the proposed Swap is fair and reasonable.

12.1. The appointment of Cirrus as Investment Manager

- 12.1.1. The advisory role to the Board that Cirrus performs in its capacity as Investment Manager could be perceived as conflicted due to the investment fees that Cirrus might earn if the proposed Swap is executed, together with the small shareholding that Cirrus holds in Nimbus.
- 12.1.2. Therefore, the transaction advice that Cirrus has provided to the Board has been verified independently from Cirrus by the following processes:
 - 12.1.2.1. Legal advice and expertise has been procured for the drafting of the Swap Agreements from the Attorneys;
 - 12.1.2.2. The financial information relied upon to determine the values for the Swap Proceeds consists of audited historical financial information and independently reviewed interim results. Where subsequent management figures and estimates were considered, this was done with a healthy amount of professional scepticism; and
 - 12.1.2.3. The estimated value of the shareholding to be acquired in Paratus has been subjected to an independent fairness assessment, carried out by EY, as disclosed in Annexure G below.

12.2. The appointment of Paratus as Manager

- 12.2.1. The Swap will create a strategic alignment of interests between Nimbus and Paratus. This alignment of interests established by a strategic shareholding in Paratus mitigates the risk of profit shifting and imbalances in negotiation power.
- 12.2.2. As the shareholding in Paratus will place a minimal additional administrative burden on the Manager, the Manager has waived its management fee that would have been payable subsequent to the implementation of the Swap. Nimbus will continue to compensate the Manager on a cost recovery basis for the direct cost associated with the management of the affairs of Nimbus, the Nimbus board has approved an amount of N\$ 15,000-00 per month in this regard.
- 12.2.3. The shareholders agreement between the parties includes various minority protections to address any imbalances of power that might exist. Refer to paragraph 9.3 for a detail disclosure of minority protections.

12.3. General procedural controls

- 12.3.1. The proposed Swap was presented directly to Investment Committee by Investment Manager. The executive Directors representing Paratus did not partake in the Investment Committee proceedings.
- 12.3.2. Executive directors representing the Manager and Investment Manager did not partake in the approval process. Independent Non-Executive Directors considered the Swap as proposed by the Investment Manager for approval, both at Investment Committee level and thereafter, upon the approval and recommendation of the Investment Committee, by the Board.

13. RESPONSIBILITY STATEMENT

- 13.1. The Directors, whose names are given on page 14 of this Circular, collectively and individually accept full responsibility for the accuracy of the information furnished relating to Nimbus and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the Listing Requirements.

14. LITIGATION STATEMENT

- 14.1. There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which Nimbus is aware, which may have or have, over the previous 12 (twelve) months, had a material effect on the financial position of Nimbus or Paratus.

15. WORKING CAPITAL STATEMENT

- 15.1. The Directors are of the opinion that, following the implementation of the Swap:
- 15.1.1. Nimbus will be able, in the ordinary course of business, to pay its debts for a period of 12 (twelve) months after the date of this Circular;
 - 15.1.2. the assets of Nimbus will be in excess of the liabilities of Nimbus for a period of 12 (twelve) months after the date of this Circular;
 - 15.1.3. the share capital and reserves of Nimbus will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this Circular; and
 - 15.1.4. the working capital of Nimbus will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this Circular.

16. EXPERT'S CONSENTS

- 16.1. Each of the advisors, whose names appear on cover of this Circular, have given and have not, prior to issue of this Circular, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports being included in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

- 17.1. The following documents, or copies thereof, will be available for inspection at the registered office of the Company, during normal business hours from Tuesday, 27 March 2018:
- i. The Memorandum of Incorporation and Articles of Association of Nimbus and Paratus;
 - ii. The Fairness Opinion, as reproduced in Annexure G;
 - iii. The following material contracts:
 - o Swap Agreement
 - o Investment Agreement
 - o Management Agreement
 - o Executive Director's Employment Agreements
 - o DBN Loan Agreement
 - o BoFiNet Ngoma Agreement
 - o BoFiNet TKF Agreement
 - iv. Written consents from each of the advisors referred to in paragraph 16 above;
 - v. Annexure A: Pro Forma Statement of the Financial Position of Nimbus as at 31 July 2018;
 - vi. Annexure B: Independent Reporting Accountant's Report on the Pro Forma Statement of Financial

- Position of Nimbus;
- vii. Annexure C: Report of historical financial information of Paratus for the financial years ended 28 February 2015, 28 February 2016 and 28 February 2017;
 - viii. Annexure D: Independent Reporting Account's Report on the Historical Financial Information of Paratus;
 - ix. Annexure E: Condensed Interim financial results of Paratus for the six months ended 31 August 2017;
 - x. Annexure F: Independent Reporting Accountant's Report on the condensed interim Financial Information of Paratus;
 - xi. Annexure G: Fairness Opinion
 - xii. A copy of this Circular.

18. VENDORS

Cuvelai currently holds 8'815 of the 47'482 (or 18.6%) of the issued ordinary shares in Paratus. 100% of the issued share capital in Cuvelai is held by current Paratus employees consisting of senior personnel, executive management and directors. Nimbus is to acquire all of Cuvelai's interest in Paratus.

Name of vendor	Cuvelai Telecommunications (Pty) Ltd
Registered office	106 Nickel Street, Prosperita, Windhoek, Namibia
Place of incorporation	Namibia
Date of incorporation	30 July 2012
Authorised share capital	10,000 ordinary shares
Issued share capital	10,000 ordinary shares
Changes to capital over past three years	N/A
Nature of business	Telecommunications
Operating period	5 years
Asset acquired from vendor	Acquire 8'815 of the 47'482 Paratus Shares. The 8'815 shares are equivalent to 18.6% of the issued shares in Paratus
Date asset originally acquired by the vendors	N/A
Price paid to the vendor including transaction costs plus deferred and contingent considerations	6'338'295 ordinary shares in Nimbus to be allotted to Cuvelai at a pre-determined and agreed upon value of N\$ 10.50 (ten Namibia Dollars and fifty cents) each and a total value of N\$ 66'552'097.50;
Effective date of acquisition of the asset	Upon fulfilment of Conditions Precedent
Were book debts guaranteed by the vendor?	No
Were normal warranties provided by the vendor?	Yes, refer to section 2 of the Circular
Were restraints imposed on the vendor under the acquisition ?	No
Did the acquisition involve any liability for accrued taxation?	No

Has the asset to be acquired been transferred into the name of Nimbus or one of its subsidiaries?	No, will be done on closing date.
Has the asset to be acquired been ceded or pledged?	No
Details of how the value of the securities was determined?	Valuation by Cirrus Capital and by Independent Professional Expert
The beneficial interest, direct or indirect, of any promoter or director in any transaction?	Yes, as disclosed on section 5.1 of the Circular
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director?	Not applicable

Harmse currently holds 3'000 of the 47'482 (or 6.3%) of the issued ordinary shares in Paratus.

Name Of Vendor	Bartholomeus Roelof Jacobus Harmse
Registered office	N/A
Place of incorporation	N/A
Date of incorporation	N/A
Authorised share capital	N/A
Issued share capital	N/A
Changes to capital over past three years	N/A
Nature of business	Telecommunications
Operating period	14 years
Asset acquired from vendor	Acquire 3'000 of the 47'482 Paratus Shares. The 3'000 shares are equivalent to 6.3% of the issued shares in Paratus
Date asset originally acquired by the vendors	N/A
Price paid to the vendor including transaction costs plus deferred and contingent considerations	2'157'105 ordinary shares in Nimbus to be allotted to Cuvelai at a pre-determined and agreed upon value of N\$ 10.50 (ten Namibia Dollars and fifty cents) each and a total value of N\$ 22'649'602.50;
Effective date of acquisition of the asset	Upon fulfilment of Conditions Precedent
Were book debts guaranteed by the vendor?	No
Were normal warranties provided by the vendor?	Yes, refer to section 2 of the Circular
Were restraints imposed on the vendor under the acquisition ?	No

Did the acquisition involve any liability for accrued taxation?	No
Has the asset to be acquired been transferred into the name of Nimbus or one of its subsidiaries?	No, will be done on closing date.
Has the asset to be acquired been ceded or pledged?	No
Details of how the value of the securities was determined?	Valuation by Cirrus Capital and by Independent Professional Expert
The beneficial interest, direct or indirect, of any promoter or director in any transaction?	Yes, as disclosed on section 5.1 of the Circular
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director?	Not applicable

19. DIRECTOR'S RECOMMENDATION

- 19.1. The disinterested Directors of the Nimbus Board have considered the terms and conditions of the Swap and are of the opinion that the Swap is in the interests of Nimbus Shareholders and fits the Company's investment policy and is demonstrates another step in the Company fulfilling its objectives.
- 19.2. The disinterested Directors of the Nimbus Board recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting, as detailed in the Notice of General Meeting.
- 19.3. The disinterested Directors of the Nimbus Board have considered the terms and conditions of the Swap and has approved the Swap. The disinterested Directors of the Nimbus Board have considered the terms and conditions of the Investment Agreement and are of the opinion that the fee therein is market-related. The disinterested Directors of the Nimbus Board have resolved that the persons indicated in paragraph 5.1, executive members of the Manager and Investment Manager, and the Attorneys, and their associates not vote their shares for the approval of the Swap at the General Meeting.
- 19.4. All related parties and their associates will be taken into account in determining a quorum at the General Meeting, but that their votes will not be taken into account in determining the results of the voting at such meeting in relation to any resolution in connection with the Swap.
- 19.5. The Directors of Nimbus take note that the directors of Paratus acknowledged the Adverse Opinion made by PWC in respect of the interim financial statements contained in Annexure F, read together with Annexure E. As explained in note 9 of Annexure E, the company has not presented group financial statements in which it consolidates its investment in Canocopy (Proprietary) Limited, its subsidiary company, as required by International Financial Reporting Standards IFRS 10 Consolidated financial statements. This investment is accounted for on a cost basis. Under International Financial Reporting Standards, the subsidiary should have been consolidated because it is controlled by Paratus. After the reporting date, Paratus declared a dividend in specie whereby their shareholding in Canocopy (Proprietary) Limited was transferred to the shareholders of Paratus prior to the proposed Swap.
- 19.6. The Directors are satisfied that not consolidating Canocopy (Proprietary) Limited has had no material impact on the Swap.

SIGNED AT WINDHOEK ON _____ 2018 BY _____ and _____ ON BEHALF OF ALL THE DIRECTORS OF NIMBUS, AS LISTED, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

Director

Director

ANNEXURE A: PRO FORMA STATEMENT OF THE FINANCIAL POSITION OF NIMBUS AS AT 31 JULY 2017

BASIS OF PREPARATION

The Pro Forma Statement of Financial Position of Nimbus as at 31 July 2017 (“**Pro Forma Statement of Financial Position of Nimbus**”) has been prepared, based on the assumption that the Swap had taken place on 31 July 2017, has been prepared for illustrative purposes only and because of its nature may not fairly present Nimbus’s financial position and changes in equity after the Swap.

The Pro Forma Statement of Financial Position of Nimbus has been prepared using the accounting policies of Nimbus that comply with IFRS and that are consistent with those set out in the audited Report of Historical Financial Information of Nimbus, in Annexure A to the Pre-listing Statement.

The Pro Forma Statement of Financial Position of Nimbus has been prepared in accordance with the NSX Listing Requirements and the South African Institute of Chartered Accountants Guide on Pro Forma Financial Information (revised and issued in September 2014) and are the responsibility of the Directors.

The Independent Reporting Accountants’ report on the Pro Forma Statement of Financial Position of Nimbus is set out in **Annexure B** to this Circular.

Pro forma statement of financial position of Nimbus as at 31 July 2017 reflecting the effects of the Swap and Rights Issue:

	Column 1	Column 2	Column 3	Column 4
	Pro forma balance sheet 31 July 2017 (N\$)	Pro forma adjustment for Share Swap (N\$)	Pro forma adjustment for Rights Issue (N\$)	Pro forma balance sheet 31 July 2017 (N\$)
Statement of financial position				
Assets				
<i>Current assets</i>				
Cash and cash equivalents	2,707,140		160,300,610	163,007,750
<i>Non-Current assets</i>				
Investment in Associate	98,294,750	(98,294,750)		-
Investment in Subsidiary		189,943,373		189,943,373
Total assets	101,001,890	91,648,623	160,300,610	352,951,124
Capital and reserves				
Share capital	103,634	84,954	155,451	344,039
Share Premium	101,544,438	89,116,743	160,145,159	350,806,340
Retained income/(loss)	(959,364)	(60,000)		(1,019,364)
Liabilities				
<i>Current liabilities</i>				
Trade Creditors	313,182	2,506,926		2,820,108
Total equity and liabilities	101,001,890	91,648,623	160,300,610	352,951,124
Net asset value	100,688,708			350,131,015
Number of shares in issue	10,363,407	8,495,400	15,545,085	34,403,892
NAV per share (N\$)	9.72			10.18

Notes and Assumptions:

1. Column 1 presents the Statement of Financial Position of Nimbus, which has been extracted from the previous circular dated 16 November 2017, Annexure A: Pro Forma Statement of the Financial Position of Nimbus as at 31 July 2017.
2. Column 2 presents the financial effects of the Share Swap including the following adjustments:
 - 2.1. Acquisition of an additional 24.9% shareholding in Paratus by way of a Share Swap in terms whereof 8 495 400 new ordinary Nimbus Shares will be issued at a par value of N\$0.01 each and a premium of N\$10.49 at an issue price of N\$ 10.50, totalling N\$ 89 201 697.00.
 - 2.2. The additional 24.9% shareholding in Paratus acquired from the Share Swap will bring the effective holding by Nimbus in Paratus to 51.4%, wherefore the investment in Paratus will be reclassified from an investment in associate to an investment in subsidiary.
 - 2.3. Transaction costs relating to the acquisition amounting to N\$ 2 446 926, including stamp duties, legal fees and transaction fees to the Investment Manager have been capitalised against the investment in accordance with IFRS 9: Financial Instruments.
 - 2.4. The costs of publication of the notice and hosting of the general meeting to approve the Share Swap amounting to N\$ 60 000 has been expensed through profit and loss.
3. Column 3 presents the financial effects of the Rights Issue, including the following adjustments:
 - 3.1. A renounceable Rights Issue to Qualifying Shareholders in respect of 15'545'085 Rights Issue Shares in the ratio of 15 Rights Issue Shares for every 10 Shares at a par value of N\$0.01 each and a premium of N\$10.49 at an issue price of N\$ 10.50 per share, with a total value of N\$ 163 223 392.50.
 - 3.2. Transaction costs relating to the acquisition amounting to N\$ 2 922 782, including stamp duties, NSX capital raising fees and transaction fees to the Investment Manager, has been capitalised against share capital in accordance with IAS 32: Financial Instruments.
4. Column 4 presents the total of column 1, column 2 and column 3.

ANNEXURE B: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PRO FORMA STATEMENT OF FINANCIAL POSITION OF NIMBUS

The Directors
Nimbus Infrastructure Limited
1 Charles Cathral Street
Olympia
Windhoek
Namibia

Dear Sirs,

Independent reporting accountant's assurance report on the compilation of Pro Forma Financial Information of Nimbus Infrastructure Limited

Introduction

Nimbus Infrastructure Limited ("Nimbus" or "the Company") is issuing a circular to its shareholders to be dated on or about 27 March 2018 (the "Circular") regarding the proposed acquisition whereby Nimbus acquires further Paratus Telecommunications Pty Ltd ("Paratus") Shares in exchange for the Swap Consideration ("the Swap"), which increases Nimbus' effective see-through economic interest to 51.4% in Paratus ("the Swap") and the renounceable Rights Issue to Qualifying Shareholders in the ratio of 15 Rights Issue Shares for every 10 Shares held ("the Rights Issue").

At your request and for the purposes of the Circular, we present our assurance report on the compilation of the pro forma financial information of Nimbus by the directors. The pro forma financial information, presented in Annexure A to the Circular, consists of the pro forma statement of financial position as at 31 July 2017 and the pro forma financial effects (the "Pro Forma Financial Information"). The Pro Forma Financial Information has been compiled on the basis of the applicable criteria specified in the Namibia Stock Exchange ("NSX") Listings Requirements.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Swap and the Rights Issue on the Company's reported financial position as at 31 July 2017 as if the Swap and the Rights Issue had taken place at 31 July 2017. As part of this process, information about the Company's financial position has been extracted by the directors from the previous Circular dated 16 November 2017, which in turn has been extracted from the Company's statement of financial position as at 31 July 2017, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for the compilation, contents and presentation of the Pro Forma Financial Information on the basis of the applicable criteria specified in the NSX Listings Requirements and described in the Circular. The directors of the Company are also responsible for the financial information from which it has been prepared.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the Pro Forma Financial Information has been compiled, in all material respects, by the directors on the basis specified in the NSX Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information* Included in a Prospectus. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis specified in the NSX Listings Requirements and described in the Circular.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the Pro Forma Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the NSX Listings Requirements and described in the Circular.

PricewaterhouseCoopers

Registered Accountants and Auditors

Chartered Accountants (Namibia)

Per: Louis van der Riet

Partner

Windhoek, Namibia

27 March 2018

ANNEXURE C: REPORT OF HISTORICAL FINANCIAL INFORMATION OF PARATUS FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2015, 28 FEBRUARY 2016 AND 28 FEBRUARY 2017

Paratus was initially incorporated in Namibia in 2003 as a private company under the name of “Internet Technologies Namibia (Proprietary) Limited” under registration with limited liability, with Registration Number 2003/273. On 1 March 2014, the business and net assets were sold to Paratus Telecommunications (Proprietary) Limited under registration number 2007/0100. The business and the assets were sold to Paratus as Paratus owns a Class Comprehensive Telecommunications Services Licence.

Commentary related to the financial performance of Paratus has been showed in Section 8 in the Circular.

**Paratus Telecommunications (Proprietary)
Limited
(Registration number 2007/0100)
Historical Financial Information
for the year ended 28 February 2017**

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Statement of Financial Position

Figures in Namibian Dollar	Note(s)	2017	2016	2015
Assets				
Non-Current Assets				
Property, plant and equipment	3	60,717,785	57,471,079	19,893,639
Intangible assets	4	23,135,427	23,730,014	18,400,000
Investments in subsidiaries	5	40,416,748	40,416,748	15,000,000
Loans to related parties	6	7,891,348	-	-
Finance lease receivables	8	3,028,948	2,563,925	-
		<u>135,190,256</u>	<u>124,181,766</u>	<u>53,293,639</u>
Current Assets				
Inventories	9	22,833,560	8,633,145	3,368,124
Loans to related parties	6	27,134,736	44,074,000	2,597,323
Loans to shareholders	7	1,399,407	-	399,053
Current tax receivable		350,183	350,183	-
Trade and other receivables	10	18,691,156	28,277,354	17,787,690
Prepayments		-	-	5,329,891
Cash and cash equivalents	11	1,354,742	115,986	369,567
		<u>71,763,784</u>	<u>81,450,668</u>	<u>29,851,648</u>
Total Assets		<u>206,954,040</u>	<u>205,632,434</u>	<u>83,145,287</u>
Equity and Liabilities				
Equity				
Share capital	12	166,660	166,660	166,660
Retained income		28,319,739	18,308,464	13,754,976
		<u>28,486,399</u>	<u>18,475,124</u>	<u>13,921,636</u>
Liabilities				
Non-Current Liabilities				
Loans from related parties	6	4,470,631	5,734,062	-
Other financial liabilities	13	105,233,870	102,531,037	10,189,625
Finance lease obligation	14	1,024,445	309,552	402,440
Deferred tax	15	6,011,767	2,686,060	2,124,278
		<u>116,740,713</u>	<u>111,260,711</u>	<u>12,716,343</u>
Current Liabilities				
Loans from related parties	6	7,204,804	14,701,020	5,992
Loans from shareholders	7	3,230,881	12,656,448	16,571,218
Other financial liabilities	13	8,821,308	-	2,308,838
Current tax payable		-	-	244,813
Finance lease obligation	14	368,764	61,806	984,267
Trade and other payables	16	36,583,907	42,944,719	31,550,661
Bank overdraft	11	5,517,264	5,532,606	4,841,519
		<u>61,726,928</u>	<u>75,896,599</u>	<u>56,507,308</u>
Total Liabilities		<u>178,467,641</u>	<u>187,157,310</u>	<u>69,223,651</u>
Total Equity and Liabilities		<u>206,954,040</u>	<u>205,632,434</u>	<u>83,145,287</u>

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibian Dollar	Note(s)	2017	2016	2015
Revenue	17	245,509,537	188,995,247	139,633,407
Cost of sales		(135,256,429)	(116,465,728)	(80,954,963)
Gross profit		110,253,108	72,529,519	58,678,444
Other income		603,600	4,499,758	98,278
Operating expenses		(88,749,604)	(66,638,051)	(39,307,415)
Profit before investment income and finance costs	18	22,107,104	10,391,226	19,469,307
Finance income	19	5,001,682	1,954,879	27,709
Finance costs	20	(13,771,804)	(7,102,918)	(667,645)
Profit before taxation		13,336,982	5,243,187	18,829,371
Taxation	21	(3,325,707)	(689,699)	(6,047,919)
Profit for the year		10,011,275	4,553,488	12,781,452
Other comprehensive income		-	-	-
Total comprehensive income		10,011,275	4,553,488	12,781,452
Earnings before interest and tax		27,108,785	12,346,105	19,497,015
Earnings before Interest, tax, depreciation and amortisation		43,626,717	22,296,726	26,159,113

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Statement of Changes in Equity

Figures in Namibian Dollar	Share capital	Retained income	Total equity
Balance at 01 March 2014	166,660	973,525	1,140,185
Changes in equity			
Total comprehensive income for the year	-	12,781,451	12,781,451
Balance at 01 March 2015	166,660	13,754,976	13,921,636
Changes in equity			
Total comprehensive income for the year	-	4,553,488	4,553,488
Total changes	-	4,553,488	4,553,488
Balance at 1 March 2016	166,660	18,308,464	18,475,124
Changes in equity			
Total comprehensive income for the year	-	10,011,275	10,011,275
Total changes	-	10,011,275	10,011,275
Balance at 28 February 2017	166,660	28,319,739	28,486,399
Note(s)	12		

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Statement of Cash Flows

Figures in Namibian Dollar	Note(s)	2017	2016	2015
Cash flows from operating activities				
Cash generated from operations	22	27,415,226	21,863,017	30,276,239
Interest income		5,001,682	1,740,905	27,709
Finance costs		(13,771,804)	(7,102,918)	(667,645)
Tax received		-	(722,913)	(3,875,306)
Net cash from operating activities		18,645,104	15,778,091	25,760,997
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(17,658,737)	(46,295,738)	(25,733,843)
Sale of property, plant and equipment	3	352,815	77,363	46,872
Purchase of other intangible assets	4	(1,629,348)	(6,678,661)	(19,922,600)
Loans advanced to related parties		288,269	(5,730,541)	(2,591,331)
Purchase of shares in subsidiaries		-	(40,406,748)	(15,000,000)
Net cash from investing activities		(18,647,001)	(99,034,325)	(63,200,902)
Cash flows from financing activities				
Proceeds from other financial liabilities		11,524,141	90,032,574	12,498,463
Proceeds from shareholders loan		-	-	2,455,798
Repayment of shareholders loan		(10,824,974)	(3,525,717)	16,512,859
Finance lease receipts/ (payments)		1,021,851	(1,845,340)	1,386,707
Finance lease granted		(465,023)	(2,349,951)	-
Net cash from financing activities		1,255,995	82,311,566	32,853,827
Total cash movement for the year		1,254,098	(944,668)	(4,586,078)
Cash at the beginning of the year		(5,416,620)	(4,471,952)	114,127
Total cash at end of the year	11	(4,162,522)	(5,416,620)	(4,471,951)

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Accounting Policies

1. Presentation of Historical Financial Information

The historical financial information have been prepared in accordance with International Financial Reporting Standards, except that the historical financial information does not represent the consolidated historical financial information of the group. The historical financial information have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

1.1 Critical judgement in applying the company's accounting policies

In the process of applying the company's accounting policies, the key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

Allowance for doubtful debts

At each reporting date the company assesses whether there is any objective evidence that debtors are impaired. Accounts are written off when they are irrecoverable.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Core network assets	5 years
Computer software	3 years
Dedi corporate assets	5 years
IT equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	4 years
Office equipment	5 years
Infrastructure	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Accounting Policies

1.2 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at revalued amount, being fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in the carrying amount of an intangible asset, as a result of a revaluation, is credited to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in the carrying amount of an intangible asset, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited to other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Patents, trademarks and other rights	25 years

1.4 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Accounting Policies

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Accounting Policies

1.5 Financial instruments (continued)

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are stated at fair value of the consideration less allowances for estimated irrecoverable amounts. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Accounting Policies

1.6 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Accounting Policies

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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Accounting Policies

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

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Accounting Policies

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibian Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous historical financial information are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
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2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which may be applicable to the company were in issue but not yet effective:

IFRS 1 First Time Adoption of International Financial Reporting Standards

Annual Improvements 2014-2016 Cycle: Deletion of short-term exemptions that is no longer applicable. Effective for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments

A finalised version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on classification and measurement, impairment hedge Accounting and derecognition. Effective for annual periods beginning on or after 1 January 2018.

IAS 39 Financial Instruments

Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception. Effective date of application is 1 January 2018.

IFRS 12 Disclosure of Interests in Other Entities

Annual Improvements 2014-2016 Cycle: Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Effective date of application is 1 January 2017.

IFRS 15 Revenue from Contracts from Customers

New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. Effective for annual periods beginning on or after 1 January 2018.

Notes to the Historical Financial Information

2. New Standards and Interpretations (continued)

IFRS 16 Leases

New standard that introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lease recognize depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Effective for annual periods beginning on or after 1 January 2019.

The directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements of the Company.

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Notes to the Historical Financial Information

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3. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Capital work in progress	-	-	-	17,484,958	-	17,484,958
Furniture and fixtures	2,483,615	(666,903)	1,816,712	2,257,958	(191,739)	2,066,219
Motor vehicles	2,582,699	(1,139,770)	1,442,929	2,414,090	(444,298)	1,969,792
Office equipment	7,873,109	(3,955,885)	3,917,224	6,092,532	(2,137,865)	3,954,667
IT equipment	2,136,167	(721,144)	1,415,023	1,792,428	(362,322)	1,430,106
Computer software	1,430,813	(109,968)	1,320,845	-	-	-
Infrastructure	12,705,492	(765,627)	11,939,865	6,767,843	(284,935)	6,482,908
Dedi corporation assets	-	-	-	-	-	-
Core network assets	59,871,862	(21,006,675)	38,865,187	34,874,143	(10,791,714)	24,082,429
Total	89,083,757	(28,365,972)	60,717,785	71,683,952	(14,212,873)	57,471,079

	2015		
	Cost / Valuation	Accumulated depreciation	Carrying value
Capital work in progress	-	-	-
Furniture and fixtures	460,403	(73,882)	386,521
Motor vehicles	337,157	(92,812)	244,345
Office equipment	2,696,842	(789,708)	1,907,134
IT equipment	704,219	(107,377)	596,842
Computer software	90,203	(90,203)	-
Infrastructure	1,605,388	(63,882)	1,541,506
Dedi corporation assets	1,064,714	(430,206)	634,508
Core network assets	18,730,611	(4,147,828)	14,582,783
Total	25,689,537	(5,795,898)	19,893,639

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital work in progress	17,484,958	2,255,909	-	(19,740,867)	-	-
Furniture and fixtures	2,066,219	226,813	(731)	-	(475,589)	1,816,712
Motor vehicles	1,969,792	168,609	-	-	(695,472)	1,442,929
Office equipment	3,954,667	1,799,753	(16,175)	-	(1,821,021)	3,917,224
IT equipment	1,430,106	442,019	(41,514)	-	(415,588)	1,415,023
Customer Network equipment and audio visual equipment	-	1,430,813	-	-	(109,968)	1,320,845
Infrastructure	6,482,908	5,937,277	-	-	(480,320)	11,939,865
Core network assets	24,082,429	5,397,544	(59,613)	19,740,867	(10,296,040)	38,865,187
	57,471,079	17,658,737	(118,033)	-	(14,293,998)	60,717,785

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Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar 2017 2016 2015

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Plant and machinery	-	17,484,958	-	-	-	17,484,958
Furniture and fixtures	386,521	2,018,483	(116,324)	-	(222,461)	2,066,219
Motor vehicles	244,345	2,076,933	-	-	(351,486)	1,969,792
Office equipment	1,907,134	3,395,689	-	-	(1,348,156)	3,954,667
IT equipment	596,842	1,088,203	-	-	(254,939)	1,430,106
Infrastructure	1,541,506	5,152,653	-	-	(211,251)	6,482,908
Depi corporation assets	634,508	-	-	(634,508)	-	-
Core network assets	14,582,783	15,078,819	-	634,508	(6,213,681)	24,082,429
	19,893,639	46,295,738	(116,324)	-	(8,601,974)	57,471,079

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	-	460,403	-	(73,882)	386,521
Motor vehicles	-	337,157	-	(92,812)	244,345
Office equipment	-	2,696,842	-	(789,708)	1,907,134
IT equipment	-	708,365	(4,146)	(107,377)	596,842
Computer software	-	90,203	-	(90,203)	-
Property, plant and equipment 1	-	1,605,388	-	(63,882)	1,541,506
Property, plant and equipment 2	-	1,064,714	-	(430,206)	634,508
Other property, plant and equipment	-	18,770,771	(40,160)	(4,147,828)	14,582,783
	-	25,733,843	(44,306)	(5,795,898)	19,893,639

4. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Paratus brand	19,266,200	(2,441,415)	16,824,785	19,266,200	(1,643,486)	17,622,714
Goodwill	1,564,217	-	1,564,217	1,564,217	-	1,564,217
Computer software	4,132,213	(1,508,617)	2,623,596	2,502,865	(468,580)	2,034,285
Customer base	2,701,782	(578,953)	2,122,829	2,701,782	(192,984)	2,508,798
Total	27,664,412	(4,528,985)	23,135,427	26,035,064	(2,305,050)	23,730,014

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4. Intangible assets (continued)

	2015		
	Cost / Valuation	Accumulated amortisation	Carrying value
Paratus brand	19,266,200	(866,200)	18,400,000
Goodwill	-	-	-
Computer software	-	-	-
Customer base	-	-	-
Total	19,266,200	(866,200)	18,400,000

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Paratus brand	17,622,714	-	(797,929)	16,824,785
Goodwill	1,564,217	-	-	1,564,217
Computer software	2,034,285	1,629,348	(1,040,037)	2,623,596
Customer base	2,508,798	-	(385,969)	2,122,829
	23,730,014	1,629,348	(2,223,935)	23,135,427

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Additions through business combinations	Amortisation	Total
Paratus brand	18,400,000	-	-	(777,286)	17,622,714
Goodwill	-	-	1,564,217	-	1,564,217
Computer software	-	2,412,662	-	(378,377)	2,034,285
Customer base	-	-	2,701,782	(192,984)	2,508,798
	18,400,000	2,412,662	4,265,999	(1,348,647)	23,730,014

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Impairment loss	Total
Patents, trademarks and other rights	-	19,922,600	(866,200)	(656,400)	18,400,000

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Notes to the Historical Financial Information

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4. Intangible assets (continued)

Details of valuation

The effective date of the revaluations was 28 April 2015. Revaluations were performed by an independent valuer, Mr Duncan MacRobert (Registered Chartered Accountant South Africa), of Richmond Capital (Pty) Ltd. Mr MacRobert and Richmond Capital are not connected to the company and have recent experience in the valuation of trademarks, brands and licences.

The valuation was based on Discounted Cashflow Method. The following assumptions were used

Capitalisation rate	30%
Revenue % growth	10%
Lifespan	perpetual
Terminal growth rate	6%

5. Investments in subsidiaries

Name of company	Held by	% voting power 2017	% voting power 2016	% voting power 2015	% holding 2017	% holding 2016	% holding 2015
Paratus Voice Telecommunications (Pty) Ltd	Paratus Telecommunications (Pty) Ltd	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Canocopy (Pty) Ltd	Paratus Telecommunications (Pty) Ltd	100.00 %	100.00 %	- %	100.00 %	100.00 %	- %
Internet Technologies Namibia (Pty) Ltd	Paratus Telecommunications (Pty) Ltd	100.00 %	100.00 %	- %	100.00 %	100.00 %	- %

Name of company	Carrying amount 2017	Carrying amount 2016	Carrying amount 2015
Paratus Voice Telecommunications (Pty) Ltd	100	100	15,000,000
Canocopy (Pty) Ltd	40,406,648	40,406,648	-
Internet Technologies Namibia (Pty) Ltd	10,000	10,000	-
	40,416,748	40,416,748	15,000,000

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Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
5. Investments in subsidiaries (continued)			
The carrying amounts of subsidiaries are shown net of impairment losses.			
6. Loans to (from) related parties			
Related parties			
Maximum Networks (Pty) Ltd The loan is unsecured, interest free and has no fixed terms of repayment.	43,778	42,081	(5,992)
ITN Property Two (Pty) Ltd The loan is unsecured, bears interest at prime + 4% per annum and has no fixed terms of repayment.	23,583,066	21,031,503	2,597,323
Paratus Voice Telecommunications (Pty) Ltd The loan is unsecured, interest free and has no fixed terms of repayment.	1,312,083	873,549	-
Paratus Telecommunications Ltd The loan was unsecured, interest free and had no fixed terms of repayment.	-	(2,848,693)	-
Miles October The loan is unsecured, bears interest at 5% on monthly outstanding balance and is repayable in 60 equal monthly installments of N\$ 132,051.	(5,734,062)	(6,997,486)	-
Mark R. Barnard & Werner N. Lassen The loan is unsecured, interest free and has no fixed terms of repayment.	(1,441,373)	(6,088,903)	-
Easco Properties CC The loan is unsecured, bears interest at prime rate and has no fixed terms of repayment.	1,595,809	9,662,712	-
Gert Duvenhage The loan is unsecured, interest free and has no fixed terms of repayment.	(4,500,000)	(4,500,000)	-
Canocopy (Pty) Ltd The loan is unsecured, bears interest at prime rate and has no fixed terms of repayment.	8,491,348	12,464,155	-
	23,350,649	23,638,918	2,591,331
Non-current assets	7,891,348	-	-
Current assets	27,134,736	44,074,000	2,597,323
Non-current liabilities	(4,470,631)	(5,734,062)	-
Current liabilities	(7,204,804)	(14,701,020)	(5,992)
	23,350,649	23,638,918	2,591,331

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Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
7. Loans to (from) shareholders			
Cuvelai Telecommunications (Pty) Ltd The loan are unsecured, bears interest at prime rate plus 2% and has no fixed terms of repayment	(2,122,767)	(2,043,008)	-
Rolf Peter Konrad Mendelsohn	1,260,333	(2,259,025)	(2,066,696)
Schalk Leipoldt Van Zyl Erasmus	138,176	(3,343,857)	(621,595)
Bartolomeus Roelof Harmse	(1,108,114)	(5,010,558)	399,053
Internet Technologies Namibia (Pty) Ltd The above loans are unsecured, interest free and have no fixed terms of repayment.	898	-	(13,882,927)
	<u>(1,831,474)</u>	<u>(12,656,448)</u>	<u>(16,172,165)</u>
Current assets	1,399,407	-	399,053
Current liabilities	(3,230,881)	(12,656,448)	(16,571,218)
	<u>(1,831,474)</u>	<u>(12,656,448)</u>	<u>(16,172,165)</u>
8. Finance lease receivables			
Gross investment in the lease due			
- within one year	1,534,171	1,161,236	-
- in second to fifth year inclusive	2,151,506	2,081,063	-
	<u>3,685,677</u>	<u>3,242,299</u>	<u>-</u>
less: Unearned finance income	(656,730)	(678,374)	-
	<u>3,028,947</u>	<u>2,563,925</u>	<u>-</u>
Present value of minimum lease payments due			
- within one year	1,154,621	1,073,834	-
- in second to fifth year inclusive	1,874,326	1,490,091	-
	<u>3,028,947</u>	<u>2,563,925</u>	<u>-</u>
<p>The company entered into finance leasing arrangements for PABX equipment. The average term of finance leases entered into is five years. The interest inherent in the leases is linked to the Namibian prime rate with the average effective interest rate being approximately 15.25% per annum.</p> <p>The fair value of these assets approximate their carrying value.</p>			
9. Inventories			
Work in progress	5,281,834	2,773,213	2,429,256
Merchandise	17,551,726	5,859,932	938,868
	<u>22,833,560</u>	<u>8,633,145</u>	<u>3,368,124</u>

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Notes to the Historical Financial Information

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10. Trade and other receivables			
Trade receivables	16,295,882	19,109,338	16,111,660
CRAN commission	1,419,767	2,223,767	553,333
Deposits	604,102	624,102	203,152
Value Added Tax	-	1,199,203	57,509
Sundry debtors	46,656	11,303	1
Other receivables	324,749	5,109,641	862,035
	<u>18,691,156</u>	<u>28,277,354</u>	<u>17,787,690</u>

Fair value of trade and other receivables

The carrying value of trade and other receivables approximates fair value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 90 days past due are not considered to be impaired. At 28 February 2017, N\$ 7,665,689.68 (2016: N\$ 18,991,739 ; 2015: N\$ 7,576,637) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Past due 0 - 30 days	2,519,156	13,958,652	3,276,340
Past 31 - 120 days	2,133,945	3,079,383	3,681,300
Past 121 - 360 days	3,012,588	1,953,704	618,997

Trade and other receivables impaired

As of 28 February 2017, trade and other receivables of N\$ 1,621,521 (2016: N\$ 1,267,470 ; N\$ 865,512) were impaired and provided for.

The ageing of these loans is as follows:

Past due 121 -360 days	1,621,521	1,267,470	865,512
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11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	16,994	50,324	1,709
Bank balances	1,217,336	41,555	298,362
Short-term deposits	120,412	24,107	69,496
Bank overdraft	(5,517,264)	(5,532,606)	(4,841,519)
	<u>(4,162,522)</u>	<u>(5,416,620)</u>	<u>(4,471,952)</u>
Current assets	1,354,742	115,986	369,567
Current liabilities	(5,517,264)	(5,532,606)	(4,841,519)
	<u>(4,162,522)</u>	<u>(5,416,620)</u>	<u>(4,471,952)</u>

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Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
11. Cash and cash equivalents (continued)			
The carrying amount of cash and cash equivalents approximates fair value.			
The overdraft is secured by:			
- Unlimited letter of suretyship signed by Schalk Liepoldt Van Zyl Erasmus			
- Unlimited letter of suretyship signed by Barthlomeus Roelof Jacobus Harmse			
- Unlimited letter of suretyship signed by Rolf Peter Konrad Mendelsohn			
- Unlimited letter of suretyship signed by Canocopy (Pty) Ltd Reg No 86/145			
-General indemnity signed for the issuing of performance guarantees			
-Cession of debts			
-No prior liens letter			
Details of total facilities are as follows:			
- Direct short term overdraft facility - N\$7,000,000			
- Contigent Facility - N\$2,000,000			
- PACS Collection Facilities - N\$2,000,000			
- First Card Facility - N\$265,000			
Latest review was February 2017			
12. Share capital			
Authorised			
35,000 Ordinary shares of N\$ 5 each	175,000	175,000	175,000
Issued			
33,332 Ordinary shares of N\$ 5 each	166,660	166,660	166,660
13. Other financial liabilities			
Held at amortised cost			
Bank loan	114,055,178	102,531,037	12,498,463
The loan bears interest at 10.70% (2016:10.25% ; 2015: 9.25%) and is repayable in 101 monthly installments			
Non-current liabilities			
At amortised cost	105,233,870	102,531,037	10,189,625
Current liabilities			
At amortised cost	8,821,308	-	2,308,838
	114,055,178	102,531,037	12,498,463

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Notes to the Historical Financial Information

Figures in Namibian Dollar

	2017	2016	2015
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13. Other financial liabilities (continued)

Other financial liabilities are secured as follows:

- Unlimited suretyship by Bartholomeus Roelof Jacobus Harmse
- Unlimited suretyship by Schalk Leipoldt van Zyl Erasmus
- Unlimited suretyship by Rolf Peter Konrad Mendelsohn
- Unlimited suretyship by John Walenga
- Unlimited suretyship by Canocopy (Pty) Ltd supported by cession of debtors
- Unlimited suretyship by ITN Property Two (Pty) Ltd supported by 1st continuing coverage mortgage bond for N\$ 34,000,000.00 over Erf 348, Prosperita, Windhoek.
- Suretyship for N\$ 9,000,000.00 by Easco Properties CC supported by 1st continuing coverage mortgage bond for N\$9,000,000.00 over Erf 232, Prosperita, Windhoek

14. Finance lease obligation

Minimum lease payments due

- within one year	496,847	93,604	1,060,280
- in second to fifth year inclusive	1,166,098	371,071	437,433
	<u>1,662,945</u>	<u>464,675</u>	<u>1,497,713</u>
less: future finance charges	(269,736)	(93,317)	(111,006)
Present value of minimum lease payments	<u>1,393,209</u>	<u>371,358</u>	<u>1,386,707</u>

Present value of minimum lease payments due

- within one year	368,764	61,806	984,267
- in second to fifth year inclusive	1,024,445	309,552	402,440
	<u>1,393,209</u>	<u>371,358</u>	<u>1,386,707</u>

Non-current liabilities	1,024,445	309,552	402,440
Current liabilities	368,764	61,806	984,267
	<u>1,393,209</u>	<u>371,358</u>	<u>1,386,707</u>

It is the company policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 9.75% (2016: 9.25% ; 2015: 8.75%)

Interest rates are linked to prime at the contract date.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets.

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
15. Deferred tax			
Deferred tax asset			
Accelerated capital allowances for tax purposes	<u>(6,011,767)</u>	<u>(2,686,060)</u>	<u>(2,124,278)</u>
Reconciliation of deferred tax asset (liability)			
At beginning of the year	(2,686,060)	(2,124,278)	(169,717)
Correction of prior period adjustment	922,519	-	-
Timing differences	(3,975,806)	(4,475,675)	(1,959,704)
Increase (decrease) in tax losses available for set off against future taxable income	(272,420)	3,913,893	5,143
	<u>(6,011,767)</u>	<u>(2,686,060)</u>	<u>(2,124,278)</u>
16. Trade and other payables			
Trade payables	21,901,570	33,965,233	22,516,097
Amounts received in advance	4,006,783	3,357,503	3,268,375
Value Added Tax	1,927,683	-	-
Provisions	3,130,888	1,593,888	22,018
Other Payables	606,232	-	248,942
Accrued expenses	5,010,751	4,028,095	3,257,040
Deposits received	-	-	2,238,189
	<u>36,583,907</u>	<u>42,944,719</u>	<u>31,550,661</u>
17. Revenue			
Sale of goods	-	-	1,192,147
Rendering of services and sale of goods	245,509,537	188,995,247	138,441,260
	<u>245,509,537</u>	<u>188,995,247</u>	<u>139,633,407</u>
18. Profit before investment income and finance costs			
Profit before investment income and finance costs for the year is stated after accounting for the following:			
Operating lease charges			
Premises			
• Contractual amounts	4,083,011	2,694,480	981,973
Equipment			
• Contractual amounts	47,912	18,099	-
	<u>4,130,923</u>	<u>2,712,579</u>	<u>981,973</u>

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
18. Profit before investment income and finance costs (continued)			
Profit/ (Loss) on sale of property, plant and equipment	234,782	(38,961)	2,566
Impairment on intangible assets	-	-	656,400
Profit on exchange difference	(130,729)	(386,807)	(70,400)
Amortisation on intangible assets	1,426,006	571,361	866,200
Depreciation on property, plant and equipment	2,244,273	1,273,352	1,015,388
Employee costs	52,804,366	35,620,616	22,239,056
	<u>52,804,366</u>	<u>35,620,616</u>	<u>22,239,056</u>
19. Finance income			
Interest income			
Other loans	1,079,654	-	-
Interest received from bank balances	5,410	45,565	27,709
Finance leases	469,250	213,974	-
Loans to related parties	3,447,368	1,695,340	-
	<u>5,001,682</u>	<u>1,954,879</u>	<u>27,709</u>
20. Finance costs			
Loan facility fee	-	829,991	-
Interest paid	13,771,804	6,272,927	667,645
	<u>13,771,804</u>	<u>7,102,918</u>	<u>667,645</u>

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
21. Taxation			
Major components of the tax expense			
Current			
Local income tax - current period	-	-	4,093,358
Local income tax - recognised in current tax for prior periods	-	127,917	-
	<u>-</u>	<u>127,917</u>	<u>4,093,358</u>
Deferred			
Deferred tax	3,325,707	561,782	1,954,561
	<u>3,325,707</u>	<u>689,699</u>	<u>6,047,919</u>
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense.			
Accounting profit	13,336,982	5,243,187	18,829,371
Tax at the applicable tax rate of 32% (2016: 32% ; 2015: 32%)	4,267,834	1,677,820	6,025,398
Tax effect of adjustments on taxable income			
Permanent differences	(31,864)	(1,117,531)	13,008
Charitable donations income	12,256	1,493	14,682
Prior period adjustment	(922,519)	127,917	-
Rate change from 33% to 32%	-	-	(5,169)
	<u>3,325,707</u>	<u>689,699</u>	<u>6,047,919</u>
22. Cash generated from operations			
Profit / (Loss) before taxation	13,336,982	5,243,187	18,829,371
Adjustments for:			
Depreciation and amortisation	16,517,933	9,950,621	6,662,098
(Profit)/ Loss on sale of assets	(234,782)	38,961	(2,566)
Interest received	(5,001,682)	(1,954,879)	(27,709)
Finance costs	13,771,804	7,102,918	667,645
Impairment loss	-	-	656,400
Impairment loss	-	512,945	-
Changes in working capital:			
Inventories	(14,200,415)	(5,265,021)	(3,368,124)
Trade and other receivables	9,586,198	(10,489,664)	(11,283,033)
Prepayments	-	5,329,891	(5,329,891)
Trade and other payables	(6,360,812)	11,394,058	23,472,048
	<u>27,415,226</u>	<u>21,863,017</u>	<u>30,276,239</u>
23. Auditors' remuneration			
Fees	369,384	290,250	157,322

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
24. Related parties			
Relationships			
Shareholder (9% shareholding)	The Blue Bird Trust	5	
Shareholder (30% shareholding)	Cuvelai Telecommunications (Pty) Ltd		
Shareholder (5% shareholding)	Internet Technologies Namibia (Pty) Ltd		
Shareholder (9% shareholding)	The Leo Trust		
Shareholder (16% shareholding)	Bartholomeus R Harmse		
Shareholder (16% shareholding)	Schalk L. Van Zyl Erasmus		
Shareholder (15% shareholding)	Rolf P. K Mendelsohn		
Subsidiaries			
	Paratus Voice Telecommunications (Pty) Ltd		
	Canocopy (Pty) Ltd		
	Internet Technologies Namibia (Pty) Ltd		
Other related parties			
	Maximum Networks (Pty)Ltd		
	ITN Property Two (Pty) Ltd		
	Easco Properties CC		
	Paratus Telecommunications Ltd Mauritius		
Director			
	Schalk L. Van Zyl Erasmus		
	Edward JD Alton		
	Bartholomeus R. Harmse		
	John Walenga		
	Christiaan Bazuin		
Related party balances			
Loan accounts - Owing (to) by related parties			
Bartholomeus R. Harmse	(1,108,114)	(5,010,558)	399,053
Schalk L. Van Zyl Erasmus	138,176	(3,343,857)	(621,595)
Rolf P. K Mendelsohn	1,260,333	(2,259,025)	(2,066,696)
Maximum Networks (Pty)Ltd	43,778	42,081	(5,992)
ITN Property Two (Pty) Ltd	23,583,066	21,031,503	2,597,323
Cuvelai Telecommunications (Pty) Ltd	(2,122,767)	(2,043,008)	-
Easco Properties CC	1,595,809	9,662,712	-
Werner N. Lassen	(1,441,373)	(6,088,903)	-
Miles October	(5,734,062)	(6,997,486)	-
Gert Duvenhage	(4,500,000)	(4,500,000)	-
Canocopy (Pty) Ltd	8,491,348	12,464,115	-
Paratus Telecommunications Ltd	-	(2,848,693)	-
Paratus Voice Telecommunications (Pty) Ltd	1,312,083	873,549	-
Internet Technologies (Pty) Ltd	899	-	(13,882,927)
Amounts included in Trade receivables regarded related parties			
Paratus Telecommunications (Pty) Ltd Zambia	204,910	-	-
Internet Technologies (Pty) Ltd Angola	16,934	-	-
Paratus Telecommunications Ltd Mauritius	5,315,887	-	-
Paratus Telecommunications (Pty) Ltd Botswana	183,715	-	-
Maximum Networks (Pty) Ltd	5,660	-	-
Paratus Voice Telecommunications (Pty) Ltd	-	-	435,065

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
24. Related parties (continued)			
Amounts included in Trade Payables regarding related parties			
Paratus Telecommunications Ltd Mauritius	23,910	-	-
Paratus Telecommunications (Pty) Ltd Zambia	4,131	-	-
Paratus Voice Telecommunications (Pty) Ltd	-	-	(390,913)
	<hr/>	<hr/>	<hr/>
Related party transactions			
Property and Equipment purchase from related parties			
Paratus Voice Telecommunications (Pty) Ltd	-	106,202	436,834
Canocopy (Pty) Ltd	79,606	73,529	-
	<hr/>	<hr/>	<hr/>
Purchases from related parties			
Paratus Voice Telecommunications (Pty) Ltd	-	308,279	532,811
Canocopy (Pty) Ltd	685,882	420,772	-
	<hr/>	<hr/>	<hr/>
Rent paid to related party			
ITN Property Two (Pty) Ltd	3,026,087	1,008,696	-
	<hr/>	<hr/>	<hr/>
Property and Equipment purchased from related party			
Bartholomeus R. Harmse	-	225,251	-
	<hr/>	<hr/>	<hr/>
Interest received from related party			
ITN Property Two (Pty) Ltd	3,277,670	1,532,629	-
Easco Properties (Pty) Ltd	169,670	-	-
Canocopy (Pty) Ltd	1,038,636	-	-
	<hr/>	<hr/>	<hr/>
Dividends received from related party			
Internet Technologies Namibia (Pty) Ltd	-	3,302,549	-
	<hr/>	<hr/>	<hr/>
Management fees received from related party			
Canocopy (Pty) Ltd	774,000	-	-
	<hr/>	<hr/>	<hr/>

Paratus Telecommunications (Proprietary) Limited
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 Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
25. Directors' emoluments			
Executive			
2017			
		Salaries and allowances	Total
Executive Directors		5,482,601	5,482,601
2016			
		Salaries and allowances	Total
Executive Directors		3,287,241	3,287,241
2015			
		Salaries and allowances	Total
Executive Directors		3,423,003	3,423,003

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
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26. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: interest rate risk, liquidity risk and credit risk.

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years
At 28 February 2017		
Trade Payables	36,583,908	-
Loans from related parties	7,204,804	4,470,631
Loans from shareholders	3,230,881	-
Finance lease liabilities	368,764	1,024,445
Other financial liabilities	8,821,308	105,233,870
Bank overdraft	5,517,264	-
At 29 February 2016		
Trade Payables	42,944,719	-
Loans from related parties	14,701,020	5,734,062
Loans from shareholders	12,656,448	-
Finance lease liabilities	61,806	309,552
Other financial liabilities	-	102,531,037
Bank overdraft	5,532,606	-
At 28 February 2015		
Trade and other payables	31,550,662	-
Loans from related parties	5,992	-
Loans from shareholders	16,571,218	-
Finance lease obligation	984,267	402,440
Other financial liabilities	2,308,838	10,189,625
Bank overdraft	4,841,519	-

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
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26. Risk management (continued)

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

At 28 February 2017, if interest rates on Namibian Dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been N\$ 1 333 225 (2016: N\$ 1 219 755 ; 2015: N\$ 54 907) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors, loans to related parties and prepayments. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016	2015
Trade and other receivables	18,691,156	28,277,354	17,787,690
Cash and cash equivalents	1,354,742	115,986	369,567
Loans to related parties	35,026,084	44,074,000	2,597,323
Loans to shareholders	1,399,408	-	399,053
Prepayments	-	-	5,329,891

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The company does not hedge foreign exchange fluctuations.

27. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
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27. Financial assets by category (continued)

2017

	Loans and receivables	Total
Loans to related parties	35,026,084	35,026,084
Loans to shareholders	1,399,407	1,399,407
Trade and other receivables	18,691,156	18,691,156
Cash and cash equivalents	1,354,742	1,354,742
Finance lease receivables	3,028,948	3,028,948
	59,500,337	59,500,337

2016

	Loans and receivables	Total
Loans to related parties	44,074,000	44,074,000
Trade and other receivables	28,277,354	28,277,354
Cash and cash equivalents	115,986	115,986
Finance lease receivables	2,563,925	2,563,925
	75,031,265	75,031,265

2015

	Loans and receivables	Total
Loans to related parties	2,597,323	2,597,323
Loans to shareholders	399,053	399,053
Trade and other receivables	17,787,690	17,787,690
Cash and cash equivalents	369,567	369,567
Prepayments	5,329,891	5,329,891
	26,483,524	26,483,524

28. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Notes to the Historical Financial Information

Figures in Namibian Dollar	2017	2016	2015
28. Financial liabilities by category (continued)			
2017			
		Financial liabilities at amortised cost	Total
Loans from related parties		11,675,435	11,675,435
Loans from shareholders		3,230,881	3,230,881
Other financial liabilities		105,233,870	105,233,870
Trade and other payables		36,583,908	36,583,908
Bank overdraft		5,517,264	5,517,264
Finance lease obligations		1,393,209	1,393,209
		163,634,567	163,634,567
2016			
		Financial liabilities at amortised cost	Total
Loans from related parties		20,435,082	20,435,082
Loans from shareholders		12,656,448	12,656,448
Other financial liabilities		102,531,037	102,531,037
Trade and other payables		42,944,719	42,944,719
Bank overdraft		5,532,606	5,532,606
Finance lease obligations		371,358	371,358
		184,471,250	184,471,250
2015			
		Financial liabilities at amortised cost	Total
Loans from related parties		5,992	5,992
Loans from shareholders		16,571,218	16,571,218
Other financial liabilities		12,498,463	12,498,463
Trade and other payables		31,550,661	31,550,661
Bank overdraft		4,841,519	4,841,519
Finance lease obligations		1,386,707	1,386,707
		66,854,560	66,854,560

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Detailed Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibian Dollar	Note(s)	2017	2016	2015
Revenue	17	245,509,537	188,995,247	139,633,407
Cost of sales		(135,256,429)	(116,465,728)	(80,954,963)
Gross profit		110,253,108	72,529,519	58,678,444
Other income				
Discount received		13,829	40,257	432
Recoveries		6,959	-	-
Other income		175,191	580,409	24,880
Dividends received		42,110	3,492,285	-
Interest received	19	5,001,682	1,954,879	27,709
Gains on disposal of assets		234,782	-	2,566
Profit on exchange differences		130,729	386,807	70,400
		5,605,282	6,454,637	125,987
Operating expenses				
Advertising		(4,607,198)	(2,386,700)	(1,605,486)
Auditors remuneration	23	(369,384)	(290,250)	(157,322)
Bad debts		-	-	(477,879)
Bank charges		(566,951)	(797,968)	(639,816)
Cleaning		(142,402)	(72,339)	(23,595)
Computer expenses		(3,155,125)	(2,158,729)	(19,900)
Consulting and professional fees		(3,698,623)	(7,537,977)	(3,646,760)
Depreciation, amortisation and impairments		(4,468,208)	(2,621,999)	(2,107,782)
Discount allowed		(397,434)	(536,000)	(458,786)
Donations		(38,300)	(4,585)	(45,882)
Employee costs		(52,804,366)	(35,620,616)	(22,239,056)
Entertainment		(834,103)	(1,004,761)	(529,312)
Rates and taxes		(7,469)	(15,600)	-
Shopfitting		(2,000)	-	-
Research and development		(3,678)	-	-
Fines and penalties		(4,370)	(244,407)	-
General expenses		(252,722)	(61,041)	-
Gifts		(53,851)	(21,389)	-
Insurance		(1,598,212)	(1,131,603)	(841,192)
Lease rentals on operating lease		(4,130,923)	(2,712,579)	(981,973)
Legal expenses		(313,622)	(88,667)	(64,593)
License fees		(2,458,680)	(1,694,325)	-
Loss on disposal of assets		-	(38,961)	-
Motor vehicle expenses		(1,079,054)	(691,424)	(141,946)
Petrol and oil		(30,000)	-	-
Postage		(1,081,420)	(1,410,008)	(900,386)
Printing and stationery		(619,258)	(440,691)	(212,762)
Protective clothing		-	-	(109,908)
Repairs and maintenance		(358,553)	(790,258)	(785,502)
Secretarial fees		(30,961)	(84,667)	(82,574)
Security		(220,554)	(79,915)	(14,063)

Paratus Telecommunications (Proprietary) Limited

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Historical Financial Information for the year ended 28 February 2017

Detailed Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibian Dollar	Note(s)	2017	2016	2015
Sponsorships and bursaries		(146,083)	(102,260)	-
Staff uniforms		(320,036)	(278,907)	-
Staff welfare		(893,009)	(553,001)	(499,388)
Subscriptions		(27,199)	(32,596)	(36,979)
Telephone and fax		(1,472,501)	(882,144)	(523,408)
Training		(1,023,617)	(399,082)	(858,104)
Travel - local		(487,966)	(556,540)	(284,166)
Travel - overseas		(910,405)	(1,000,618)	(626,045)
Water and electricity		(141,367)	(295,444)	(392,850)
		(88,749,604)	(66,638,051)	(39,307,415)
Operating profit	18	27,108,786	12,346,105	19,497,016
Finance costs	20	(13,771,804)	(7,102,918)	(667,645)
Profit before taxation		13,336,982	5,243,187	18,829,371
Taxation	21	3,325,707	689,699	6,047,919
Profit for the year		10,011,275	4,553,488	12,781,452

ANNEXURE D: INDEPENDENT REPORTING ACCOUNT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF PARATUS

The Directors

Nimbus Infrastructure Limited

1 Charles Cathral Street

Olympia

Windhoek

Namibia

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF PARATUS TELECOMMUNICATIONS (PROPRIETARY) LIMITED

Adverse Opinion

Nimbus Infrastructure Limited ("Nimbus" or "the Company") is issuing a circular to its shareholders to be dated on or about 27 March 2018 (the "Circular") regarding the proposed acquisition whereby Nimbus acquires further Paratus Telecommunications Pty Ltd ("Paratus") Shares in exchange for the Swap Consideration ("the Swap"), which increases Nimbus' effective see-through economic interest to 51.4% in Paratus ("the Swap") and the renounceable Rights Issue to Qualifying Shareholders in the ratio of 15 Rights Issue Shares for every 10 Shares held ("the Rights Issue").

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying Historical Financial Information does not present fairly the consolidated financial position of the Group as at 28 February 2017 and 29 February 2016, and its consolidated financial performance and its consolidated cash flows for the two years then ended ("Historical Financial Information") in accordance with International Financial Reporting Standards. We are the independent auditors of Paratus.

What we have audited

At your request and solely for the purpose of the Historical Financial Information as set out in Annexure C of the Circular:

- The statements of financial position as at 28 February 2017 and 29 February 2016;
- The statements of profit or loss and other comprehensive income for the two years then ended;
- The statements of changes in equity for the two years then ended;
- The cash flows for the two years then ended; and
- The notes to the Historical Financial Information, which include a summary of significant accounting policies.

Basis for Adverse Opinion

As explained in note 1 of Annexure C of the Circular, the Group has not prepared the consolidated financial statements in accordance with International Financial Reporting Standards. Had the Historical Financial Information been consolidated many elements in the accompanying Historical Financial Information would have been materially affected. The effects of failure of preparation of consolidated financial statements have not been determined.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Reporting Accountant's responsibilities for the audit of the Historical Financial Information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A & B) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with this and in accordance with other ethical requirements applicable to performing audits in Namibia.

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Responsibilities of the Directors for the Historical Financial Information

The Directors are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Reporting Accountant's responsibilities for the audit of Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Historical Financial Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Financial Information, including the disclosures, and whether the Historical Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Historical Financial Information. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion. We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Consent

We consent to the inclusion of this report and reference to our opinion in the Circular in the form and context in which it appears.

BDO (Namibia)

Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: M Nel
Partner
Windhoek
27 March 2018

ANNEXURE E: CONDENSED INTERIM FINANCIAL RESULTS OF PARATUS FOR THE SIX MONTHS ENDED 31 AUGUST 2017

The interim condensed financial information of Paratus for the periods ended 31 August 2017 and 31 August 2016 are set out below.

The Directors of Paratus are responsible for the preparation of the consolidated financial information contained in this interim condensed financial statements.

Commentary related to the financial performance of Paratus has been showed in Section 7 in the Circular.

**Paratus Telecommunications (Proprietary) Limited
(Registration number 2007/0100)
Interim Financial Statements
for the 6 months ended 31 August 2017**

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Interim Financial Statements for the 6 months ended 31 August 2017

Statement of Financial Position

Figures in Namibia Dollar	Note(s)	31 August 2017	28 February 2017
Assets			
Non-Current Assets			
Property, plant and equipment	10	74 399 978	60 717 784
Intangible assets	11	22 235 353	23 135 426
Investments in subsidiaries	12	40 416 748	40 416 748
Investment in associate	12	200 000	-
Loans to related parties	13	7 144 961	7 891 348
Finance lease receivables	14	2 450 429	3 028 948
		146 847 468	135 190 254
Current Assets			
Inventories	15	29 214 535	22 833 560
Current tax receivable		1 600 094	350 183
Trade and other receivables	16	18 616 098	18 691 156
Loans to related parties	13	28 534 445	27 134 737
Loans to shareholders	17	1 824 260	1 399 408
Cash and cash equivalents	18	17 879	1 354 743
		79 807 312	71 763 786
Total Assets		226 654 780	206 954 040
Equity and Liabilities			
Equity			
Share capital	19	166 660	166 660
Retained earnings		32 422 361	28 319 737
		32 589 021	28 486 397
Liabilities			
Non-Current Liabilities			
Loans from related parties	13	3 643 647	4 470 631
Other financial liabilities	20	100 585 058	105 233 870
Finance lease obligation		824 143	1 024 445
Deferred taxation	21	10 500 819	6 011 767
		115 553 667	116 740 714
Current Liabilities			
Other financial liabilities	20	10 950 443	8 821 308
Finance lease obligation		352 401	368 764
Trade and other payables	22	42 322 658	36 583 907
Loans from related parties	13	6 484 191	7 204 804
Loans from shareholders	17	1 586 148	3 230 882
Bank overdraft	18	16 816 250	5 517 264
		78 512 092	61 726 929
Total Liabilities		194 065 759	178 467 643
Total Equity and Liabilities		226 654 780	206 954 040

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Interim Financial Statements for the 6 months ended 31 August 2017

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar		6 months ended	6 months ended
	<u>Note(s)</u>	31 August 2017	31 August 2016
			(Not Reviewed)
Revenue	23	132,077,574	115,156,651
Cost of Sales		<u>(63,746,325)</u>	<u>(67,806,149)</u>
Gross profit		68,331,249	47,350,502
Other Income		160,896	462,065
Impairment of investment in subsidiaries	12	(5,408,966)	-
Operating Expenses		<u>(50,089,289)</u>	<u>(42,928,856)</u>
Profit before investment income and finance costs	24	12,993,890	4,883,711
Finance Income	25	2,570,144	2,387,514
Finance costs	26	<u>(6,972,358)</u>	<u>(6,882,966)</u>
Profit before taxation		8,591,676	388,259
Taxation	27	(4,489,052)	(126,493)
Profit for the year		<u>4,102,624</u>	<u>261,766</u>
Other comprehensive income		-	-
Total comprehensive income		<u>4,102,624</u>	<u>261,766</u>

Paratus Telecommunications (Proprietary) Limited

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Interim Financial Statements for the 6 months ended 31 August 2017

Statement of Changes in Equity

Figures in Namibia Dollar

	Share capital	Retained income	Total Equity
Balance at 01 March 2016	166,660	18,308,463	18,475,123
Changes in equity		-	-
Total Comprehensive income for the six months ended 31 August 2016 (not reviewed)		261,766	261,766
Total Changes	-	261,766	261,766
Balance at six months ended 31 August 2016 (Not reviewed)	166,660	18,570,229	18,736,889
Balance at 1 March 2017	166,660	28,319,737	28,486,397
Changes in equity		-	-
Total Comprehensive income for the six months ended 31 August 2017		4,102,624	4,102,624
Total Changes	-	4,102,624	4,102,624
Balance at six months ended 31 August 2017	166,660	32,422,361	32,589,021

Note(s)

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Paratus Telecommunications (Proprietary) Limited

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Interim Financial Statements for the 6 months ended 31 August 2017

Statement of Cash Flows

Figures in Namibia Dollar		6 months ended	6 months ended
	<u>Note(s)</u>	31 August 2017	31 August 2016 (Not reviewed)
Cash flows from operating activities			
Cash generated from operations	28	24,650,703	7,324,120
Interest income		2,570,144	2,387,514
Finance cost		(6,972,358)	(6,882,966)
Net cash from operating activities		20,248,489	2,828,668
Cash flows from investing activities			
Purchase of property plant and equipment	10	(22,235,843)	(5,948,923)
Sale of property plant and equipment	10	211,919	272,274
Purchase of other intangible assets	11	(398,121)	(654,980)
Loans advanced to group companies		(2,534,885)	(3,018,167)
Purchase of shares in subsidiaries		(3,500,000)	-
Purchase of investment in associate		(200,000)	-
Net cash from investing activities		(28,656,930)	(9,349,796)
Cash flow from financing activities			
(Repayments)/Proceeds from other financial liabilities		(2,519,678)	7,187,984
Repayment of shareholder loans		(2,069,586)	(1,102,330)
Finance lease (payments) receipts		(216,664)	415,869
Finance lease repayment/(granted)		578,519	1,160,191
Net cash from financing activities		(4,227,409)	7,661,714
Total cash movement for the year		(12,635,850)	1,140,586
Cash at the beginning of the year		(4,162,522)	(5,416,620)
Total cash at the end of the year	18	(16,798,372)	(4,276,034)

Paratus Telecommunications (Proprietary) Limited

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Interim Financial Statements for the 6 months ended 31 August 2017

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed interim financial report for the half year reporting period ended 31 August 2017 has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), disclosure as required by IAS 34 Interim Financial Reporting Standards, the Companies Act, as amended, and the Namibian Stock Exchange Listings Requirements. The condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 28 February 2017. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous period and with those applied in the financial statements for the year ended 28 February 2017.

1.1 Critical judgement in applying the company's accounting policies

In the process of applying the company's accounting policies, the key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

Allowance for doubtful debts

At each reporting date the company assesses whether there is any objective evidence that debtors are impaired. Accounts are written off when they are irrecoverable.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Core network assets	5 years
Computer software	3 years
Dedi corporate assets	5 years
IT equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	4 years
Office equipment	5 years
Infrastructure	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Paratus Telecommunications (Proprietary) Limited

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at revalued amount, being fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in the carrying amount of an intangible asset, as a result of a revaluation, is credited to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in the carrying amount of an intangible asset, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited to other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Patents, trademarks and other rights	25 years

1.4 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

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Interim Financial Statements for the 6 months ended 31 August 2017

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1.5 Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are stated at fair value of the consideration less allowances for estimated irrecoverable amounts. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibian Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective

At the date of the authorisation of these financial statements, the following standards and interpretations which may be applicable to the company were in issue but not yet effective.

IFRS 1 First Time Adoption of International Financial Reporting Standards

Annual Improvements 2014-2016 Cycle: Deletion of short-term exemptions that is no longer applicable. Effective for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments

A finalised version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on classification and measurement, impairment hedge Accounting and derecognition. Effective for annual periods beginning on or after 1 January 2018.

IAS 39 Financial Instruments

Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception. Effective date of application is 1 January 2018.

IFRS 12 Disclosure of Interests in Other Entities

Annual Improvements 2014-2016 Cycle: Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Effective date of application is 1 January 2017.

IFRS 15 Revenue from Contracts from Customers

New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. Effective for annual periods beginning on or after 1 January 2018.

IFRS 16 Leases

New standard that introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lease recognize depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Effective for annual periods beginning on or after 1 January 2019.

The directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements of the Company.

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Although global markets conditions have effected market confidence and consumer spending patterns, the company remains well placed to grow revenues through ongoing service product innovation. The company has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn facilities to service its operating activities and ongoing investment in infrastructure.

The financial position and performance of the company was particularly affected by the following events and transactions during the six months to 31 August 2017:

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD (continued)

3.1. Signed an agreement with Botswana Fibre Networks (Pty) Ltd ("BoFiNet") during June 2017 whereby BoFiNet purchased a Dark Fibre Indefeasible Right of Supply (IRS) with unlimited transit capacity from Paratus. The transaction is based on a 20 year IRS on Dark Fibre provided between Ngoma and Sesheke. The value of the contract is approximately 11 million Namibian Dollars. The agreement with BoFiNet also provides Paratus Telecommunications (Pty) Ltd ("Paratus") with broadband transit capacity from Ngoma to Buitepos, which will enable Paratus to sell transit capacity via this route into the rest of Africa. The project is expected to be finalised during November 2017.

3.2. During May 2017 Paratus has renegotiated the company's main borrowing facility, to secure funding for the construction of fibre infrastructure between Swakopmund and Buitepos. The available amount under the overdraft facility was increased from N\$7 million to N\$10 million and an additional bridging facility of N\$20 million was secured.

3.3. During the 2015 financial year the assets and liabilities of Internet Technologies Namibia (Pty) Ltd ("ITN") was transferred to Paratus Telecommunications (Pty) Ltd. Paratus concluded a transaction with one of the ITN shareholders to acquire the shareholding in ITN for N\$5 000 000. It was contractually agreed with the seller that the payment of the purchase consideration is to be paid in installments of N\$750 000 per month, with the last payment of N\$750 000 due on 31 October 2017. The legal fees of N\$75 000 for this transaction is payable to the seller at the end of November 2017. An accrual of N\$1 575 000 was therefore raised to account for the remaining payments due. ITN is no longer an operational company and is in the process to be deregistered.

4. SUBSEQUENT EVENTS

Since the end of the interim reporting period, the company has concluded transactions and agreements as outlined below:

4.1. During September 2017 Paratus has signed an agreement with Botswana Fibre Networks (Pty) Ltd ("BoFiNet") whereby BoFiNet purchased a 20 year Indefeasible Right of Supply (IRS) with transit bandwidth. For this Paratus is to invest in fiber infrastructure from the West Africa Cable System (WACS) in Swakopmund to Buitepos (Botswana border). The cost of this project is estimated to be N\$68 million. The value of the BoFiNet contract is N\$61,6 million, which will be received in progress payments from September 2017 to April/May 2018. The contract also makes provision for an operational and maintenance portion, which is receivable in two tranches of N\$12 457 658 on 1 May 2019 and N\$13 828 000 on 1 May 2020. These payments are to be utilised to maintain the line over the contract period.

4.2. During September 2017 Paratus obtained an additional facility of N\$15 million from Nedbank to fund the construction of the fibre line between Swakopmund and Buitepos. The facility bears interest at prime plus 1% and expires on 31 May 2018.

4.3. During October 2017 a loan from Mr Miles October to the value of N\$5 079 427 was repaid in full. An agreement was reached between Paratus and Mr Miles for the early settlement of the loan (refer to note 13 for the loan details).

4.4. According to the listing requirements of the NSX, the directors of Nimbus Infrastructure Limited ("Nimbus") should subscribe for at least 5% of the issued share capital of Nimbus, which is classified as a Capital Pool Company. In order to ensure that on the listing date of Nimbus, the directors directly or indirectly hold at least 5% of the issued share capital in Nimbus, a subscription agreement have been concluded whereby Schalk Leipoldt Van Zyl Erasmus has agreed to subscribe for 5% of the total issued share capital of Nimbus. Mr Erasmus has also concluded a nominee agreement with Paratus in terms whereof he will hold the shares subscribed to on the Private Placement as nominee for Paratus. The aforementioned has resulted that Paratus had to subscribe for additional shares to the value of N\$5 100 000 during October 2017, which brought the total Paratus shareholding into Nimbus at 5% of the total issued share capital.

4.5. During January 2018 Nimbus Infrastructure Limited ("Nimbus") acquired a 26.5% stake in Paratus, which resulted in a N\$75 million capital injection into Paratus. The capital injection was partly utilised to settle the First National Bank overdraft and bridging facilities as well as the additional Nedbank facility. In preparation of the acquisition by Nimbus of shareholding in Paratus, the following restructuring in Paratus occurred:

4.5.1. In an effort to maximise the effective shareholding acquired in Paratus it was agreed that Canocopy (Proprietary) Limited ("Canocopy") should not form part of the proposed transaction. Canocopy was therefore removed as a 100% subsidiary of Paratus. This was achieved by declaring a dividend in specie equal to the value of the investment in Canocopy to the Paratus shareholders.

4.5.2. Inclusion of the property companies as wholly owned subsidiaries of Paratus.

4.6. During February 2018 Mr John Walenga and Mr Tiaan Bazuin resigned as directors of Paratus. Subsequently Mr Brown Amuenje, Mr Heinrich Jansen van Vuuren and Mr Jaco Esterhuysen have been appointed as non-executive directors to the Board.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

5. RELATED PARTIES

Relationships

Shareholder (9% shareholding)
 Shareholder (30% shareholding)
 Shareholder (5% shareholding)
 Shareholder (9% shareholding)
 Shareholder (16% shareholding)
 Shareholder (16% shareholding)
 Shareholder (15% shareholding)

The Blue Bird Trust 5
 Cuvelai Telecommunications (Pty) Ltd
 Internet Technologies Namibia (Pty) Ltd
 The Leo Trust
 Bartholomeus R Harmse
 Schalk L. Van Zyl Erasmus
 Rolf P. K Mendelsohn

Subsidiaries

Paratus Voice Telecommunications (Pty) Ltd
 Canocopy (Pty) Ltd
 Internet Technologies Namibia (Pty) Ltd

Other related parties

Maximum Networks (Pty)Ltd
 ITN Property Two (Pty) Ltd
 Easco Properties CC
 Paratus Telecommunications Ltd Mauritius
 Paratus Telecommunications (Pty) Ltd Zambia
 Internet Technologies (Pty) Ltd Angola
 Paratus Telecommunications (Pty) Ltd Botswana

Directors

Schalk L. Van Zyl Erasmus
 Edward J D'Alton
 Bartholomeus R Harmse
 John Walenga
 Christiaan Bazuin

Key Management Personnel

Werner N Lassen
 Miles October
 Gert Duvenhage

	31 August 2017	28 February 2017
Loan accounts owing (to)/by Related Parties		
Bartholomeus R Harmse	(638,221)	(1,108,114)
Schalk L. Van Zyl Erasmus	401,288	138,176
Rolf P. K Mendelsohn	1,412,664	1,260,333
Maximum Networks (Pty)Ltd	447,873	43,778
ITN Property Two (Pty) Ltd	24,313,573	23,583,066
Cuvelai Telecommunications (Pty) Ltd	(947,927)	(2,122,767)
Easco Properties CC	1,736,829	1,595,809
Werner N Lassen	(548,411)	(1,441,373)
Miles October	(5,079,427)	(5,734,062)
Gert Duvenhage	(4,500,000)	(4,500,000)
Canocopy (Pty) Ltd	7,744,961	7,779,732
Paratus Telecommunications Ltd Mauritius	62,070	-
Paratus Voice Telecommunications (Pty) Ltd	1,333,082	1,312,083
Internet Technologies Namibia (Pty) Ltd	10,308	899
Amounts included in Trade and Other Receivables		
Paratus Telecommunications (Pty) Ltd Zambia	469,117	204,910
Internet Technologies (Pty) Ltd Angola	163,231	16,934
Paratus Telecommunications Ltd Mauritius	6,660,283	5,315,887
Paratus Telecommunications (Pty) Ltd Botswana	709,034	183,715
Maximum Networks (Pty)Ltd	5,961	5,660
Amounts included in Trade and Other Payables		
Paratus Telecommunications Ltd Mauritius	1,186,719	23,910
Paratus Telecommunications (Pty) Ltd Zambia	67,489	4,131

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

	31 August 2017	28 February 2017
Property, Plant and Equipment purchased from related parties		
Canocopy (Pty) Ltd	-	79,606
Purchases from related parties		
Canocopy (Pty) Ltd	164,760	342,941
Rent paid to related parties		
ITN Property Two (Pty) Ltd	1,512,000	1,512,000
Interest received from related party		
ITN Property Two (Pty) Ltd	1,775,849	1,581,144
Easco Properties CC	124,145	169,670
Canocopy (Pty) Ltd	430,232	-
Paratus Telecommunications (Pty) Ltd - South Africa	9,029	-
Management fees received from related party		
Canocopy (Pty) Ltd	-	174,000

6. DIRECTOR'S EMOLUMENTS

For the six months to 31 August 2017

	Salaries and allowances	Total
Executive Directors	2,215,845	2,215,845

For the six months to 31 August 2016

	Salaries and allowances	Total
Executive Directors	2,023,524	2,023,524

7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

No financial instruments are measured at fair value.

8. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the interim financial statements have been prepared on the going concern basis.

9. NATURE OF FINANCIAL STATEMENTS

Paratus will remove its investment in its subsidiary, Canocopy (Pty) Ltd once the proposed acquisition by Nimbus Infrastructure Limited is approved by the shareholders. The investment in Canocopy (Pty) Ltd is to be removed by way of a dividend *in specie* to its current shareholders, if the transaction is approved by the shareholders of As a result of the dividend in specie, the financial statements presented at 31 August 2017 represent company financial statements only.

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Interim Financial Statements for the 6 months ended 31 August 2017

Notes to the Annual Financial Statements

Figures in Namibia Dollar

10. Property, plant and equipment

	Thursday, August 31, 2017			Tuesday, February 28, 2017		
	Cost / Valuation	Accumulated Depreciation	Carrying Value	Cost / Valuation	Accumulated Depreciation	Carrying Value
Capital Work in Progress	13,535,042		13,535,042	49,385		49,385
Furniture & Fittings	2,593,893	(932,081)	1,661,812	2,483,615	(666,903)	1,816,712
Motor Vehicles	3,017,623	(1,488,860)	1,528,763	2,582,699	(1,139,770)	1,442,929
Office Equipment	7,936,381	(4,743,067)	3,193,314	7,873,109	(3,955,885)	3,917,224
IT Equipment	2,282,468	(963,281)	1,319,187	2,136,167	(721,144)	1,415,023
Customer Equipment	2,421,056	(535,768)	1,885,288	1,430,813	(109,968)	1,320,845
Infrastructure	14,934,323	(1,119,091)	13,815,233	12,656,107	(765,627)	11,890,480
Core Network Assets	61,824,827	(26,825,587)	34,999,240	59,871,862	(21,006,675)	38,865,187
LTE Network Assets	2,587,395	(125,296)	2,462,099	-	-	-
Total	111,133,008	(36,733,031)	74,399,978	89,083,757	(28,365,972)	60,717,784

Reconciliation of property, plant and equipment - 31 August 2017

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Capital Work in Progress	49,385	13,485,657				13,535,042
Furniture & Fittings	1,816,711	110,277			(265,177)	1,661,812
Motor Vehicles	1,442,929	434,924			(349,090)	1,528,763
Office Equipment	3,917,224	63,272			(787,182)	3,193,314
IT Equipment	1,415,023	146,301			(242,137)	1,319,187
Customer Equipment	1,320,845	990,243			(425,800)	1,885,288
Infrastructure	11,890,480	2,435,847	(156,659)		(354,437)	13,815,232
Core Network Assets	38,865,187	1,981,926	(8,411)		(5,839,462)	34,999,240
LTE Network Assets	-	2,587,395			(125,296)	2,462,099
	60,717,784	22,235,843	(165,070)	-	(8,388,581)	74,399,977

11. Intangible assets

	Thursday, August 31, 2017			Tuesday, February 28, 2017		
	Cost / Valuation	Accumulated Depreciation	Carrying Value	Cost / Valuation	Accumulated Depreciation	Carrying Value
Paratus Brand	19,266,200	(2,854,938)	16,411,262	19,266,200	(2,441,415)	16,824,785
Goodwill	1,564,217	-	1,564,217	1,564,217	-	1,564,217
Computer software	4,530,334	(2,200,305)	2,330,029	4,132,213	(1,508,617)	2,623,596
Customer base	2,701,782	(771,937)	1,929,845	2,701,782	(578,953)	2,122,829
Total	28,062,533	(5,827,180)	22,235,353	27,664,412	(4,528,985)	23,135,427

Reconciliation of intangible assets - 31 August 2017

	Opening Balance	Additions	Amortisation	Total
Paratus Brand	16,824,785	-	(413,523)	16,411,262
Goodwill	1,564,217	-	-	1,564,217
Computer software	2,623,596	398,121	(691,688)	2,330,029
Customer base	2,122,829	-	(192,984)	1,929,845
	23,135,427	398,121	(1,298,195)	22,235,353

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Notes to the Annual Financial Statements

Figures in Namibia Dollar

12. Investment in subsidiaries and associates

Investment in subsidiaries

Name of company	Held by	% voting power 31 August 2017	% voting power 28 February 2017	% holding 31 August 2017	% holding 28 February 2017	31 August 2017	28 February 2017
Paratus Voice Telecommunications (Pty) Ltd	Paratus Telecommunications (Pty) Ltd	100%	100%	100%	100%	100	100
Canocopy (Pty) Ltd	Paratus Telecommunications (Pty) Ltd	100%	100%	100%	100%	40,406,648	40,406,648
Internet Technologies Namibia (Pty) Ltd	Paratus Telecommunications (Pty) Ltd	100%	100%	100%	100%	10,000	10,000
						40,416,748	40,416,748

The carrying amounts of subsidiaries are shown net of impairment losses.

Investment in associate

Nimbus Infrastructure Limited	Paratus Telecommunications (Pty) Ltd	33%	33%	200,000	-	
					200,000	-

The investment in Nimbus Infrastructure Limited was made to provide start-up equity for the listing of the company. Subsequent to the successful listing of Nimbus during October 2017, the shareholding in Nimbus has diluted to 5% of the total issued shares. Nimbus Infrastructure Limited was dormant during the 6 months ended 31 August 2017.

Reconciliation of investment in subsidiaries - 31 August 2017

	Opening Balance	Additions	Impairment	Closing Balance
Paratus Voice Telecommunications (Pty) Ltd	100	-	-	100
Canocopy (Pty) Ltd	40,406,648	-	-	40,406,648
Internet Technologies Namibia (Pty) Ltd	10,000	-	-	10,000
				40,416,748

During the 2015 financial year the assets and liabilities of Internet Technologies Namibia (Pty) Ltd ("ITN") was transferred to Paratus Telecommunications (Pty) Ltd ("Paratus"). Paratus concluded a transaction with one of the ITN shareholders to acquire the shareholding in ITN. ITN is no longer an operational company and therefore the investment in ITN was impaired by N\$5 408 966 to its current net asset value. ITN is in the process to be deregistered.

Reconciliation of investment in subsidiaries - 28 February 2017

	Opening Balance	Additions	Impairment	Closing Balance
Paratus Voice Telecommunications (Pty) Ltd	100	-	-	100
Canocopy (Pty) Ltd	40,406,648	-	-	40,406,648
Internet Technologies Namibia (Pty) Ltd	10,000	-	-	10,000
				40,416,748

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13. Loans to / (from) related parties

Paratus Telecommunications (Pty) Ltd - South Africa (Maximum Networks)	447,873	43,778
The loan is unsecured, bears interest at prime +1% per annum and is repayable in 12 equal monthly installments of N\$42,591.		
ITN Property Two (Pty) Ltd	24,313,573	23,583,066
The loan is unsecured, bears interest at prime + 4% per annum and has no fixed terms of repayment.		
Paratus Voice Telecommunications (Pty) Ltd	1,333,082	1,312,083
The loan is unsecured, interest free and has no fixed terms of repayment.		
Paratus Telecommunications Ltd - Mauritius	62,070	-
The loan is unsecured, interest free and has no fixed terms of repayment.		
Miles October	(5,079,427)	(5,734,062)
The loan is unsecured, bears interest at 5% on monthly outstanding balance and is repayable in 60 equal monthly installments of N\$132,051.		
Werner N. Lassen	(548,411)	(1,441,373)
The loan is unsecured, interest free and has no fixed terms of repayment.		
Easco Properties	1,736,829	1,595,809
The loan is unsecured, bears interest at prime + 4% and has no fixed terms of repayment.		
Canocopy	7,744,961	8,491,348
The loan is unsecured, bears interest at prime + 0.25% per annum and capital amount is repayable in 156 monthly installments of N\$50,000.		
Gert Duvenhage	(4,500,000)	(4,500,000)
The loan is unsecured, bears interest at 8% per year (not compounded) and has no fixed terms of repayment.		
Paratus Telecommunications (Pty) Ltd - Mozambique	41,019	-
The loan is unsecured, interest free and has no fixed terms of repayment.		
	25,551,569	23,350,649
Made up as follows:		
Non-current assets	7,144,961	7,891,348
Current assets	28,534,445	27,134,737
	35,679,407	35,026,084
Non-current liabilities	(3,643,647)	(4,470,631)
Current liabilities	(6,484,191)	(7,204,804)
	(10,127,838)	(11,675,436)
Total loans	25,551,568.77	23,350,648.56

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14. Finance lease receivables		
Gross Investment in the lease due		
- within one year	1,446,534	1,534,171
- in second to fifth year inclusive	1,449,090	2,151,506
	<u>2,895,623</u>	<u>3,685,677</u>
Less: Unearned finance income	(445,194)	(656,730)
	<u>2,450,429</u>	<u>3,028,948</u>
Present value of minimum lease payments due		
- within one year	1,155,111	1,154,621
- in second to fifth year inclusive	1,295,318	1,874,327
	<u>2,450,429</u>	<u>3,028,948</u>
<p>The company entered into finance leasing arrangements for PBX equipment. The average term of finance leases entered into is five (5) years. The interest inherent in the leases is linked to the Namibian prime rate with the average effective interest rate being approximately 15.25% per annum.</p>		
15. Inventories		
Work in progress	15,383,038	5,281,834
Merchandise	13,831,497	17,551,726
	<u>29,214,535</u>	<u>22,833,560</u>
16. Trade and other receivables		
Trade receivables	16,969,898	16,295,881
CRAN prepayment	569,507	1,419,767
Deposits	638,102	604,102
Sundry Debtors	215,445	46,656
Other receivables	223,146	324,749
	<u>18,616,098</u>	<u>18,691,156</u>
17. Loans to / (from) shareholders		
Cuvelai Telecommunications (Pty) Ltd	(947,927)	(2,122,767)
<p>The loan is unsecured, bears interest at prime + 2% per annum and has no fixed terms of repayment.</p>		
Rolf Peter Konrad Mendelsohn	1,412,664	1,260,333
Schalk Leipoldt Van Zyl Erasmus	401,288	138,176
Bartholomeus Roelof Jacobus Harmse	(638,221)	(1,108,114)
Internet Technologies Namibia (Pty) Ltd	10,308	898
<p>The above loans are unsecured, interest free and have no fixed terms of repayment.</p>		
	<u>238,112</u>	<u>(1,831,474)</u>
Current assets	1,824,260	1,399,408
Current liabilities	(1,586,148)	(3,230,882)
	<u>238,112</u>	<u>(1,831,474)</u>

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18. Cash and cash equivalents

Cash and cash equivalents consists of:

Cash on hand	6,754	16,994
Bank balances	(113,516)	1,217,336
Short-term deposits	124,641	120,412
Bank overdraft	(16,816,250)	(5,517,264)
	(16,798,372)	(4,162,522)
Current assets	17,879	1,354,743
Current liabilities	(16,816,250)	(5,517,264)
	(16,798,372)	(4,162,522)

The carrying amount of cash and cash equivalents approximates fair value.

19. Share capital

Authorised

35,000 Ordinary shares of N\$ 5 each 175,000 175,000

Issued

33,332 Ordinary shares of N\$ 5 each 166,660 166,660

20. Other financial liabilities

Bank loan 111,535,501 114,055,178

The loan bears interest at 10.75% (2017: 10.75%) and is repayable in 95 monthly installments of N\$ 1,721,848 with final installment due in July 2025.

Non-current liabilities

At amortised cost 100,585,058 105,233,870

Current liabilities

At amortised cost 10,950,443 8,821,308

Other financial liabilities are secured as follows:

- Unlimited suretyship by Bartholomeus Roelof Jacobus Harmse.
- Unlimited suretyship by Schalk Leipoldt Van Zyl Erasmus.
- Unlimited suretyship by Rolf Peter Konrad Mendelsohn.
- Unlimited suretyship by John Walenga.
- Unlimited suretyship by Canocopy (Pty) Ltd supported by the cession of debtors.
- Unlimited suretyship by ITN Property Two (Pty) Ltd supported by 1st continuing coverage mortgage bond for N\$34,000,000.00 over Erf 348 Prosperita, Windhoek.
- Suretyship for N\$9,000,000.00 by Easco Properties CC supported by 1st continuing coverage mortgage bond for N\$9,000,000.00 over Erf 232 Prosperita, Windhoek.

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21. Deferred tax

Deferred tax asset

Accelerated capital allowances for tax purposes	(10,500,819)	(6,011,767)
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Reconciliation of deferred tax asset / (liability)

At beginning of year	(6,011,767)	(2,686,060)
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Correction of prior period adjustment	-	922,519
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Timing differences:

Capital allowances	(4,292,593)	(3,853,920)
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Prepayments	(1,733,093)	-
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Prepaid income	1,284,376	207,770
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Work in progress	(3,232,385)	(802,759)
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Other timing differences	501,584	473,103
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Increase / (decrease) in tax losses available for off set against future taxable income	2,983,059	(272,420)
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	(10,500,819)	(6,011,767)
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22. Trade and other payables

VAT on prepaid Expenses	(812,388)	(740,526)
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Trade payables	23,009,758	21,901,570
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Amounts received in advance	8,020,460	4,006,783
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VAT on prepaid Expenses	812,388	740,526
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Value Added Tax	330,148	1,927,683
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Provisions	3,319,602	3,130,888
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Other payables	102,235	606,232
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Accrued expenses	7,540,456	5,010,751
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	42,322,658	36,583,907
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Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Interim Financial Statements for the 6 months ended 31 August 2017

Notes to the Annual Financial Statements

Figures in Namibia Dollar

	6 months ended 31 August 2017	6 months ended 31 August 2016 (Not reviewed)
23. Revenue		
Rendering of services and sale of goods	132,077,574	115,156,651
24. Profit before investment income and finance costs		
Profit before investment income and finance costs for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
- Contractual amounts	2,528,341	2,041,505
Equipment		
- Contractual amounts	805	23,956
	<u>2,529,146</u>	<u>2,065,461</u>
Profit on sale of property, plant and equipment	212,656	153,202
Profit / (Loss) on exchange difference	(182,969)	250,837
Amortisation on intangible assets	1,298,195	1,048,285
Depreciation on property, plant and equipment	8,388,439	6,597,405
Employee costs	<u>34,823,207</u>	<u>24,098,456</u>
25. Finance income		
Interest income		
Other loans	19,300	14,105
Interest received from bank balances	54	6,112
Finance leases	211,536	183,578
Loans to related parties	<u>2,339,254</u>	<u>2,183,719</u>
	<u>2,570,144</u>	<u>2,387,514</u>
26. Finance costs		
Interest paid	<u>6,972,358</u>	<u>6,882,966</u>

Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Interim Financial Statements for the 6 months ended 31 August 2017

Notes to the Annual Financial Statements

Figures in Namibia Dollar

	6 months ended 31 August 2017	6 months ended 31 August 2016 (Not reviewed)
27. Taxation		
Major components of the tax expense		
Current		
Local income tax - recognised in current tax for prior periods	-	-
Deferred		
Deferred tax	4,489,052	126,493
	4,489,052	126,493

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting (loss)/profit	8,591,676	388,259
Tax at the applicable tax rate of 32% (2017: 32% ; 2016: 32%)	2,749,336	124,243
Tax effect of adjustments on taxable income		
Donations	5,539	-
Permanent differences	1,230,176	2,250
	3,985,052	126,493

Income tax expense is recognised based on the income tax rate adjusted for permanent differences. The effective income tax rate is 44% (31 August 2016: 33%). The deviation from the standard income tax rate (32%) is mainly due to the N\$3 833 966 fair value adjustment added back for income tax purposes.

28. Cash generated from operations

Profit before taxation	8,591,676	388,259
Adjustments for:		
Depreciation and amortisation	9,686,634	7,645,690
Profit/loss on sale of assets	(46,710)	(153,202)
Interest received	(2,570,144)	(2,387,514)
Finance cost	6,972,358	6,882,966
Impairment loss	5,408,966	-
Changes in working capital		
Inventories	(6,380,975)	(6,761,067)
Trade and other receivables	(6,590,771)	2,987,569
Trade and other payables	9,579,669	(1,278,581)
	24,650,703	7,324,120

ANNEXURE F: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE CONDENSED INTERIM FINANCIAL INFORMATION OF PARATUS

The Directors
Nimbus Infrastructure Limited
1 Charles Cathral Street
Olympia
Windhoek
Namibia

Dear Sirs,

Independent reporting accountant's report on the review of the Interim Condensed Historical Financial Information

Introduction

Nimbus Infrastructure Limited ("Nimbus" or "the Company") is issuing a circular to its shareholders to be dated on or about 27 March 2018 (the "Circular") regarding the proposed acquisition whereby Nimbus acquires further Paratus Telecommunications Pty Ltd ("Paratus") Shares in exchange for the Swap Consideration ("the Swap"), which increases Nimbus' effective see-through economic interest to 51.4% in Paratus ("the Swap") and the renounceable Rights Issue to Qualifying Shareholders in the ratio of 15 Rights Issue Shares for every 10 Shares held ("the Rights Issue").

At your request and for the purpose of the Circular to be dated on or about 27 March 2018, we have reviewed the accompanying interim condensed statement of financial position of Paratus as at 31 August 2017 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six month period then ended ("the Interim Condensed Historical Financial Information"), as presented in Annexure E to the Circular, in compliance with the NSX Limited ("NSX") Listings Requirements.

Directors' responsibility

The directors of Nimbus are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Nimbus complies with the NSX Listings Requirements. The directors of Paratus are responsible for the preparation and presentation of the Condensed Interim Financial Information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the Interim Condensed Historical Financial Information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2400, "Engagements to Review Financial Statements", which applies to a review of historical information. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying

analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for adverse conclusion

As noted in note 9 of Annexure E to the Circular, these financial statements do not reflect the consolidation of the financial statements of subsidiary companies, the investment in which is accounted for on a cost basis. Under International Accounting Standards, the financial statements of the subsidiaries are required to be consolidated.

Conclusion

Based on our review, because of the pervasive effect on the financial statements of the matter discussed in the preceding paragraph, the accompanying Condensed Interim Financial Information of Paratus as set out in Annexure E to the Circular, is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” and NSX Listings Requirements.

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers

Registered Accountants and Auditors

Chartered Accountants (Namibia)

Per: L van der Riet

Partner

Windhoek

27 March 2018

ANNEXURE G: FAIRNESS OPINION

The Independent Board
Nimbus Infrastructure Limited
45 Nelson Mandela Avenue
Windhoek
Namibia

INDEPENDENT EXPERT OPINION ON THE PURCHASE OF SHARES IN PARATUS NAMIBIA (PROPRIETARY) LIMITED

Dear Sirs

1. Introduction

Nimbus Infrastructure Limited (“Nimbus”), a Capital Pool Company listed on the Namibian Stock Exchange, is seeking to engage in a share swap with Cuvelai Telecommunications (Pty) Ltd and Bartholomeus R J Harmse, who are related parties.

In terms of Schedule 5 of the Listing Requirements an opinion must be obtained from an independent expert acceptable to the Namibian Stock Exchange (“NSX”) to confirm that the terms of the proposed swap are fair as far as the shareholders of Nimbus are concerned.

Ernst & Young Advisory Services (Proprietary) Limited (“EY”) has been appointed by the Nimbus Independent Board as the independent expert to provide a fairness opinion in respect of the share swap.

2. Proposed transaction details

Paratus Namibia provides information and communication technology services across sub-Saharan Africa and currently has four shareholders with interest as follows:

- Paratus Group Holdings Ltd. (Mauritius) – 42.3%;
- Nimbus Infrastructure Limited – 26.5%;
- Cuvelai Telecommunications (Pty) Ltd. (“Cuvelai”) – 18.6%;
- Bartholomeus R J Harmse (“Mr Harmse”) – 6.3%; and
- Schalk L V Erasmus (“Mr Schalk”) - 6.3%.

We understand that Nimbus is proposing a swap transaction (the “Transaction”) between Nimbus, Cuvelai and Mr Harmse whereby Nimbus Shares will be allotted and swapped for:

- 8 815 ordinary shares in Paratus from Cuvelai, representing a holding of 18.6% of the issued share capital of Paratus; and
- 3 000 ordinary shares in Paratus from Mr Harmse, representing a holding of 6.3% of the issued share capital of Paratus;

which after conclusion will increase the effective shareholding of Nimbus Infrastructure Ltd from 26.5% to 51.4% of total issued ordinary shares of Paratus Telecommunications (Pty) Ltd. Furthermore, Nimbus is considering a rights issue to existing shareholders to raise capital for future strategic initiatives.

The full details of the Transaction are set out in Nimbus' SENS announcement dated 27 March 2018 and are contained in this circular issued to Nimbus Shareholders ("Circular"), to which this opinion forms Annexure G.

3. Responsibility

We confirm that our report has been provided to the Nimbus Independent Board for the sole purpose of assisting it in forming and expressing an opinion the swap transaction above for the benefit of Nimbus Shareholders and excludes the rights issue.

Ultimate compliance with the Namibian Companies Act 28 of 2004 is the responsibility of the Nimbus Board. Our responsibility is to report on the terms and conditions of the Transaction.

4. The term "fair"

Market value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms'-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

A transaction will generally be considered "fair" to the company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered.

This report and opinion does not purport to cater for individual shareholders' positions but rather the general body of Nimbus Minorities.

A Nimbus shareholder's opinion regarding the Transaction may be influenced by his or her particular circumstances (for example taxation and the consideration received for the shares). Should a Nimbus shareholder be in doubt, he or she should consult an independent expert as to the merits of the Transaction, considering his/her personal circumstances.

5. Sources of information

EY has relied on financial and other information, including prospective financial information, obtained from Paratus Namibia and the Nimbus' management team, together with industry-related and other information in the public domain in developing our valuation model. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our independent valuation and in formulating our opinion regarding the terms and conditions of the Transaction include:

- Paratus management's 5-year forecast;
- Background reports prepared by both Paratus Namibia and Nimbus;
- Audited annual financial statements of Paratus Namibia for the years 28 February 2015, 2016 and 2017;

- January 2018 management accounts of Paratus Namibia and the property companies;
- February 2018 management accounts for Nimbus; and
- Term sheet dated 23 February 2018.

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained through discussions with the respective management teams.

6. Valuation procedures performed

In determining the appropriateness and reasonability of the valuation used for the proposed transaction, we have undertaken the following procedures:

- Reviewed and analysed the historical financial information of Paratus Namibia;
- Reviewed and analysed the historical financial information of Nimbus;
- Reviewed and analysed the Transaction documents provided by Nimbus;
- Reviewed the reasonableness of management's forecast assumptions, including:
 - Revenue, operation costs and capital expenditure forecasts;
 - Projected gross profit and EBITDA margins;
 - Long term growth rates; and
 - Other performance measures.
- Performed an indicative valuation of Paratus Namibia using the discounted cash flow valuation approach;
- Performed an analysis of the Nimbus share price to establish whether it reflects fair value;
- Conducted appropriate sensitivity analyses given a reasonable range of key assumptions on the valuation;
- Performed a corroborative valuation exercise using market and transaction multiples;
- Considered the rationale for the Transaction;
- Held discussions with management; and
- Considered the information included in market and industry reports.

We have not held interviews with the Nimbus Shareholders.

7. Valuation approach and results

For the purposes of our valuation, our methodology in determining the appropriateness of the valuation included:

- Applying the income approach by way of a Discounted Cash Flow forecast valuation, based on Paratus Namibia management's most recent forecasts;
- Assessing the impact of key internal value drivers on the projected cash flow targets, by amongst other procedures:
 - Considering the future revenue growth plans and the support thereof;
 - Considering the capital expenditure required to execute the growth plan;

- Considering the operating expenses required to cater for the growth plan; and
- Analysing the working capital investment required to execute the growth plan.
- Assessing the impact of various key external value drivers such as inflation, expected GDP growth, consumer confidence and interest rate yields on the risk profile of the projected cash flows and resultant discount rates;
- Below is a summary of the key valuation assumptions for Paratus:
 - A weighted average cost of capital (“WACC”) of 15.2%. We note that the discount rate applied in the valuation is subject to the required return of the individual investor;
 - Terminal growth rate of 8% based on Namibian long-term inflation expectations of around 6% and real growth of 2%;
 - A minority discount of 12.8% based on a 2016 independent survey;
 - A marketability discount of 10% based on a 2016 independent survey;
 - Reliance has been placed on the historical and forecast financial information as prepared by Paratus Namibia management;
 - For the revalued NAV of the two properties we have relied on the independent property valuer’s valuations; and
 - There are no undisclosed contingencies that could impact the value of Paratus Namibia.
- Performed a corroborative valuation exercise using market and transaction multiples.
- Performed a sensitivity analysis on the key value drivers of Paratus Namibia and our valuation range was within our tolerable range.

8. Approach to fairness of the Transaction

In considering the fairness of the swap transaction to Nimbus shareholders, we have calculated the value per share of Paratus and Nimbus at 28 February 2018. The swap ratio of 719.04 Nimbus shares per Paratus share, which the parties intend to transact on, is considered to be fair to Nimbus’ shareholders as it is based on an amount lower than our calculated fair value, resulting in a lower dilution of the shareholding in Nimbus.

9. Shareholder rights

There will be no material change to the rights of the Nimbus shareholders as a result of the execution of the Transaction.

10. Fairness opinion

Based on the results of our procedures performed, our detailed valuation work and other considerations, subject to the foregoing assumptions, including a required return/discount rate, we are of the opinion that the share swap rates are fair to Nimbus shareholders.

11. Limiting conditions

The valuation above is provided solely in respect of this report and opinion and should not be used for any other purposes. Our opinion is based upon the information available to us up to 12 March 2018, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with Transaction have been or will be timeously fulfilled and/or obtained. Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

This report and opinion does not purport to cater for each individual Nimbus shareholder's circumstances and/or risk profile, but rather that of the general body of shareholders taken as a whole. Each Nimbus shareholder's decision will be influenced by such shareholder's particular circumstances and, accordingly, shareholders should consult with an independent adviser if they are in any doubt as to the merits or otherwise of the Transaction.

This report and opinion is provided solely for the use of the Nimbus Independent Board and Nimbus Shareholders and for the sole purpose of assisting the Nimbus Independent Board in forming and expressing an opinion on the Transaction for the benefit of the Nimbus Shareholders. Unless as stipulated in this letter, this opinion shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, nor shall any public references to EY or Ernst & Young Advisory Services (Proprietary) Limited be made by Nimbus or any of its affiliates, without the prior consent of Ernst & Young Advisory Services (Proprietary) Limited.

We have relied upon the accuracy of the information used by us in deriving our opinion albeit that, where practicable, we have corroborated the reasonableness of such information through, amongst other things, reference to work performed by independent third party/ies, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the valuation model and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of Paratus Namibia.

Forecasts relate to uncertain future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Consequently, forecast financial information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting purposes. We express no opinion as to how closely actual results will correspond to projections made by the management of Paratus Namibia and made available to us during the course of our review.

12. Independence, competence and fees

We confirm that we have no direct or indirect interest in Nimbus, Paratus Namibia or the Transaction. We also confirm that we have the necessary qualifications and competence to provide this report and opinion on the acquisition.

Our fees amount to N\$325,000 excluding VAT and disbursements. Furthermore, we confirm that our professional fees are not contingent upon the success of the Transaction.

13. Consent

We consent to the use of our name, the inclusion of this letter and the reference to our report and opinion in the Circular to be issued to the Nimbus Shareholders in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours sincerely

Stephen Alt
Executive Director

Anil Khimjee
Review Partner

Quintin Hobbs
Independent Partner

Ernst & Young Advisory Services (Proprietary) Limited



NIMBUS INFRASTRUCTURE LIMITED
(Incorporated in the Republic of Namibia)
(Registration Number 2017/0558)
(Date of Registration: 30 June 2017)
Share code: NUSP ISIN:NA000A2DTQ42
("Nimbus" or "the Company")

Directors

Executive

Schalk Leipoldt Van Zyl Erasmus
(Namibian)
Stefanus Isaias de Bruin (Namibian)
Morné Romé Mostert (Namibian)

Non-Executive

Hans-Bruno Gerdes (Independent Chairman)
(Namibian)
Brown Yati Ilone Amuenje (Independent)
(Namibian)
Josephine Naango Ndakulilwa Shikongo
(Independent) (Namibian)
Christoph Oliver Stork (Independent)
(German)
Stuart Hilton Birch (Independent) (South
African)

NOTICE OF GENERAL MEETING OF NIMBUS SHAREHOLDERS

Notice is hereby given that a general meeting of Nimbus Shareholders ("General Meeting") will be held at 45 Nelson Mandela Avenue, Windhoek, Namibia at 10:00 on Tuesday, 17 April 2018

Purpose

The purpose of the General Meeting is to consider and, if deemed fit, to approve and adopt, with or without modification, the resolutions set out in this Notice of General Meeting.

Note:

- *The definitions and interpretations commencing on page 7 of the Circular to which this Notice of General Meeting is annexed, apply, mutatis mutandis, to this Notice of General Meeting and to the resolutions set out below.*
- *For an ordinary resolution to be approved by Nimbus Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution.*

1. ORDINARY RESOLUTION 1 – SHARE SWAP

- 1 **“RESOLVED AS AN ORDINARY RESOLUTION** that, a share swap transaction between Nimbus and the Sellers whereby Nimbus acquires further Paratus Shares in exchange for the Swap Consideration, being 8’495’400 new Nimbus Shares to be allotted to the Sellers at a pre-determined and agreed upon price of N\$ 10.50 (ten Namibia Dollars and fifty cents) each and a total value of N\$ 89’201’700 (eighty nine million, two hundred and one thousand seven hundred Namibia Dollars), which increases Nimbus’ effective see-through economic interest to 51.4% (fifty one percent point four) in Paratus, in accordance with the terms and subject to the conditions of the Swap Agreement, the salient terms of which are contained in the Circular and copies of which have been made available for inspection by Nimbus Shareholders, be and is hereby approved in terms of the Listing Requirements.”

Reason and effect

The reason for Ordinary Resolution 1 is that the Swap constitutes a category 1 transaction in terms of the Listing Requirements, requiring Nimbus Shareholder approval by way of an ordinary resolution, as well as an allotment of new Nimbus Shares. The Articles of Association of Nimbus in article 7, read together with section 229 of the Companies Act, requires prior approval of the Shareholders in general meeting for the Directors to allot or issue Shares.

The effect of Ordinary Resolution 1, if approved by Nimbus Shareholders, is to grant the requisite approval for the Swap in terms of the Listing Requirements as well as the allotment of the Nimbus Shares as Swap Consideration, to be implemented in accordance with the terms and subject to the conditions of the Swap Agreement, the Listing Requirements, Articles of Association and Companies Act.

2. ORDINARY RESOLUTION 2 – RIGHTS OFFER

“RESOLVED AS AN ORDINARY RESOLUTION that, a Rights Issue by Nimbus a whereby a renounceable Rights Issue to Qualifying Shareholders in respect of 15’545’085 Rights Issue Shares in the ratio of 15 Rights Issue Shares for every 10 Shares held at the close of trade on Tuesday, 05 June 2018, at a price of N\$10.50 per Rights Issue Share, the salient terms of which are contained in the Circular and copies of which have been made available for inspection by Nimbus Shareholders, be and is hereby approved in terms of the Listing Requirements.”

Reason and effect

The reason for Ordinary Resolution 2 is that the Rights Offer constitutes a category 1 transaction in terms of the Listing Requirements, requiring Nimbus Shareholder approval by way of an ordinary resolution. The Articles of Association of Nimbus in article 7, read together with section 229 of the Companies Act, requires prior approval of the Shareholders in general meeting for the Directors to allot or issue Shares.

The effect of Ordinary Resolution 2, if approved by Nimbus Shareholders, is to grant the requisite approval for the Rights Offer in terms of the Listing Requirements, Articles of Association and Companies Act.

VOTING REQUIREMENTS AND PROXIES

The date on which Nimbus Shareholders must be recorded in the Register for purposes of being entitled to receive this notice is Thursday, 29 March 2018. The date on which Nimbus Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting is Monday, 09 April 2018. Accordingly, the Last Day to Trade to be entitled to attend and vote at the General Meeting is Thursday, 29 March 2018.

Any Nimbus Shareholder who holds Shares in Nimbus may attend, participate in and vote at the General Meeting or at any adjournment thereof or may appoint any other person or persons (none of whom need be a Nimbus Shareholder) as a proxy or proxies, to attend, participate in and vote or abstain from voting at the General Meeting or at any adjournment thereof, in such Shareholder's stead.

A form of proxy is attached for use by such Nimbus Shareholders. Such form of proxy duly completed, must be forwarded to and reach the Transfer Secretaries, by no later than 10:00 on Monday, 16 April 2018.

The completion of a form of proxy does not preclude any Shareholder registered by the Voting Record Date from attending the General Meeting.

Meeting participants may be required to provide satisfactory identification. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson of the General Meeting and must accordingly bring a copy of their identity document, passport or driver's license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

SIGNED AT WINDHOEK, NAMIBIA, ON 27 March 2018 ON BEHALF OF THE BOARD.

By order of the Board

Director

Director



NIMBUS INFRASTRUCTURE LIMITED

(Incorporated in the Republic of Namibia)
 (Registration Number 2017/0558)
 (Date of Registration: 30 June 2017)
 Share code: NUSP ISIN:NA000A2DTQ42
 ("Nimbus" or "the Company")

FORM OF PROXY – FOR USE BY CERTIFICATED SHAREHOLDERS ONLY

I/We (full name in block letters):

of (address):

Telephone Number:

E-Mail Address:

being a Shareholder of: _____ Nimbus Infrastructure Limited Shares,

Do hereby appoint

..... of or failing him/her

..... of or failing him/her

the chairperson of the General Meeting, as my/our proxy to vote for me/us on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, approving and adopting, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the said resolutions and/or to abstain from voting in respect of the Shares registered in my/our name(s), and at any adjournment thereof as follows:

Ordinary Resolution 1: Share Swap

Ordinary Resolution 1: Rights Issue

FOR	AGAINST	ABSTAIN

(Indicate instruction to proxy by way of a cross in space provided above.)
 Unless otherwise instructed, my proxy may vote as he/she deems fit.

Signed this day of

.....
 Signature

Assisted by me (where applicable)

Note 1: A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend, speak and on a poll vote in his/her stead, and such proxy need not also be a Shareholder of the Company. "

Note 2: One vote per Share held by Nimbus Shareholders. Nimbus Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Shares held by them. If the form of proxy is returned without an indication as to how the proxy should vote on a particular matter, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 7 of the accompanying Circular apply, *mutatis mutandis*, to the information on this Form of Instruction for the Rights Issue.

This Form of Instruction in respect of a renounceable (nil paid) letter of allocation ("**Form of Instruction**") is negotiable and may be traded on the NSX under NSX Code NUSPN and ISIN NA000A2JGHU2. If you are in any doubt as to what action to take, please consult your Broker, banker, attorney, accountant or other professional advisor immediately.

Nimbus has issued all letters of allocation in certificated form and the electronic record for Certificated Shareholders is being maintained by its Transfer Secretaries, Transfer Secretaries (Proprietary) Limited ("**Transfer Secretaries**"). You must complete this Form of Instruction and return it to the Transfer Secretaries, at the address below, if you wish to dispose of or renounce or take up all or part of your rights in terms hereof. Each amendment to this Form of Instruction must be signed in full and must not be initialled.



NIMBUS INFRASTRUCTURE LIMITED

(Incorporated in the Republic of Namibia)
(Registration Number 2017/0558)
(Date of Registration: 30 June 2017)
Share code: NUSP ISIN:NA000A2DTQ42
("Nimbus" or "the Company")

CIRCULAR TO NIMBUS SHAREHOLDERS

A renounceable Rights Issue to Qualifying Shareholders in respect of 15'545'085 Rights Issue Shares in the ratio of 15 Rights Issue Shares for every 10 Shares held at the close of trade on Monday, 07 May 2018, at a price of N\$10.50 per Rights Issue Share.

**SPECIMEN FORM OF INSTRUCTION IN RESPECT OF A LETTER OF ALLOCATION
("FORM OF INSTRUCTION")**

Record date to determine which Shareholders are eligible to receive the Circular:	27 March 2018
Circular containing notice of General Meeting, form of Instruction in respect of Letters of Allocation for use by Qualifying Shareholders and form of proxy sent to Shareholders and announced on NENS on:	27 March 2018
Last day to trade in order to be eligible to vote at the General Meeting:	29 March 2018
Record date to be eligible to vote at the General Meeting:	09 April 2018
Last day to lodge forms of proxies in respect of the General Meeting by 10:00 on:	16 April 2018
General meeting of Nimbus Shareholders to be held at 10:00 on:	17 April 2018
Results of the General Meeting released on NENS on:	18 April 2018
Last day to trade in Shares in order to participate in the Rights Issue (cum entitlement):	26 April 2018
Shares commence trading ex entitlement at 09:00 on:	30 April 2018
Issuing of Shares relating to Swap on:	30 April 2018
Record Date which Shareholders are eligible to receive Letters of Allocation:	07 May 2018
Letters of Allocation will be available at Transfer Secretaries	14 May 2018
Listing of and trading in the Letters of Allocation on the NSX commences at 09:00 on:	14 May 2018
Rights Issue opens at 09:00 on:	14 May 2018
Last day to trade Letters of Allocation on the NSX:	24 May 2018
Record date for the Letters of Allocation on:	01 June 2018
Rights Issue closes at 12:00 on:	05 June 2018
Results of the Rights Issue announced on NENS on:	06 June 2018
Results of the Rights Issue published in the Namibian press on:	07 June 2018
Rights Issue Shares issued on:	19 June 2018

Notes:

- All of the above dates and times are subject to change. Any changes made will be notified to Shareholders by release on NENS. The dates applicable to the Rights Issue have been calculated based on regulatory approval having been obtained and the Share Swap having become effective and executed by 30 April 2018. Should the regulatory approval delay the execution of the Share Swap, the dates pertaining to the Rights Issue will be adjusted accordingly by release on NENS.
- Shareholders should note that settlement of transactions takes place 5 (five) Business Days after such transaction. Therefore, persons who acquire Shares after the last day to trade as detailed in the table above will not be able to vote thereat.
- A Shareholder may submit the form of proxy not less than 24 hours before the commencement of the General Meeting (or any adjournment of the General Meeting).
- If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement. All times given in this Circular are local times in Namibia.

THIS FORM MUST BE RETURNED IN ITS ENTIRETY TO THE TRANSFER SECRETARIES.

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Enquiries in connection with this Letter of Allocation should be addressed to the Transfer Secretaries, quoting this holder number:

Name and address of Shareholder	TS Holder Number	Number of Shares deemed to be held at close of business on Monday, 07 May 2018	Number of Rights Issue Shares which can be taken up in terms of paragraph 2 below based on the deemed shareholding as at Monday, 07 May 2018	Amount payable at N\$ 10.50 per Rights Issue Share (3) x N\$ 10.50
(1)	(2)	(3)	(4)	(5)

Acceptance of Rights Issue Shares	Number of Rights Issue Shares accepted	Total amount due at N\$ 10.50 per Rights Issue Share (5) x N\$ 10.50
Please note that the same or a lesser number of Rights Issue Shares as the number mentioned in Block (4) may be accepted	(6)	N\$ (7)

	Amount of banker's draft/EFT
TOTAL: (7)	N\$ (8)

EFT swift reference number (only applicable if payment made by EFT)

Addressee telephone number (office hours) (_____) and/or cell phone number (_____)

Signature:

Email address:

Dear Nimbus Shareholder,

1. THE RIGHTS OFFER

Qualifying Shareholders recorded in the Register of Nimbus at the close of trade on Monday, 07 May 2018, are offered Rights Issue Shares at the price of N\$ 10.50 per Rights Issue Share in the ratio of 15 Rights Issue Shares for every 10 Shares held at the close of trade on Monday, 07 May 2018.

The offer price is N\$ 10.50 per Rights Issue Share payable in full on acceptance in the currency of Namibia.

2. Transfer Secretaries Holder Number

TS Holder number as listed with Transfer Secretaries (**Block 2**).

3. ALLOCATION

The Rights Issue Shares stated in **Block (4)** have been provisionally allocated for subscription at a price of N\$ 10.50 per Rights Issue Share to the Shareholder whose name is stated in **Block (1)**.

4. ACCEPTANCE AND PAYMENT

4.1 If you wish to accept the Rights Issue you must complete **Blocks (6), (7) and (8) and sign in the space provided below Block (8)**.

4.2 If you are the person(s) in whose name(s) this Form of Instruction was issued and wish to subscribe for **all** the Rights Issue Shares allocated to you, complete the applicable blocks as stated above. In such instance, **Forms B and C** of this Form of Instruction need not be completed.

4.3 If you are the person(s) in whose favour this Form of Instruction has been renounced and you wish to subscribe for the Rights Issue Shares, complete the applicable blocks as stated above as well as **Form C** of this Form of Instruction.

4.4 If you wish to subscribe for the Rights Issue Shares, you must lodge a properly completed Form of Instruction together with the banker's draft or EFT proof of payment of the amount due in the currency of Namibia by way of one of the following methods of payment to the Transfer Secretaries, so as to be received by no later than **12:00 on Tuesday, 05 June 2018**:

- banker's draft (drawn on a registered bank), payable to "Nimbus Holdings Limited – Rights Issue"
- payment by EFT can be made to the following bank account:
 - Bank: Bank Windhoek Limited
 - Account name: Nimbus Infrastructure Limited – Rights Issue
 - Branch: Windhoek
 - Branch code: 481 972
 - Account number: 8009 5576 15
 - Account type: Cheque
 - Reference: Holder number.

4.5 Such payment, when the cheque or banker's draft or EFT has been received, will constitute acceptance of the Rights Issue upon the terms and conditions set out in the accompanying Circular and in this Form of Instruction.

4.6 No acknowledgement of receipt will be given for banker's draft or EFT received in accordance with the Rights Issue.

4.7 If this Form of Instruction and the banker's draft or EFT proof of payment are not received as set out above, then the Rights Issue will be deemed to have been declined and the right to subscribe for the Rights Issue Shares offered to the addressee (or his/her renounee), shall lapse and be of no further force or effect.

4.8 With reference to paragraph 3.4 above regarding EFTs, please note the following:

- Forms of Instruction and EFT proof of payment may be emailed to rights@nimbus.africa. Kindly note that this relates only to the subscription for Rights Issue Shares and not for the sale thereof.
- Forms of Instruction which are not posted must be emailed to rights@nimbus.africa. Neither Transfer Secretaries (Proprietary) Limited or Nimbus Infrastructure Limited will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of posted or e-mailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other e-mail or physical or postal address other than that provided above.
- Forms of Instruction shall be deemed to be received on the date reflected in the Transfer Secretaries' electronic system if sent by e-mail or upon actual receipt if sent by post. Notwithstanding anything to the contrary, it is the responsibility of Shareholders to ensure that their Form of Instruction are received timeously by the Transfer Secretaries.

5. RENUNCIATION OR SALE

5.1 If you are a holder of Nimbus Shares and you do not wish to subscribe for the Rights Issue Shares allocated to you in terms of the Rights Issue, you may renounce your rights by signing **Form B**. In addition, the renounee who wishes to subscribe for the Rights Issue Shares in terms of the Rights Issue must complete **Form C**, lodge this Form of Instruction, and make payment, in terms of paragraph 3.4 above for the number of Rights Issue Shares in respect of which the Rights Issue is accepted.

5.2 The participant lodging this Form of Instruction, with **Form B** purporting to be signed by the Shareholder whose name appears thereon ("**the holder**"), will be taken to be conclusive evidence of the right of such holder:

- to deal with this Form of Instruction; or
- to have the Rights Issue Shares in question allotted and to receive a certificate for those Rights Issue Shares (i.e. Nimbus Shares).

5.3 Therefore, Nimbus will not be obliged to investigate whether **Forms B and C** have been properly signed or completed or to investigate any fact surrounding the signing or lodging of either form.

5.4 If you wish to **sell** all or part of your entitlement, you must complete **Form A** of this Form of Instruction and return it to your Broker. Take note that the last day to trade Letters of Allocation on the NSX will be **close of trading on Thursday, 24 May 2018**, therefore you Form of Instruction should be forwarded to your Broker

Serial Number:

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well in advance of that date. Note that your Broker will endeavour to procure the sale of Rights on the NSX on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the Broker, Transfer Secretaries nor Nimbus will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of any or all of such Letters of Allocation.

6. EXCESS APPLICATIONS

- 6.1 Excess application for Rights Issue Shares (i.e. applications in excess of the number of shares as reflected in **Block (4)** on page 2), will not be allowed.
- 6.2 Those Rights Issue Shares that are not taken up by Qualifying Shareholders in terms of the Rights Issue, will be deemed to have been declined and the Rights Issue entitlement will lapse.

7. EXCHANGE CONTROL REGULATIONS

- 7.1 Pursuant to the Exchange Control Regulations of Namibia and upon specific approval of the Bank of Namibia, non-residents, excluding former residents, of the Common Monetary Area will be allowed to:
 - take up rights allocated to them in terms of the Rights Issue;
 - purchase Letters of Allocation on the NSX; and
 - subscribe for the Rights Issue Shares arising from the Letters of Allocation purchased on the NSX,provided payment is received either through normal banking channels from abroad or from a non-resident account.
- 7.2 All applications by non-residents for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate and any Share certificates issued pursuant to such applications will be endorsed "non-resident"
- 7.3 Where a right in terms of the Rights Issue becomes due to a former resident of the Common Monetary Area, which right is based on Shares blocked in terms of the Exchange Control Regulations of Namibia, then only emigrant blocked funds may be used to:
 - take up the rights allocated to them in terms of the Rights Issue;
 - purchase Letters of Allocation on the NSX; and
 - subscribe for the Rights Issue Shares arising from the Letters of Allocation purchased on the NSX.
- 7.4 All applications by emigrants using blocked funds for the above purposes must be made through the authorised dealer in Namibia controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "non-resident" and placed under the control of the authorised dealer in foreign exchange through whom the payment was made. The proceeds due to emigrants from the sale of the Letters of Allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any Rights Issue Share certificates issued pursuant to blocked Rand transactions will be endorsed "non-resident" and placed under the control of the authorised dealer through whom the payment was made. The proceeds arising from the sale of Letters of Allocation or arising from the sale of blocked Shares will be credited to the blocked accounts of the emigrants concerned.
- 7.5 New Share certificates issued pursuant to the Rights Issue to an emigrant will be endorsed "non-resident" and forwarded to the address of the relevant authorised dealer controlling such emigrant's blocked assets for control in terms of the Exchange Control Regulations of Namibia.

8. JURISDICTION

- 8.1 Any Qualifying Shareholder resident outside the Common Monetary Area who receives this Circular and Form of Instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such Form of Instruction.
- 8.2 The Rights Issue does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and this Circular and Form of Instruction should not be forwarded or transmitted by you to any person in any territory other than where it is lawful to make such an offer.
- 8.3 The Rights Issue Shares have not been and will not be registered under the Securities Act of the United States of America. Accordingly, the Rights Issue Shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions from the Securities Act. This Circular and the accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. This Circular does not constitute an offer of any securities for sale in the United States or to United States persons.
- 8.4 The Rights Issue contained in this Circular does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer ("**Non-Qualifying Shareholder**"). Non-Qualifying Shareholders should consult their professional advisors to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Issue, or trade their entitlement. Shareholders, who are Non-Qualifying Shareholders, are responsible for ensuring that taking up the Rights Issue, or trading in their entitlements under the Rights Issue, do not breach any law or regulations in their relevant overseas jurisdictions.
- 8.5 To the extent that Non-Qualifying Shareholders are not entitled to participate in the Rights Issue as a result of the aforementioned restrictions, such Non-Qualifying Shareholders should not take up their Rights Issue entitlement or trade in their Rights Issue entitlement and should allow their Rights in terms of the Rights Issue to lapse. To the extent that Non-Qualifying Shareholders are permitted to do so, they may sell their Rights Issue entitlement on or prior to **Thursday, 24 May 2018**, the last day to trade their Rights Issue entitlement.

9. LISTINGS ON THE NSX

The NSX has granted a listing for the:

- the Letters of Allocation in respect of all of the 15'545'085 Rights Issue Shares with effect from the commencement of trade on **Monday, 14 May 2018**, to the close of trade on **Thursday, 24 May 2018**, both days inclusive; and
- 15'545'085 Rights Issue Shares with effect from the commencement of trade on **Tuesday, 19 June 2018**.

10. DOCUMENTS OF TITLE

In respect of those Rights Issue Shares accepted and allotted to the Offerees or renoucees, the relevant certificates in respect of Rights Issue Shares can be collected from Transfer Secretaries or, upon request, will be posted, by post, at their risk, on or about **Tuesday, 19 June 2018** to the Offeree's registered address as per the submitted Form of Instruction.

By order of the Board

NIMBUS INFRASTRUCTURE LIMITED

27 March 2018

Transfer Secretaries (Pty) Ltd

4 Robert Mugabe Avenue

Windhoek

Namibia

(PO Box 2401, Windhoek, Namibia)

Tel: +264 (61) 227647

rights@nimbus.africa

GENERAL INSTRUCTIONS AND CONDITIONS

- (a) **Married persons:** Married persons wishing to exercise their rights must comply with the provisions of the Married Persons Equality Act 1 of 1996 and proof of such person's capacity to exercise such rights may be required by the Transfer Secretaries.
- (b) **Powers of attorney:** If this form is signed under a power of attorney, then the original, or certified copy thereof, must be sent to the Transfer Secretaries for noting unless it has already been registered by the Transfer Secretaries.
- (c) **Companies or close corporations:** A company or close corporation wishing to exercise its rights must send the original or certified copy of the directors' or members' resolution authorising the exercise of such rights, to the Transfer Secretaries for noting.
- (d) **Stamp of broking member of the NSX:** If any signature to **Form B** is confirmed by the stamp of a broking member of the NSX then (a), (b) or (c) above, as the case may be, will not apply.
- (e) **Deceased estates and trusts:** Rights Issue Shares will not be allotted in the name of an estate or a trust. Therefore, where the right to the Rights Issue Shares in Nimbus has accrued to the estate of a deceased holder or a trust, the executor or administrator or trustee (as the case may be) must complete **Form B** in his/her representative capacity and **Form C** must be completed by the person in whose name the Rights Issue Shares are to be allotted without any reference to the estate or the trust.
- (f) **Joint holders:** Where applicable, all joint holders of Letters of Allocation must sign the Form of Instruction in the appropriate space provided therefor.
- (g) **Receipts and documents:** No receipts will be given for completed letters of allocation and remittances. Documents accompanying applications will be returned by the Transfer Secretaries in due course, at the risk of the applicant.

KINDLY RETURN COMPLETED FORM TO:

The Transfer Secretaries

Nimbus Infrastructure Limited – Rights Issue

c/o Transfer Secretaries

Transfer Secretaries (Pty) Ltd

4 Robert Mugabe Avenue

Windhoek

Namibia

(PO Box 2401, Windhoek, Namibia)

Tel: +264 (61) 227647

rights@nimbus.africa

FORM A: INSTRUCTION TO SELL

This form is to be signed by the Shareholder if the rights to the Rights Issue Shares are to be sold.

NIMBUS INFRASTRUCTURE LIMITED

I/We hereby instruct my/our Broker, _____ to sell _____ of my Rights Issue Shares and pay the proceeds, if any, of the sale of the Rights allocated to me/us in terms of this Form of Instruction (less N\$XXX, all inclusive, for trades less than or equal to N\$XXX, and N\$XXX, plus XXX% of the value of trades).

Payment instruction:

By electronic funds transfer to the following bank account:

Name of Bank _____

Account Number _____

Branch Code _____

In order to comply with the requirements of the Financial Intelligence Act, 2012, any change of payment mandate will only be recorded if the following documentation is received from the relevant Shareholder:

- an original certified copy of your identity document / registration documents; and
- an original cancelled cheque, original bank letter or certified true copy of an original bank statement.

PLEASE NOTE THAT IF THE ABOVE INFORMATION IS NOT COMPLETE OR IF CONFLICTING INSTRUCTIONS ARE GIVEN, A CHEQUE PAYMENT OF THE AMOUNT DUE MAY BE SENT TO THE ADDRESS RECORDED IN NIMBUS'S SHARE REGISTER OR THE AMOUNT DUE WILL BE HELD BY NIMBUS UNTIL COLLECTED AND NO INTEREST WILL ACCRUE TO THE SHAREHOLDER IN RESPECT THEREOF.

Signed

Signature(s) of Shareholder selling his/her rights _____

Date

Assisted by me (where applicable) (all joint holders must sign) _____

FORM B: FORM OF RENUNCIATION

(To be signed by the Shareholder named in **Block (1)** on page 2 of the Form of Instruction if the right to the Rights Offer Shares is renounced.)

To the Directors,

NIMBUS INFRASTRUCTURE LIMITED

I/We hereby renounce my/our right to subscribe for the Rights Issue Shares allocated to me/us as stated in **Block (4)** on page 2 of the Form of Instruction in favour of the person(s) completing the Registration Application Form (**Form C**) in relation to such Rights Issue Shares.

Signed

Signature(s) of person(s) renouncing _____

Date _____

FORM C: REGISTRATION APPLICATION FORM (to be accompanied by a banker's draft or EFT proof of payment)

This form must be completed in respect of the person(s) (i.e. the renounee(s)) in whose name(s) the Rights Offer Shares must be allotted. **ONCE THIS FORM HAS BEEN COMPLETED THIS FORM OF INSTRUCTION WILL NO LONGER BE NEGOTIABLE.**

To: the Directors,

NIMBUS INFRASTRUCTURE LIMITED

I/We hereby request you to allot the Rights Issue Shares comprised in this Form of Instruction and as indicated in **Blocks (6) and (7) on page 2 of the Form of Instruction** hereof in the following name(s) upon the conditions set out in the accompanying Circular dated 27 March 2018.

I/We authorise you to place such name(s) on the register of Shareholders in respect thereof.

Surname(s) or Name of company _____

*Mr/Mrs/Miss _____

First names in full _____

Postal address (preferably a PO Box address) _____

_____ Postal Code _____

E-mail address _____

Telephone number (office hours) (_____) _____ Cellphone number (_____) _____

Date _____ 2018

Signature of renounee(s) _____

FORM D: POSTAL INSTRUCTIONS (to be completed only if you require a Share certificate to be posted to you)

In respect of those Rights Issue Shares accepted and allotted to the Offerees or renounees, the relevant certificates in respect of Rights Issue Shares can be collected from Transfer Secretaries or, if requested below, will be posted, by post, at their risk, on or about **Tuesday, 19 June 2018** to the Offeree's registered address as indicated below.

___ I will collect my share certificate from Transfer Secretaries; or

___ Kindly post the relevant share certificate to the following address by registered post:

Name _____

Address _____

In order to comply with the requirements of the Financial Intelligence Act, 2012, no change of address mandated will be recorded, unless the following documentation is received from the relevant Shareholder:

- an original certified copy of your identity document / registration documents;
- an originally certified tax certificate, a municipal bill or other proof of residency; and

(If no specific instructions are given here, A Shareholder will be deemed to wish to collect his/her/their new Share certificate from the Transfer Secretaries)