1 Charles Cathral Street
Olympia, Windhoek
Namibia
info@nimbus.africa
www.nimbus.africa

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 8 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;
- the approval of the change of name from Nimbus Infrastructure Limited to Paratus Namibia Holdings Limited; and
- the notification to Shareholders of the change of the financial year end of Nimbus from the last day of February to the last day of June of each year.

and incorporating

- the Notice of Annual General Meeting; and
- a form of proxy in respect of the Annual General Meeting for use by Shareholders with own-name registration only.

This Circular is not an invitation to the public to subscribe for securities, but is issued in compliance with the Listing Requirements, for the purpose of providing information to the public with regard to Nimbus.
This circular has been prepared on the assumption that the ordinary and special resolutions proposed in the Notice of Annual General Meeting forming part of the circular will be passed at the General Meeting of shareholders to be held on Thursday, 25 September 2019 at Maerua Roof Top, 5th Floor Maerua Office Tower, Jan Jonker Road, Windhoek, Namibia at 10:00 and registered (if applicable).
The ordinary shares to be issued in terms of the Swap will rank *pari passu* with all other ordinary shares issued by Nimbus.

The authorised share capital of Nimbus comprises 60'000'000 ordinary shares with a par value of 1 cent per share. The issued ordinary share capital of Nimbus currently comprises 28'710'92 ordinary shares with a par value of 1 cent per share and, after the Swap shall comprise 48'723'123 ordinary shares with a par value of1 cent per share and a total share premium of N$ 502'051'516.

Date of issue: 30 August 2019

Copies of this Circular are available in English only and may, from 30 August 2019 until 13 September 2019 (both days inclusive), be obtained from the registered office of Nimbus and Transfer Secretaries at the addresses 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
CIRRUS

Auditors and Independent Reporting Accountant to Nimbus
pwc

Legal Counsel to Nimbus
CRONJÉ & CO

Previous Auditors and Independent Reporting Accountant to Paratus
BDO

Independent Expert
PSG CAPITAL
PSG Capital (Fairness Opinion)

Sponsor
PSG
PSG Wealth Management Namibia

Auditors and Independent Reporting Accountant to Paratus
pwc

CORPORATE INFORMATION

NIMBUS INFRASTRUCTURE LIMITED

Auditors and Reporting Accountants to Nimbus PricewaterhouseCoopers (Chartered Accountants (Namibia)) Registered Accountants and Auditors 344 Independence Avenue Windhoek Namibia (P O Box 1571, Windhoek, Namibia) Tel: +264 (61) 284 1000	**Company Secretary and Registered Address of Nimbus** Cronjé Secretarial Services (Pty) Ltd 1 Charles Cathral Street Windhoek Namibia (P.O. Box 81588, Olympia, Windhoek) Tel: +264 813198200 E-mail: cronje@nimbus.africa
Corporate / Transaction Advisors Cirrus Capital Floor 2, Maerua Tower, Windhoek, Namibia (P O Box 81009, Windhoek, Namibia) Cell: +264 (81) 675 6401 Cell: +264 (85) 551 3649 E-mail: rowland@cirrus.com E-mail: rome@cirrus.com www.cirrus.com.na	**Transfer Secretaries** Transfer Secretaries (Pty) Ltd 4 Robert Mugabe Avenue Windhoek Namibia (PO Box 2401, Windhoek, Namibia) Tel: +264 (61) 227647 E-mail: Alexandreah@nsx.com.na
Legal counsel to Nimbus Cronjé & Co 1 Charles Cathral Street Windhoek Namibia (P.O. Box 81588, Olympia, Windhoek) Tel: +264 (61) 247435/7 E-mail: info@cronjelaw.com www.cronjelaw.com	**Sponsor** PSG Wealth Management (Namibia) (Pty) Ltd 1st Floor PSG Building 5 Conradie Street Windhoek Tel: +264 (61) 378900 E-mail: info@psg.com.na https://www.psg.com.na Member of the NSX
Previous Auditors and Reporting Accountants to Paratus Namibia BDO Namibia Registered Accountants and Auditors 61 Bismarck Street (P O Box 2184, Windhoek, Namibia) Tel: +264 61 224125	**Auditors and Reporting Accountants to Paratus Namibia** PricewaterhouseCoopers (Chartered Accountants (Namibia)) Registered Accountants and Auditors 344 Independence Avenue Windhoek Namibia (P O Box 1571, Windhoek, Namibia) Tel: +264 (61) 284 1000
Independent Expert PSG Capital (Pty) Ltd 1st Floor, Ou Kollege Building 35 Kerk Street PO Box 7403 Stellenbosch, 7599 South Africa Tel: +27 (21) 887 9602 Fax: +27 (21) 887 9624	**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

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I. FORWARD-LOOKING STATEMENT DISCLAIMER

1.1. The definitions and interpretations set out on page 8 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 15 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 upon successful conclusion of the Swap, both the Management Agreement and the Investment Agreement will be terminated.
- 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 6 and 15 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 8 of this Circular apply to this salient dates and times section.

Record date to determine which Shareholders are eligible to receive the Circular:	30 August 2019
Circular containing notice of Annual General Meeting and form of proxy sent to Shareholders and announced on NENS on:	30 August 2019
Last day to trade in order to be eligible to vote at the Annual General Meeting:	06 September 2019
Record date to be eligible to vote at the Annual General Meeting	13 September 2019
Last day to lodge forms of proxies in respect of the Annual General Meeting by 10:00 on:	23 September 2019
Annual General Meeting of Nimbus Shareholders to be held at 10:00 on:	25 September 2019
Results of the Annual General Meeting released on NENS on:	26 September 2019
Last day to trade under the old name of Nimbus	4 October 2019
Shares trade under the new name of Paratus Group Holdings Limited, NSX Code PNH, ISIN: NA000A2DTQ42 and abbreviated name Paratus from the commencement of trading on	7 October 2019
Record date for the Change of Name	11 October 2019

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.
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 48 hours before the commencement of the Annual General Meeting (or any adjournment of the Annual General Meeting).
4. If the Annual General Meeting is adjourned or postponed, forms of proxy submitted for the initial Annual 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;
"Annual General Meeting"	the Annual General Meeting of Nimbus Shareholders to be held at 10:00 on 25 September 2019, at Maerua Roof Top, 5th Floor Maerua Office Tower, Jan Jonker Road, Windhoek, Namibia convened in terms of the Notice of Annual General Meeting;
"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;
"Board" or "Board of Directors"	the board of directors of Nimbus at the date of this Circular whose details are set out on page 13 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 2nd 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 30 August 2019, containing the circular to Shareholders, annexures, the Notice of Annual General Meeting, and a form of proxy;
"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"	Cirrus Capital (Pty) Ltd, a private company with limited liability, duly incorporated in terms of the laws of the Republic of Namibia, Registration Number 2018/0101;
"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;
"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 – - original share certificates in respect of the Sale Shares; - undated share transfer forms in respect of the Sale Shares duly completed by the registered holders thereof and indicating Nimbus as the transferee; - certified copies of resolutions of directors of the Company; - approving the transfer of the Sale Shares pursuant to this Agreement; - noting the cession of the Sale Claims to Nimbus; and - certified copies of a resolution of the shareholders of Paratus Group approving the disposal of the shares that Paratus Group holds in Paratus Namibia; - certified copies of a resolution approved by all shareholders of the Company approving the transaction contemplated in this Agreement; and - certified copies of all documents that might be required by Transfer Secretaries, as appointed and instructed by Nimbus, to allot the Swap Consideration, update the Nimbus share register and issue the share certificates;
“FTTX”	a generic term for any broadband network architecture using optical fiber to provide all or part of the local loop used for last mile telecommunication;
“Gbps”	means billions of bits per second and is a measure of bandwidth on a digital data transmission medium such as optical fiber;
“Annual 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 Annual General Meeting;
“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 12.2;
“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), Jaco Esterhuyse (South African) and Stuart Hilton Birch (South African);
“IRS”	Indefeasible Right of Supply;
“IRU”	Indefeasible Right of Use;
“Last Practicable Date”	31 May 2019, being the last practicable date prior to the finalisation of this Circular;
“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;

"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;
"March 2018 Circular"	the document distributed to Shareholders and dated 27 March 2018, pertaining to: - the proposed share swap between Nimbus and Cuvelai Telecommunications (Pty) Ltd and Bartholomeus Roelof Jacobus Harmse, in terms whereof Nimbus acquired further Paratus Shares in exchange for Nimbus Shares, and increased its shareholding in Paratus from 26.5% (twenty-six-point five percent) to 51.4% (fifty-one-point four percent); and - 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$10.50 per rights issue shares containing the circular to Shareholders, annexures, the Notice of Annual General Meeting, a form of proxy and a form of Instruction in respect of Letters of Allocation for use by Qualifying Shareholders a copy of which is available on the Nimbus website at http://www.nimbus.africa under "Investor Relations";
"NENS"	the Stock Exchange News Service, the news service operated by the NSX;
"Namibia"	the Republic of Namibia;
"NamCode"	the corporate governance code for Namibia 2014, issued by the Institute of Directors in Southern Africa and the NSX;
"Namibia Dollar" or "N$"	Namibia Dollar, the currency of Namibia;
"Notice of Annual General Meeting"	the notice of the Annual General Meeting attached to and forming part of this Circular;
"November 2017 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 Namibia, 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";
"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 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 and having its principal place of business at 104 – 106 Nickel Street, Prosperita, Windhoek, Namibia;
"Paratus Board"	the board of directors of Paratus Namibia;
"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;

"Pre-Listing Statement"	the Nimbus Pre-Listing Statement issued on 25 September 2017;
"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 Shareholders maintained by the Transfer Secretaries on behalf of Nimbus in terms of the Companies Act;
"Sale Claims"	means a proportionate share of the amounts of any nature whatsoever owing by the Company to the Seller 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;
"Sale Equity"	the Sale Shares and the Sale Claims, provided that if there are no Sale Claims then any reference to "**Sale Equity**" shall be construed as a reference to the Sale Shares;
"Sale Shares"	**46'168** (forty six thousand, one hundred and sixty eight) ordinary shares in the share capital of Paratus Namibia held by Paratus Group, representing a holding of 48.6% of the issued share capital of Paratus Namibia, to be acquired by Nimbus in accordance with the Swap Agreement, which after having been transferred to Nimbus, will increase the effective shareholding of Nimbus from 51.4% to 100% of total issued ordinary shares of Paratus Namibia;
"Special Resolution"	a resolution passed at an annual general meeting or any other general meeting whereat the Shareholders present in person or by proxy represent not less than 50% (fifty per centum) of the total votes, and passed by majority of at least 75% (seventy five per centum) of the total votes represented by members present in person or by proxy;
"Swap"	a share swap transaction between Nimbus and the Sellers whereby Nimbus acquires the remaining ordinary shares in Paratus Namibia it does not own in exchange for the Swap Consideration, which increases Nimbus' effective economic interest to 100% (one hundred percent) in Paratus, as more fully set out in paragraph 2 of this Circular;
"Swap Agreement"	the share swap agreement entered into between Nimbus and the Sellers, subject to the Conditions Precedent being fulfilled, in terms whereof Nimbus will acquire the Sale 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 **20'012'431** (twenty million, twelve thousand, four hundred and thirty one) new ordinary Nimbus Shares at an agreed upon value of **N$ 10,50** (ten Namibia Dollars and fifty cents) each for a total value of **N$ 210'130'525.50** (two hundred and ten million, one hundred and thirty thousand, five hundred and twenty five Namibia Dollars and fifty cents);
"Shareholders" or "Nimbus Shareholders"	holders of Nimbus 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”	Paratus Group;
“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.

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

ANNUAL GENERAL MEETING

Notice of Annual General Meeting

Nimbus Shareholders are invited to attend the Annual General Meeting, convened in terms of the Notice of Annual General Meeting (which is annexed to and forms part of this Circular), to be held on Wednesday, 25 September 2019 at Maerua Roof Top, 5th Floor Maerua Office Tower, Jan Jonker Road, Windhoek, Namibia at 10:00 in order to consider, and if deemed fit, approve and adopt the special and ordinary resolutions set out in the Notice of Annual General Meeting forming part of this Circular.

All Nimbus Shareholders are entitled to attend, or be represented by proxy, and may speak and vote at the Annual General Meeting. If you are unable to attend the Annual 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, 23 September 2019.

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	**Non-Executive**
Schalk Leipoldt Van Zyl Erasmus (Namibian) Stefanus Isaias de Bruin (Namibian) Morné Romé Mostert (Namibian)	Hans-Bruno Gerdes (Independent Chairman) (Namibian) Brown Yati Ilone Amuenje (Independent) (Namibian) Josephine Naango Ndakulilwa Shikongo (Independent) (Namibian) Johannes Jacobus Esterhuyse (South African) 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 30 August 2019 setting out the details of –

1.1.1. the Swap;

1.1.2. The proposed change of name from "Nimbus Infrastructure Limited" to "Paratus Group Holdings Limited"; and

1.1.3. The proposed change of the financial year end of Nimbus from the last day of February to the last day of June of each year.

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 at the Annual General Meeting.

1.3. The proposed name change requires a Special Resolution from the Shareholders at the Annual General Meeting. Subject to the passing, filing and registration of the required Special Resolution set out in the notice of the Annual General Meeting, Nimbus will trade under the new name of **Paratus Group Holdings Limited**, NSX Code **PNH**, ISIN: **NA000A2DTQ42** and abbreviated name **Paratus.**

1.4. The proposed change in year-end requires a Special Resolution from the Shareholders at the Annual General Meeting.

1.5. In respect of the proposed Swap, the salient terms of the Swap Agreements are set out in paragraph 2 of this Circular; and

1.6. The purpose of this Circular is to:

1.6.1. provide Shareholders with the requisite information regarding the –

1.6.1.1. proposed Swap;

1.6.1.2. proposed change in year-end; and

1.6.1.3. proposed change of name;

to enable them to make an informed decision in respect of the Special Resolutions and ordinary resolutions set out in the Notice of the Annual General Meeting; and

1.6.2. convene the Annual General Meeting in order to consider and, if deemed fit, approve the Special Resolutions and the ordinary resolutions set out in the Notice of the Annual General Meeting.

2. DETAILS OF THE SWAP

2.1. **<u>Terms of the Swap and Consideration</u>**

The proposed Swap shall consist of the following:

2.1.1. A Share Swap whereby Nimbus acquires in accordance with the Swap Agreement **46'168** (forty six thousand, one hundred and sixty eight) ordinary shares in Paratus Namibia together with any Sale Claims held by Paratus Group, resulting in an increased effective shareholding of Nimbus from 51.4% to 100% of the total issued ordinary shares in Paratus Namibia

2.1.2. The Swap Consideration will be settled through the issue of **20'012'431** (twenty million, twelve thousand, four hundred and thirty one) new ordinary 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 for a total value of **N$ 210’130’525.50** (two hundred and ten million, one hundred and thirty thousand, five hundred and twenty five Namibia Dollars and fifty cents).

2.1.3. The Swap Agreement shall in no way novate, supersede, replace or amend or alter the terms of the –

2.1.3.1. shareholders agreement entered into between Nimbus, Paratus Namibia and Paratus Group on or about 16 November 2017; and / or

2.1.3.2. the share sale and Subscription agreement entered into on or about 16 November 2017, together with all addendums and annexures thereto; and / or

2.1.3.3. the previous share swap agreement entered into on or about 16 March 2018 between Nimbus, Cuvelai Telecommunications (Pty) Ltd, Bartholomeus Roelof Jacobus Harmse and Paratus Namibia together with all addendums and annexures thereto; and / or

2.1.3.4. the previous share swap agreement and all the relevant protections and warranties provided for therein have been fully disclosed in the March 2018 Circular.

2.1.4. The Swap Agreement provides for the termination of the –

2.1.4.1. Management Agreement; and

2.1.4.2. Investment Agreement.

2.1.5. The salient terms of the Management Agreement and the Investment Agreement have been fully disclosed in paragraph 12.1 and paragraph 12.2 below. The rationale for the cancellation of the Management Agreement and the Investment Agreement is considered more fully in paragraph 2.2.3 below.

2.2. **<u>Swap Details</u>**

2.2.1. **The Paratus group of companies**

The first of the Paratus group of companies was initially 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, leading to the establishment of what is now known as Paratus Namibia. Over the past decade, the Paratus group of companies, of which Paratus Namibia forms the head office, has extended its footprint further into SADC, opening offices in Zambia, Mauritius, South Africa and Botswana. Most recently the Paratus group of companies also established a new company in Mozambique.

Paratus Namibia 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 Paratus group of companies 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. Paratus Namibia is no exceptions as is evidenced by its aggressive infrastructure roll out.

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

The move into Africa unlocked significant potential in the Paratus group of companies with collective revenue growing from USD 29 million in 2012 to USD 65 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 of companies 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 ICT infrastructure 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 as a result thereof. Paratus Namibia has since completed the installation of fiber rings in Swakopmund and in Walvis Bay.

In 2018 Paratus Namibia completed the Trans Kalahari Fiber line (TKF) extending from Walvis Bay via Swakopmund, connecting to the West Africa Cable System, via Windhoek to Botswana. The establishment of TKF saw Paratus Namibia widening its gross profit margins and growing its EBITDA as costs are internalised while the first sales on the line occurred in March 2019.

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. **Rationale for the Swap with Paratus Group to obtain 100% interest in Paratus Namibia**

As set out in more detail in the November 2017 Circular, the acquisition of an initial stake of 26.5% in Paratus Namibia 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 an NSX main board listing.

The March 2018 Circular explained that the swap proposed therein would further capitalise on the rationale above by increasing the effective shareholding of Nimbus from 26.5% to 51.4% of the total issued ordinary shares of Paratus Namibia, transitioning Nimbus from a well-protected minority shareholder to a majority shareholder in Paratus Namibia and would ensure that Nimbus secured a firm foothold in the ICT sector, which would serve as a stable platform for future growth and expansion. The transaction also secured 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.

The Swap as proposed herein, again builds on the rationale of the previous two transactions as fully detailed in the November 2017 Circular and the March 2018 Circular. By taking Paratus Namibia from a 51.4% subsidiary to a wholly owned subsidiary, the following synergies are unlocked:

2.2.3.5. Exposure to Paratus Namibia's diversified revenue streams is fully cemented, including future revenues that can be generated from strategic assets like TKF, FTTX roll out in major Namibian cities and Paratus Namibia's 4G LTE network (Mobile LTE);;

2.2.3.6. The remaining conflicts of interest that exist where an investment is suitable to both Paratus Namibia and Nimbus is eliminated as the see-through economic interest for Nimbus Shareholders remains unchanged, regardless of whether such opportunities are pursued by Paratus Namibia or by Nimbus;

2.2.3.7. Access to capital for Paratus Namibia is simplified through the 100% shareholding, enabling Paratus Namibia to aggressively pursue its infrastructure roll out;

2.2.3.8. The duplication of governance structures and corresponding duplicated costs are eliminated by combining the Board of Directors and the Paratus Namibia board of directors, as well as the relevant committees of the boards' consolidation into one fully aligned governance structure;

2.2.3.9. With the full alignment of interests and governance structures resulting from the 100% shareholding, the need for outsourcing the day-to-day activities of Nimbus through a Management Agreement is no longer necessary, wherefore the Management Agreement will be terminated; and

2.2.3.10. Similarly, there will no longer be a permanent need for an Investment Manager to source and investigate investments for Nimbus, as investment strategies set by the Board will be pursued by the staff contingent already employed by Paratus Namibia, wherefore the Investment Agreement will also be terminated. Specialist skills can be recruited on an *ad hoc* basis, as and when required.

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. **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.

2.4.2. **Paratus Group approving and/or ratifying the Swap**
Paratus Group's board of directors must approve or ratify the Swap Agreement.

2.4.3. **Approval of Swap by Paratus Namibia board of directors**
Paratus Namibia's board of directors must approve or ratify the Swap Agreement, as well as all other agreements contemplated as part of the Swap.

2.4.4. **Regulatory approval**

2.4.4.1. **CRAN**

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

2.4.4.2. **Competition Commission**

The Swap 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.

2.4.5. **Approval processes**

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

2.4.5.2. 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.

2.4.5.3. 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 the Annual General Meeting.

2.4.5.4. The disinterested Directors of the Board have considered the terms and conditions of the Swap and has approved the Swap. As per the Listing Requirements, the executive members of the Manager and Investment Manager, and the Attorneys, and their associates will not vote their shares for the approval of the Swap at the Annual General Meeting.

2.4.6. At the date of this Circular, all the Conditions Precedent as disclosed above have been fulfilled, except for the regulatory approvals as set out in paragraph 2.4.4 above. An announcement will be published on NENS as soon as the requisite approvals have been obtained.

2.5. **<u>Other significant terms of the Swap Agreement</u>**

2.5.1. **Termination of the Management Agreement**

2.5.1.1. The close of the Swap will automatically lead to the termination of the Management Agreement.

2.5.2. **Termination of the Investment Agreement**

2.5.2.1. The close of the Swap will automatically lead to the termination of the Investment Agreement.

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[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.

2.6. Related party categorisation of the Swap

2.6.1. Paratus Namibia 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 whereby Nimbus was initially listed on the NSX on 6 October 2017 and have further obtained Nimbus Shares as a result of the swap as set out in the March 2018 Circular.

2.6.2. Paratus Namibia has also been appointed by Nimbus as the Manager in terms of the Management Agreement. As per the Management Agreement, Paratus Namibia may nominate two executives to the Board. These board members, the Chief Executive Officer and Chief Financial Officer of Nimbus, also have interests in Paratus Namibia as disclosed fully in paragraph 7.8 (directors interests in transactions).

2.6.3. The Chief Investment Officer of Nimbus has an interest in the Swap as disclosed fully in paragraph 7.8 (directors' interests in transactions).

2.6.4. Due to the aforementioned, the 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 opinion by an independent expert (see Annexure G below).

2.7. Dilution of effective see-through shareholding of Paratus Group

2.7.1. At the Last Practicable Date, Nimbus held cash in the amount of approximately N$ 79'300'000.

2.7.2. For Paratus Group to maintain its effective see-through economic interest in Paratus Namibia pre- and post-Swap, a cash contribution from Paratus Group in the amount of approximately N$ 74'980'000 would be necessary to ensure that the exposure of all other Shareholders remain constant pre- and post-Swap.

2.7.3. Paratus Group has however indicated that instead of making the requisite cash contributions, they would be willing to accept a lesser amount of Nimbus Shares as the Swap Consideration and in the process effectively dilute. At a value of N$ 10.50 per Nimbus Share, this equates to 7'140'967 Nimbus Shares that Paratus Group has foregone due to not making a cash contribution. This is already reflected in the Swap Consideration.

2.7.4. To ensure the Paratus Group did not unduly benefit from receipt of the Swap Consideration to the detriment of other Nimbus Shareholders, the Swap Consideration was calculated to effectively dilute the Paratus Group's see through effective shareholding in Paratus Namibia.

2.7.5. The dilutionary effect ensures that the see-through exposure that Paratus Group obtains to the cash position of Nimbus post-Swap, has been compensated for by reducing the number of Nimbus Shares allotted to Paratus Group accordingly.

2.7.6. Pre-Swap, Paratus Group holds an effective see-through economic interest of 48.6% in Paratus Namibia. Post-Swap, the effective see-through economic interest of Paratus Group in Paratus Namibia will be diluted to 41.1%.

2.7.7. Consequently, all other Nimbus Shareholders have been treated fairly by reducing their effective see through interest in the cash held by Nimbus and increasing their effective see through interest in Paratus Namibia by equal value. The fairness of the Swap has been considered by the Independent Expert and confirmed in an opinion to that effect as set out in Annexure G.

2.8. Pro-Forma effects of the Swap

2.8.1. The impact of the Swap on the value of the net assets that are the subject of the Swap, and the pro forma effect on the net assets and net tangible assets per share of the Nimbus and Paratus Namibia are disclosed more fully in Annexure A: Pro Forma Financial Information of Nimbus as at 28 February

2019 and Annexure C: Pro Forma Statement of Financial Position of Paratus Namibia as at 28 February 2019;

2.8.2. The profits attributable to the net assets, the subject of the Swap, and the pro forma effect on the historical earnings and headline earnings per share of Nimbus is disclosed more fully in Annexure A: Pro Forma Financial Information of Nimbus as at 28 February 2019 .

3. CHANGE IN YEAR-END

3.1. Change in year-end

Nimbus' Board has resolved that its year-end be changed from the last day of February of each year to the last day of June of each year in accordance with section 293(2) of the Companies Act.

3.2. Rationale for year-end change

3.2.1. Paratus Group has concluded a transaction with Capricorn Investment Group Limited. In terms of the transaction between Capricorn Investment Group Limited and Paratus Group, Capricorn Investment Group Limited subscribed for shares in Paratus Group, which transaction was subject to certain conditions.

3.2.2. One of these conditions comprised that all the entities within the Paratus group of companies' financial year ends shall be changed to the last day of June of each year. Paratus Namibia fell within this designation and was therefore also required to change its year end accordingly.

3.2.3. A change in year-end by Paratus Namibia would logically be followed by Nimbus, so as to avoid accounting and administrative difficulties that arise with a wholly owned subsidiary that has a year-end that does not correspond to the year-end of Nimbus.

4. CHANGE OF NAME

4.1. Change of name

Nimbus propose to change its name from "Nimbus Infrastructure Limited" to "**Paratus Namibia Holdings Limited**"

4.2. Rationale for proposed name change

The full alignment of interests brought about by the Swap, together with the consolidation of the boards of directors between Nimbus and Paratus Namibia does away with the need for Nimbus to have a separate identity. Nimbus will be the listed holding company of Paratus Namibia.

At the Annual General Meeting of Nimbus, which will be held on 25 September 2019 and will commence at 10.00, Shareholders will be requested to approve the Special Resolution to effect the change of the Nimbus' name. Should the Special Resolution be approved by the requisite majority of Shareholders, the Registrar of Companies will be approached for registration thereof.

5. SHARE CAPITAL AND DIVIDENDS

5.1. Authorised and issued share capital

5.1.1. The authorised and issued share capital of Nimbus is set out below:

	Number of Shares	Share Capital
Authorised		
Ordinary shares of N$0.01 per share	60’000’000	N$ 600’000
Issued before the Swap		
Ordinary shares of N$0.01 per share	28’710’692	N$ 287’107

5.1.2. The share premium of Nimbus prior to the Swap was N$ 292’121’115.

5.1.3. The Swap Consideration will be settled through the issue of **20’012’431** (twenty million, twelve thousand, four hundred and thirty one) new ordinary 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 for a total value of **N$ 210’130’525.50** (two hundred and ten million, one hundred and thirty thousand, five hundred and twenty five Namibia Dollars and fifty cents), in respect of which-

5.1.3.1. The share premium, assuming the Swap is approved, can be calculated at an issue price of 1’049 cents per share in respect of the Swap amounting to N$ 209’930’401.19.

5.1.3.2. The effect thereof is disclosed more fully in Annexure A: Pro Forma Financial Information of Nimbus as at 28 February 2019

5.2. **<u>Alterations to authorised share capital</u>**

5.2.1. Nimbus was incorporated with an authorised ordinary share capital of 60’000’000 ordinary shares with a par value of N$0.01 per share.

5.2.2. No new share capital has been authorised and no share sub-divisions or consolidations have been undertaken by Nimbus

5.3. **<u>Issues of shares</u>**

5.3.1. On incorporation, Nimbus issued and allotted 7 ordinary Shares with a par value of N$0.01 per Share to Shareholders as detailed in the Pre-Listing Statement and subsequently issued 75’000 ordinary Shares with a par value of N$0.01 and a premium of N$ 7.99 per share to Shareholders.

5.3.2. Nimbus’ Shares were listed on the NSX on 06 October 2017 as detailed in the Pre-Listing Statement. Through the listing of Nimbus on the NSX as a CPC and the concurrent private placement, it raised an amount of N$ 102,884,000.00 (one hundred and two million eight hundred and eighty four thousand Namibia Dollar), by issuing 10’288’400 ordinary Shares with a par value of N$0.01 and a premium of N$ 9.99 per share to Shareholders.

5.3.3. Nimbus subsequently entered into transactions in terms whereof it issued:

5.3.3.1. 8’495’400 ordinary Shares with a par value of N$0.01 cent and a premium of N$10.49 per Share on 1 June 2018 to Cuvelai Telecommunications (Pty) Ltd and Bartholomeus Roelof Jacobus Harmse relating to the swap as detailed in the March 2018 Circular.

5.3.3.2. 9’851’885 ordinary Shares with a par value of N$0.01 cent and a premium of N$ 10.49 per Share on 20 July 2018 in terms of the 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 shares as detailed in the March 2018 Circular.

5.3.4. Save for the issues as set out in paragraph 5.3, no further offers or issues of shares were made by Nimbus.

5.4. **<u>Unissued shares</u>**

5.4.1. The authorised but unissued ordinary shares in the share capital of Nimbus remain under the control of the Shareholders. In terms of the notice of the Annual General Meeting attached to this Circular, the Shareholders will be requested to place a portion of the authorised, but unissued share capital under the control of the Board, in order to issue the Swap Consideration to the Sellers in terms of the Swap.

5.5. **Voting, variation and conversion of rights**

5.5.1. The provisions of the articles of association of Nimbus relating to the voting rights and variation of rights attaching to shares in the share capital of Nimbus are set out in Annexure H: Extract from Nimbus' Articles of Association.

5.6. **No other listings**

5.6.1. No offer has been made to the public for the subscription or sale of shares during the period from the date of Nimbus's conversion to a public company until the date of this Circular. All the issued ordinary shares of Nimbus will be listed on the NSX. No shares of Nimbus will be listed on any other stock exchange.

5.7. **Dividends**

5.7.1. There is currently no proposal from the Board to declare any dividends, as capital and profits are currently being re-invested in the business.

6. MAJOR SHAREHOLDERS

6.1. 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	8,615,176	30.00%
Schalk Leipoldt van Zyl Erasmus	2,734,837	9.52%
Bartholomeus Roelof Jacobus Harmse	2,197,945	7.65%
Old Mutual Life Assurance Company (Namibia) Ltd	2,000,000	6.96%
Edward John D'Alton	1,540,974	5.37%

6.2. Paratus Namibia holds 1'337'000 Shares in Nimbus, being 4.66% of the Shares in Issue as at the date of the Circular.

6.3. Nimbus does not have a controlling Shareholder. There has been no change in the controlling Shareholder nor trading objects of Nimbus from the Listing Date to the Last Practicable Date.

6.4. The Swap will result in Paratus Group becoming a significant Shareholder in Nimbus, holding 41.07% of the issued Shares in Nimbus. After the conclusion of the Swap, 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
Paratus Group Holdings Limited	20'012'431	41.07%
Capricorn Investment Group Limited	8,615,176	17.68%
Schalk Leipoldt van Zyl Erasmus	2,734,837	5.61%

7. DIRECTORS AND SENIOR MANAGEMENT

7.1. Directors

7.1.1. As at the date of this Circular, Nimbus' Board consists of the following members:

Full Name	Designation
Schalk Leipoldt Van Zyl Erasmus	Chief Executive Officer
Stefanus Isaias de Bruin	Chief Financial Officer
Morné Romé Mostert	Chief Investment Officer
Hans-Bruno Gerdes	Non-Executive Chairman
Brown Yati Ilone Amuenje	Non-Executive Director
Josephine Naango Ndakulilwa Shikongo	Non-Executive Director
Stuart Hilton Birch*	Non-Executive Director
Johannes Jacobus Esterhuyse *	Non-Executive Director

7.1.2. During the past 12 months the following changes occurred to the Board:

7.1.2.1. Johannes Jacobus Esterhuyse (Non-Executive director) has been appointed as a director with effect from 23 May 2017. Mr Esterhuyse has also been appointed as Chairperson of the Audit Committee; and

7.1.2.2. Christoph Stork resigned as a director on 27 February 2019. Dr Stork has resigned from the board in order to ensure that he does not have a conflict of interest in relation to the consulting work that he does for various regulatory authorities in sub-Saharan Africa.

7.2. Code of corporate practice and conduct

7.2.1. Nimbus applies the corporate governance standards as embodied in the principles set out in the NamCode. Principle C2 – 18 determines that the board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent, as this reduces the possibility of conflicts of interest and promotes objectivity. The NamCode further recommends in paragraph 18.9 thereof that when determining the number of directors to serve on the board, the collective knowledge, skills, experience and resources required for conducting the business of the board should be considered. In paragraph 18.12 thereof it is further recommended that as a minimum, two executive directors should be appointed to the board, being the chief executive officer (CEO), who would then be the Managing Director, and the director responsible for the finance function (CFO). This will ensure that there is more than one point of contact between the board and the management.

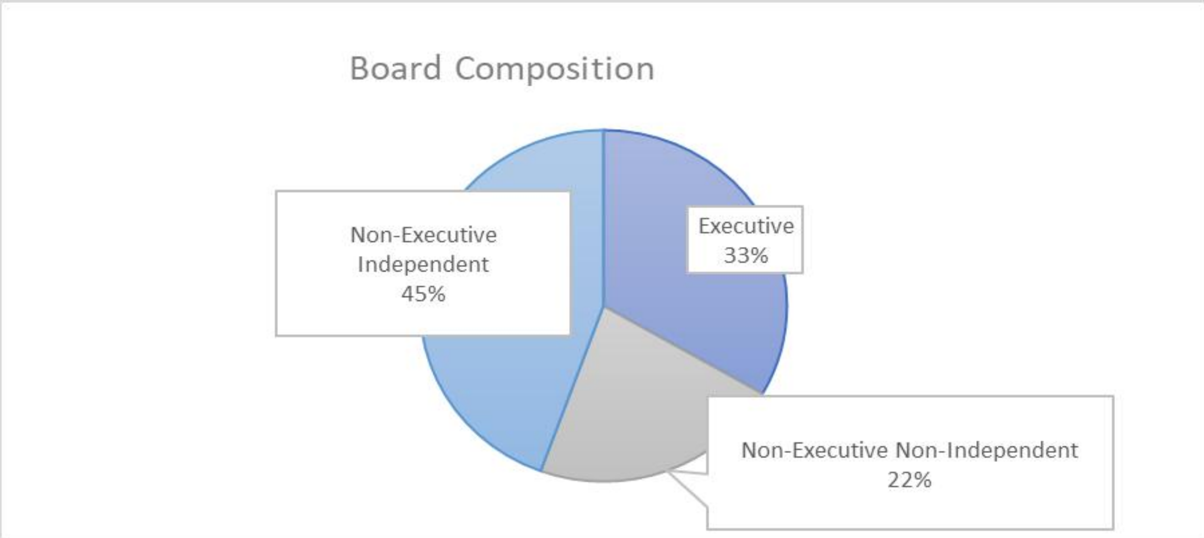
7.2.2. In pursuance of these principles, Nimbus aims to propose at the Annual General Meeting that these principles be applied in the consolidation of the Paratus Namibia and Nimbus Boards to establish one board that has the following characteristics:

7.2.2.1. 33% of the Board will comprise of executive directors, which shall include the CEO and CFO as recommended, but also the COO given the technical nature of the Paratus Namibia operations and the fundamental role of technical information- and technology skills in the Paratus Namibia business model;

7.2.2.2. 66% of the Board will be non-executive directors to ensure oversight of the activities of the executive function can be performed. Core knowledge, skills and experience contributed by the non-executive function includes legal, financial, investment and technical, as set out more fully in paragraph 7.3 below;

7.2.2.3. 67% of the non-executive directors will be independent non-executive directors, with each independent contributing essential elements of the knowledge, skills and experience to maintain the necessary balance of power on the board and in particular they possess in aggregate legal-, financial-, investment- and technical knowledge, skills and experience, as set out more fully in paragraph 7.3 below;

7.2.2.4. For more detail on the manner in which Nimbus applies the corporate governance standards, refer to Annexure J: Corporate Citizenship and Corporate Governance.



7.2.3. Following the successful implementation of the Swap, the boards of directors of Nimbus and Paratus Namibia will be consolidated, where after the Board will consist of the members set out in the table below. Their full names, ages, business address and designations are provided in paragraph 7.3 and in the table below:

Name	Board of Directors			Board Committees			
	Executive	Non-Executive		EXCO	ARC	REMCO	INVESTCO
		Non-Independent	Independent				
Andrew Hall	CEO			Chair			
Schalk Leipoldt Van Zyl Erasmus	COO			X			
Stefanus Isaias (Stefan) de Bruin	CFO			X			
Bartholomeus Roelof Jacobus (Barney) Harmse		X					
Johannes Jacobus (Jaco) Esterhuyse*		X			Chair		X
Hans-Bruno (Habo) Gerdes			Chair		X	X	
Josephine Naango Ndakulilwa Shikongo			X		X	Chair	X
Morné Romé (Romé) Mostert			X			X	Chair
Stuart Birch*			X				X
	3	**2**	**4**	**3**	**3**	**3**	**4**

* South African

EXCO = Executive Committee
ARC = Audit- and Risk Committee
REMCO = Remuneration- and Nomination Committee
INVESTCO = Investment Committee

7.2.4. The Board has taken note that the board of directors as proposed is not representative of the Namibian social demographic. The Board has affirmed its commitment to promote transformation in a responsible and sustainable manner and has included transformation as a priority item on the agenda of the Remuneration- and Nomination Committee.

7.3. **Experience of Directors of the proposed consolidated board**

ANDREW HALL (37)

Qualifications:	B. Com with specialization in Entrepreneurship - Cum Laude (Unisa)
Business Address:	104 – 106 Nickel Street, Prosperita, Windhoek
Nationality:	Namibian
Function and Committees:	Chief Executive Officer
Background:	Andrew started out in the telecommunications industry as a technical apprentice in 2001. He progressed rapidly due to his passion for the industry and the commitment to ensure projects are completed, implemented and planned meticulously as well as implemented timeously. He progressed to become the Managing Director of Vox Telecom prior to the acquisition of the Namibian Office by Paratus Namibia. He is now the Managing Director of Paratus Namibia and is responsible for all operations across the entire product spectrum of Paratus Namibia. Due to his technical background, he understands technology and has the ability to design, plan and implement projects across diverse deployments at all levels.

SCHALK LEIPOLDT VAN ZYL ERASMUS (42)

Qualifications:	Microsoft Certified Systems Engineer (MCSE) and Cisco Certified Network Associate
Business Address:	104 – 106 Nickel Street, Prosperita, Windhoek
Nationality:	Namibian
Function and Committees:	Chief Operating Officer
Background:	Schalk has been in the Service Provider and Telecommunications Industry for over fifteen years and has co-founded various operating companies in Africa. Schalk is currently the Chief Operating Officer of the Paratus Group, operating in over twenty-two African Countries with physical presence in seven African Countries which include: Mauritius, Angola, Botswana, Mozambique, Namibia, South Africa and Zambia. The Africa success story is testimony to his technical capabilities and his leadership skills. Formerly Schalk was a founding shareholder and Technical Director of Internet Technologies Namibia (Proprietary) Limited from inception in 2005 till 2014 when the company was incorporated into Paratus Telecommunications (Proprietary) Limited. Prior to this Schalk has managed his own business ventures from 2000 till 2004, offering technical support to the US Government and various NGO's including USAID, FHI and the United Nations. Prior to 2000, Schalk obtained various Diplomas in Software Support, Bookkeeping and Accounting. Schalk also obtained his MCSE (Microsoft Certified System Engineer) and later his Cisco Certification. Schalk was also a Microsoft Certified Trainer where he conducted training on almost all Microsoft Products. During the late 90's Schalk became the Branch Manager of ISU Campus, an authorised Training and Certification Centre.

STEFANUS ISAIAS (STEFAN) DE BRUIN (45)

Qualifications:	B Com (Hons), CA (Nam), H Dip (Tax)
Business Address:	104 – 106 Nickel Street, Prosperita, Windhoek
Nationality:	Namibian
Function and Committees:	Chief Financial Officer
Background:	Stefan has more than 20 years of experience in operations and finance of which the last ten years were spent as an executive director of Namibian listed entities. Stefan is currently the Chief Financial Officer of the Paratus Group. Stefan joined Old Mutual Investment Group Property Investments (Proprietary) Limited (OMIGPI) in August 2008 and served as a representative director of Oryx

Properties Limited (NSX listed company) as well as Oryx Management Services (Proprietary) Limited, a subsidiary of OMIGPI until November 2010. Stefan resigned from OMIGPI with the internalisation of the asset and finance management functions of Oryx Properties Limited and was appointed by Oryx Properties Limited as Chief Executive Officer. He served as a non-executive director of the NSX from 2013 to 2016. During this period, he also served as Chairman of the Audit and Risk Committee. Stefan is a non-executive board member of the Old Mutual Orion Namibia Pension and Provident Fund and Professional Provident Society Insurance Company (Namibia) Limited (PPS Namibia). He was previously a senior manager for Tax and Legal Services at PricewaterhouseCoopers from 2002 to 2003, Financial Manager at Siemens Namibia (Proprietary) Limited from 2003 to 2005 and Financial Director at Siemens Namibia (Proprietary) Limited from 2005 to 2008.

BARTHOLOMEUS ROELOF JACOBUS (BARNEY) HARMSE (48)

Business Address:	104 – 106 Nickel Street, Prosperita, Windhoek
Nationality:	Namibian
Function and Committees:	Non-Executive Director
Background:	Directly after high school Barney took up employment in the Government as a computer programmer. After Government, he joined BCS Computers as a Programmer in 1991, which provided insurance systems to the insurance industry for brokers and insurance companies on a bureau basis. It is during this time at BCS Computers that Barney fell in love with his new passion ever since: networking. Barney boasts an impressive 25-year career in the Networking and Telecom service industry in Africa and has reached multiple milestones during this period. Barney was instrumental in establishing commercial internet in Namibia. He co-founded the original UUNET Internet Africa in Namibia which is known as MTN today. Since 1996, he was the Managing Director of UUNET Namibia for 7 years until 2002. After UUNET, over the last 15 years, he has co-founded various Internet Service Providers and Telecom companies in Angola, Namibia, Zambia, Botswana, as well as South Africa. Today they all form part of the Paratus group of companies, and deliver products and services to more than 22 African countries. The Paratus group of companies has more than 400 dedicated employees in Africa.

JOHANNES JACOBUS (JACO) ESTERHUYSE (41)

Qualifications:	CA (SA)
Business Address:	6th Floor, Capricorn Group Building, Kasino Street, Windhoek
Nationality:	South African
Function and Committees:	Non-Executive Director, *Audit, Risk and Compliance Committee (Chairperson)*
Background:	Jaco currently holds the position of Financial Director of the Capricorn Investment Group Limited. He has extensive experience in the financial and investment industry. His career in the financial and investment industry commenced in 2005 in the United Kingdom where he was based until November 2011. During this time he worked for Mitsui Sumitomo Insurance Company Ltd, Oakwood Global Finance and Barclays PLC amongst others. He returned to Namibia in December 2011 and joined the Capricorn Group in January 2012.

HANS-BRUNO (HABO) GERDES (66)

Qualifications:	ACIS/ BPROC (UCT)
Business Address:	12 Love Street, Windhoek
Nationality:	Namibian
Function and Committees:	Independent Non-Executive Chairman *Remuneration and Nomination Committee, Risk, Audit and Compliance Committee*
Background:	Habo was previously the Managing Partner of Engling, Stritter & Partners. Habo is an associate of the Institute of Chartered Secretaries and holds a BProc degree from the University of Cape Town. He currently practices as commercial/corporate attorney and holds a number of directorships in both listed and unlisted companies and serves on various governance committees. He is also a Commissioner on the Law Reform and Development Commission of Namibia and Honorary Consul for the Kingdom of Belgium in Namibia. Habo has been a board member of the NSX since 2009.

JOSEPHINE NAANGO NDAKULILWA (JOSEPHINE) SHIKONGO (34)

Qualifications:	Associate Chartered Management Accountant (ACMA), Chartered Global Management Accountant (CGMA), MPA: Strategic Public Management & Leadership, CIMA Advanced Diploma in Management Accounting, CIMA Diploma in Management Accounting, CIMA Certificate in Business Accounting, National Diploma: Accounting & Finance
Business Address:	BFS Nampro Fund Manager, Cnr Lazarett & Jan Jonker Street, Windhoek
Nationality:	Namibian
Function and Committees:	Independent Non-Executive Director *Remuneration and Nomination Committee (Chairperson), Risk, Audit and Compliance Committee, Investment Committee*
Background:	Josephine has over 10 years' experience in the accounting and finance field. She has worked in various sectors, including media, telecommunications and mainly the financial sector. She has served in a managerial capacity at the Motor Vehicle Accident Fund of Namibia, Agricultural Bank of Namibia and is currently the Head of Finance and Administration for BFS Nampro Fund Manager. Her experience includes overseeing the financial and management accounting functions, procurement and property management, as well as IT and HR functions. While studying in the US as a Fulbright Scholar, Josephine worked for the Strategic Initiatives department at World Business Chicago, an economic development public private partnership that drives the City of Chicago's economic growth.

MORNÉ ROMÉ (ROMÉ) MOSTERT (33)

Qualifications:	B Comm, Chartered Financial Analyst Charter holder
Business Address:	2nd Floor, Maerua Tower, Windhoek, Namibia
Nationality:	Namibian
Function and Committees:	Independent Non-Executive Director *Remuneration and Nomination Committee, Investment Committee (Chairperson),*
Background:	Romé is a CFA Charter holder with a BComm degree from the University of Stellenbosch. Romé has run the research desk at two of Namibia's largest stockbrokers, and was also the Managing Director of IJG Securities. Romé has a passion for financial markets and is extremely well regarded in this space. He developed both of Namibia's official bond and equity indices, to which billions of Namibia Dollars of invested funds are benchmarked by the country and region's asset managers. He has managed assets for various companies and individuals, focusing on customised segregated portfolios for specialised purposes. Romé is

a director on the NSX, and has been involved in a number of debt and equity listings. He is a local valuation expert, having valued various companies from start-ups to large mining entities.

STUART HILTON BIRCH (51)

Qualifications:	B. Comm (Computer Science), MBA
Business Address:	3rd floor, 30 Waterkant Street, Cape Town
Nationality:	South African
Function and Committees:	Independent Non-Executive Director *Investment Committee*
Background:	Stuart has been in the ICT Industry for over 20 years and is currently a Co-Founder of IRIS Network Systems, a company that focuses on providing Telecom and Internet Service Provider companies with a comprehensive Network Management Solutions. Stuart is currently the Managing Director of Iris Network Systems who deliver and manage their software and hardware on 178 servers spread over four continents and in 10 countries. His clients include: - Undersea cable companies - Pan-African ISPs - Regional ISPs - Data and VOIP providers - North American regional Carrier Service Providers Before Iris Network Systems, Stuart gained extensive experience in the ICT Industry working at Dimension Data, a subsidiary of Internet Solutions, where he served clients in retail, financial services, telecommunications and healthcare. At Dimension Data, Stuart held positions in Account Management and Business Development. He was also the Regional Executive for the Western Cape Region for Internet Solutions where his region was awarded Region of the Year at the Annual Dimension Data Sales Awards in both 2007 and 2008 for the Africa and Middle East region. In 2004 Stuart served on the Dimension Data Western Cape Exco, and on the Internet Solutions Exco between 2006 and 2010.

7.4. Directors' interests in securities

The consolidated Board as set out in paragraph 7.3 above include the members of key management of Paratus Namibia and Nimbus.

7.5. Qualification, appointment, remuneration and borrowing powers of directors

The relevant provisions of the articles of association of Nimbus relating to qualification, appointment, remuneration and borrowing powers of directors are set out in Annexure H: Extract from Nimbus' Articles of Association. The borrowing powers may only be varied by special resolution and have not been exceeded since Nimbus's incorporation.

None of the directors of Nimbus have:

7.5.1. been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;

7.5.2. entered into any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where such directors are or were directors with an executive function during the preceding 12 months;

7.5.3. entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such directors are or were partners during the preceding 12 months;

7.5.4. entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;

7.5.5. been publicly criticised by a statutory or regulatory authority, including recognised professional bodies or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and/or

7.5.6. been involved in any offence of dishonesty, fraud or embezzlement.

7.6. Directors' interests in securities

The direct and indirect interests of the Directors and their associates in the Shares 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
Stuart Birch*		5,000	5,000	0.02%
Stefanus Isaias De Bruin	250,000		250,000	0.87%
Schalk Leipoldt Van Zyl Erasmus*	2,727,337	1,345,000	4,072,337	14.18%
Hans-Bruno Gerdes	48,000		48,000	0.17%
Morné Romé Mostert	1	100,000	100,001	0.35%
Josephine Naango Ndakulilwa Shikongo	2,500		2,500	0.01%
Andrew Hall	304,845		304,845	1.06%
Bartholomeus Roelof Jacobus Harmse	2,197,945	30,000	2,227,945	7.76%
Total Shareholding	**5,530,628**	**1,480,000**	**7,010,628**	**24.41%**

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

No changes in Director's interest in securities have occurred since the end of the preceding financial year and the date of this Circular.

7.7. Associates' interests in securities

7.7.1. Associates' interest and securities are disclosed in paragraphs 6.1 and 7.6.

7.8. Directors' other interests in transactions

Apart from the Directors' interest in Shares as disclosed in paragraph 7.6 above, the following Directors have interests, whether directly or indirectly, in the Swap, as more fully set out below:

7.8.1. Schalk Leipoldt Van Zyl Erasmus

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

Paratus Namibia is a significant shareholder of Nimbus, as disclosed in paragraph 6.1 and performs the duties of Manager, the salient terms of which are disclosed in paragraph 12.1 below.

7.8.2. Stefanus Isaias de Bruin

Mr de Bruin is an executive member of the management (Chief Financial Officer) of Paratus Namibia and Paratus Group.

Paratus Namibia is a significant shareholder of Nimbus, as disclosed in paragraph 6.1 and performs the duties of Manager, the salient terms of which are disclosed in paragraph 12.1 below.

7.8.3. Morné Romé Mostert

Mr Mostert is a 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 12.2 below.

Cirrus is an insignificant shareholder of Nimbus, as disclosed in paragraph 6.1.

7.8.4. **Johannes Jacobus Esterhuyse**

Mr Esterhuyse is a representative of the Capricorn Investment Group Limited. Capricorn Investment Group Limited is a significant shareholder in Nimbus. Mr Esterhuyse has been nominated as such to represent Capricorn's interests on Nimbus' Board of Directors. Capricorn Investment Group Limited is a significant shareholder in Paratus Group.

7.8.5. **Other insignificant interests**

Other directors that hold Shares in Nimbus, whether directly or indirectly, have been disclosed in paragraph 7.6. 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.

7.9. **<u>Directors' service contracts and remuneration</u>**

7.9.1. There will be no variation in the remuneration receivable by any of the Directors as a direct consequence of the Swap.

7.9.2. As at the Last Practicable Date, Nimbus does not pay any direct remuneration to the executive Directors. The executive Directors (CEO and CFO) are remunerated by the Manager 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. Following the Swap, the Management Agreement and the Investment Agreement will terminate and there will be a consolidation of the boards of directors of Nimbus and Paratus Namibia. The CEO and the CFO will remain in the employ of Paratus Namibia. The CIO will no longer be an executive function. Further details regarding the fees payable to the Manager and Investment Manager are disclosed in paragraph 12 (Material Contracts for Nimbus).

7.9.3. 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 7.9.4 below.

7.9.4. 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:

Board Member	Board Fees per Annum	Committee Fees per Annum				TOTAL (N$)
		EXCO	ARC	REMCO	INVESTCO	
Bartholomeus Roelof Jacobus (Barney) Harmse	110,000	-	-	-	-	**110,000**
Johannes Jacobus (Jaco) Esterhuyse	110,000	-	30,000	-	12,000	**152,000**
Hans-Bruno (Habo) Gerdes	130,000	-	24,000	24,000	-	**178,000**
Josephine Naango Ndakulilwa Shikongo	110,000	-	24,000	30,000	12,000	**176,000**
Morné Romé (Romé) Mostert	110,000	-	-	24,000	15,000	**149,000**
Stuart Birch	110,000	-	-	-	12,000	**122,000**
	680,000	-	78,000	78,000	51,000	**887,000**

Anticipated Maximum Remuneration				
	Number of Members	**SittingFee Per Member (N$)**	**Meetings Per Year**	**Total Cost (N$)**
Board				
Chairman	1	32,500	4	130,000
Executive Members	3	-	4	-
Non-Executive Members	5	27,500	4	550,000
Total	**9**			**680,000**
Risk and Audit Committee				
Chairman	1	15,000	2	30,000
Member	2	12,000	2	48,000
Total	**3**			**78,000**
Investment Committee				
Chairman	1	15,000	1	15,000
Member	3	12,000	1	36,000
Total	**4**			**51,000**
Nomination- and Remuneration Committee				
Chairman	1	15,000	2	30,000
Member	2	12,000	2	48,000
Total	**3**			**78,000**
Executive Committee				
Chairman	1	-	12	-
Member	2	-	12	-
Total	**3**			-
Grand Total				**887,000**

<u>**Note**</u>: The Investment Committee sits on an *ad hoc* basis as and when required. For purposes hereof it was assumed that only one sitting per annum would be required.

7.9.5. For the financial year ended 28 February 2019, emoluments paid to the Directors and senior management of Nimbus were as follows:

The actual fees paid to non-executive Directors during the 2019 financial year are as follows:

Director	Board Attendance fees N$	RACC Attendance fees N$	IC Attendance fees N$	RNC Attendance fees N$	TOTAL Attendance fees N$
Hans-Bruno Gerdes (Chairperson)	130,000	12,000	-	24,000	166,000
Brown Amuenje	110,000	12,000	15,000	24,000	161,000
Stuart Birch	110,000	-	12,000	-	122,000
Jaco Esterhuyse[1]	82,500	15,000	-	-	97,500
Josephine Shikongo	110,000	12,000	12,000	30,000	164,000
Christoph Stork[2]	110,000	-	12,000	-	122,000
Total	**652,500**	**51,000**	**51,000**	**78,000**	**832,500**

[1] Appointed to the Board 23 May 2018
[2] Resigned subsequent to year end

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 acquire Viable Assets.

	N$
Manager - Paratus	300,000
Investment manager - Cirrus Capital	2,769,293
Total	**3,069,293**

8. MATERIAL LOANS OF PARATUS NAMIBIA

Save for the loans disclosed in paragraph 8.1 and paragraph 8.2 below, no other material loans have been made to Paratus Namibia.

8.1. <u>Development Bank of Namibia</u>

The DBN has extended financing to Paratus. As at 28 February 2019, an amount of N$95,140,378 is outstanding. The outstanding amount will be repaid in equal monthly instalments over the remainder of the loan term, being 77 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 Namibia for the duration of the loan, without the consent of the DBN[2]; and
- No further debt shall be incurred by Paratus Namibia 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 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 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.

8.2. <u>Overdraft facility</u>

On 03 June 2018 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$20'000'000;
- The overdrafts will carry interest at the prime rate (currently 10.50%);
- The overdraft is subject to the written consent of the DBN having been provided to FNB for the facilities;

[2] On 22 January 2018 DBN directed a letter to Paratus Namibia 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 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.

- The overdrafts are secured by:
  - In the name of Paratus Namibia:
    - 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.

9. MATERIAL LOANS OF NIMBUS

Nimbus does not have any material loans.

10. MATERIAL CHANGES

10.1. <u>Paratus Namibia</u>

The following material changes in the financial or trading positions of Paratus Namibia have occurred since the end of its last financial year ended 28 February 2019:

10.1.1. Paratus Namibia has successfully completed a rights issue to its shareholders in terms whereof the aggregate amount raised by Paratus Namibia amounted to **N$ 49’999’970.46** (forty-nine million nine hundred and ninety-nine thousand nine hundred and seventy Namibia Dollars and forty-six cents), which amount was contributed as share capital to Paratus Namibia by Nimbus and Paratus Group *pro rata* to their respective shareholdings in Paratus Namibia. The respective shareholdings of Paratus Group and Nimbus remained unchanged.

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

10.2. <u>Nimbus</u>

The following material changes in the financial or trading positions of Nimbus have occurred since the end of its last financial year ended 28 February 2019:

10.2.1. Paratus Namibia has successfully completed a rights issue to its shareholders in terms whereof the aggregate amount raised by Paratus Namibia amounted to **N$ 49’999’970.46** (forty-nine million nine hundred and ninety-nine thousand nine hundred and seventy Namibia Dollars and forty-six cents), which amount was contributed as share capital to Paratus Namibia by Nimbus and Paratus Group *pro rata* to their respective shareholdings in Paratus Namibia. The respective shareholdings of Paratus Group and Nimbus remained unchanged 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.

10.2.2. Nimbus accordingly subscribed for 24’398 newly issued ordinary shares in Paratus Namibia to the amount of N$ 25’691’825.94, at a price of N$ 1’053.03, consisting of a par value of N$ 5.00 and a premium of N$ 1’048.03, per subscription share.

There have been no material changes in the business or trading objects of Nimbus within the past five years preceding the date of this Circular.

11. PROSPECTS

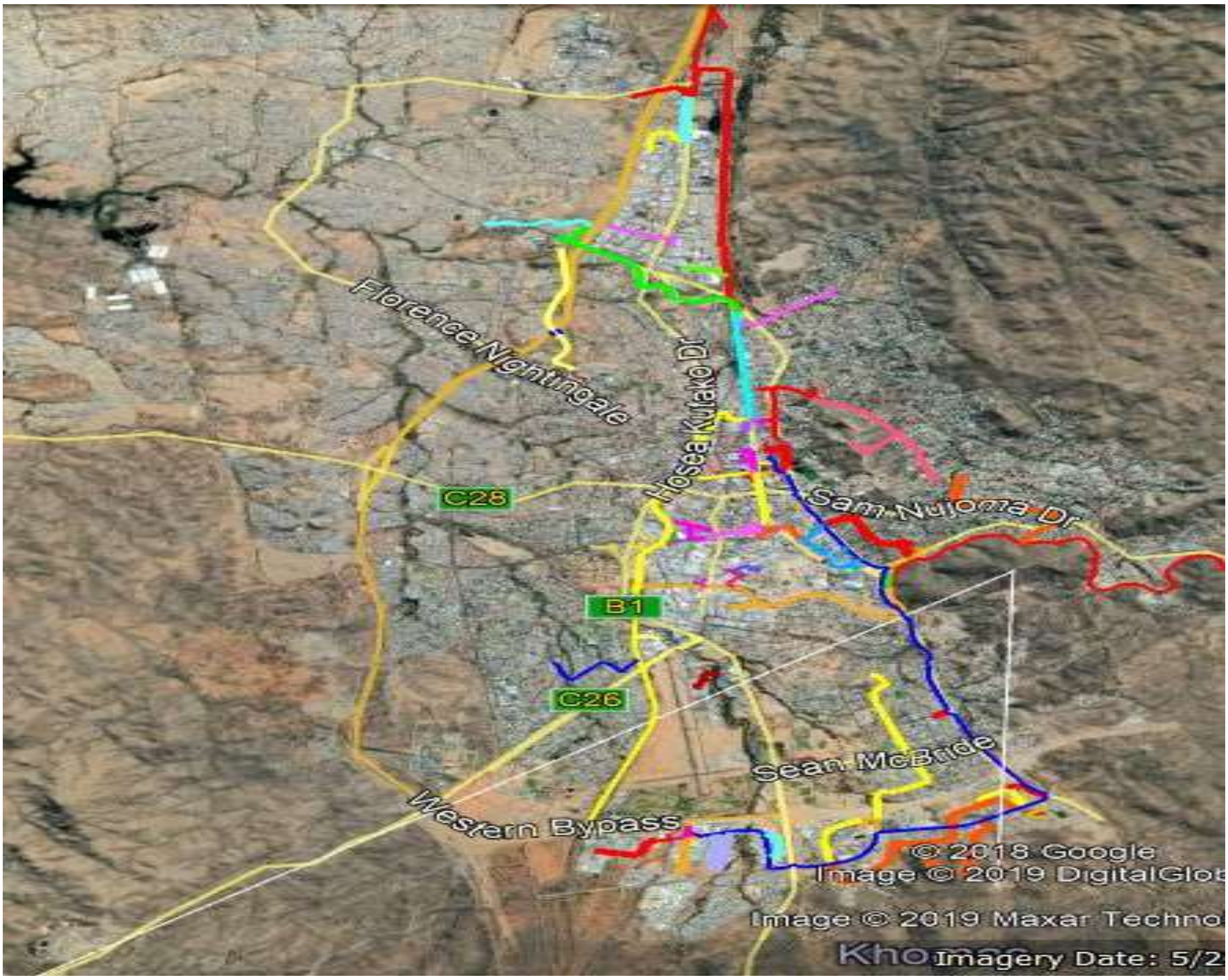
11.1. Paratus Namibia Background

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 Paratus Namibia'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, Walvis Bay and Gobabis, as illustrated in the images below. The infrastructure roll outs in these towns further contribute to Paratus Namibia's service offering and operational efficiencies.

Swakopmund

Source: Paratus Telecommunications (Pty) Ltd

Walvis Bay

Source: Paratus Telecommunications (Pty) Ltd

Gobabis

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, completed in September 2018.

Below is a graphical illustration of the TKF Line that has been completed:

Source: Paratus Telecommunications (Pty) Ltd

In June 2017, Paratus Namibia 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 terms 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:

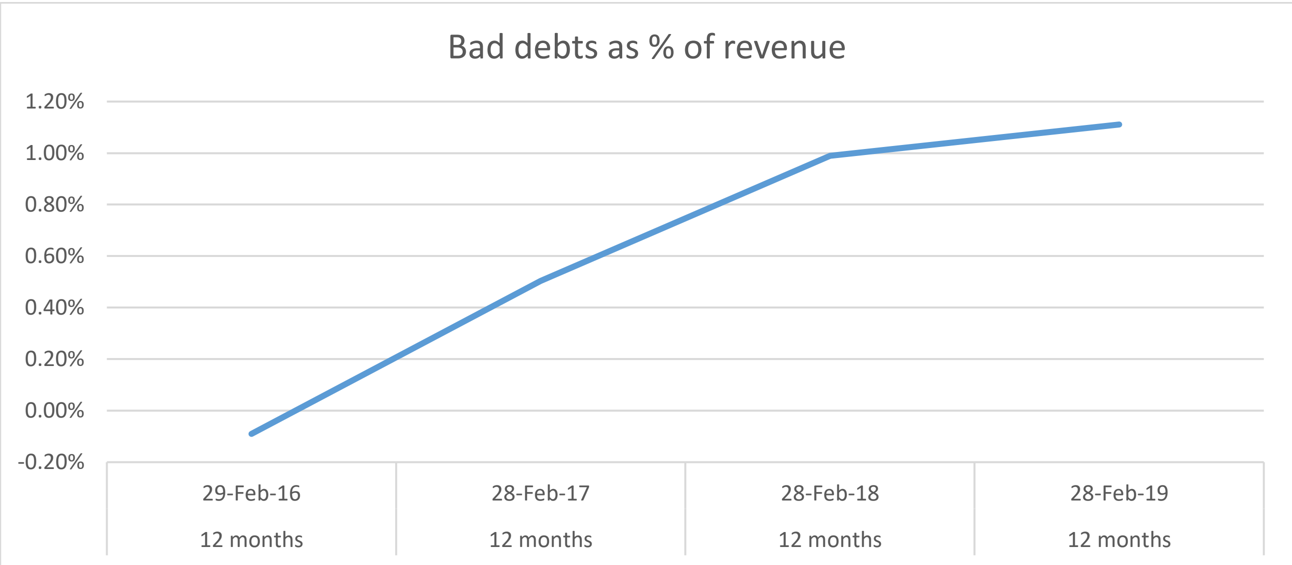
- Windhoek fiber ring;
- Swakopmund fiber;
- Walvis Bay fiber;
- Ngoma – Sesheke fiber line;
- 20-year STM-64 IRU from Buitepos to Ngoma; and
- Trans Kalahari Fiber line.

11.2. **Revenue**

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

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

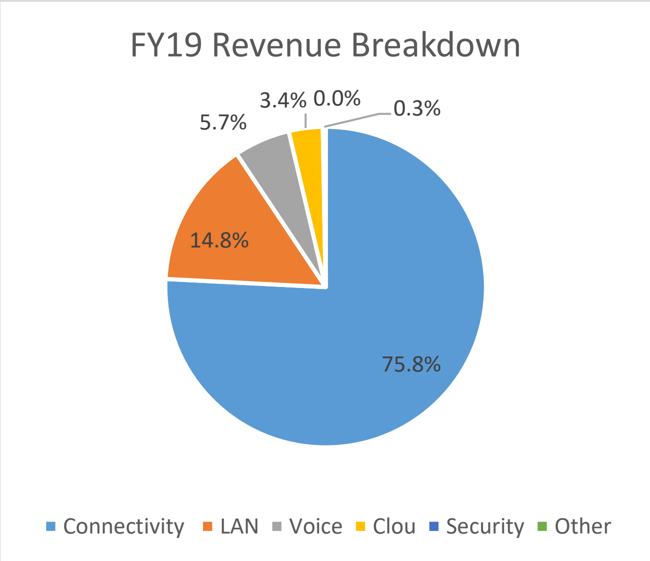
The high quality of Paratus Namibia's client base is reflected in its bad debt charges, hovering around 1.0% in FY18 and FY19.

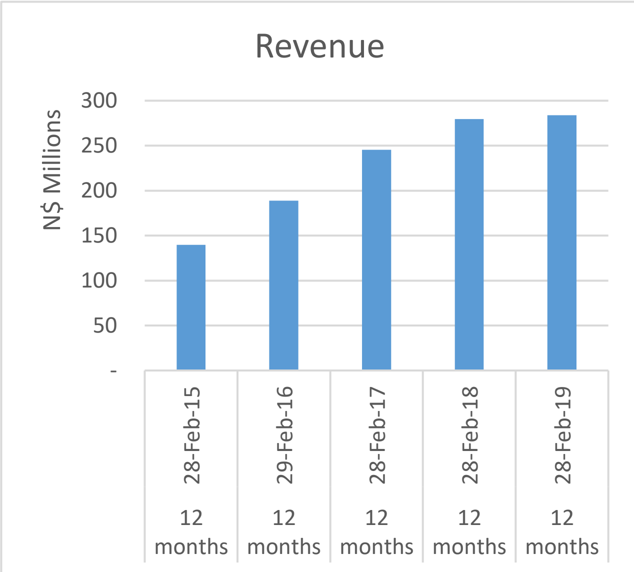


As discussed in paragraph 11.1, a key factor in Paratus Namibia's growth has been the roll-out of infrastructure, particularly fiber rings and fiber backhaul. This growth has been the most apparent in the "Connectivity" revenue line, which contributed 75.8% to Paratus' revenue for the FY19, up from 71.6% in FY18. The "Local Area Network" revenue line represents 14.8% and the "Voice" revenue line 5.7% of total revenue. Connectivity sales amongst other offerings include Digicon services, fiber services to businesses, TD LTE (fixed LTE), 4G LTE (mobile LTE), V-SAT, 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% to N$189 million in FY16, 29.9% to N$246 million in FY17, 13.9% to N$279 million in FY18 and 1.4% to N$284 million in FY19 of which recurring revenue increased by 8%. The lower growth in FY19 total revenue is mainly due to lower non-recurring revenue relating to LAN and structured cabling projects in newly constructed buildings.

The 24 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 growth in the Namibian economy in only three of the past eleven quarters. Despite the challenging economic environment, Paratus continued to grow sales over this 24-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$20.3 million in FY17 to N$23.3 million in FY18 and N$23.7 million in FY19.



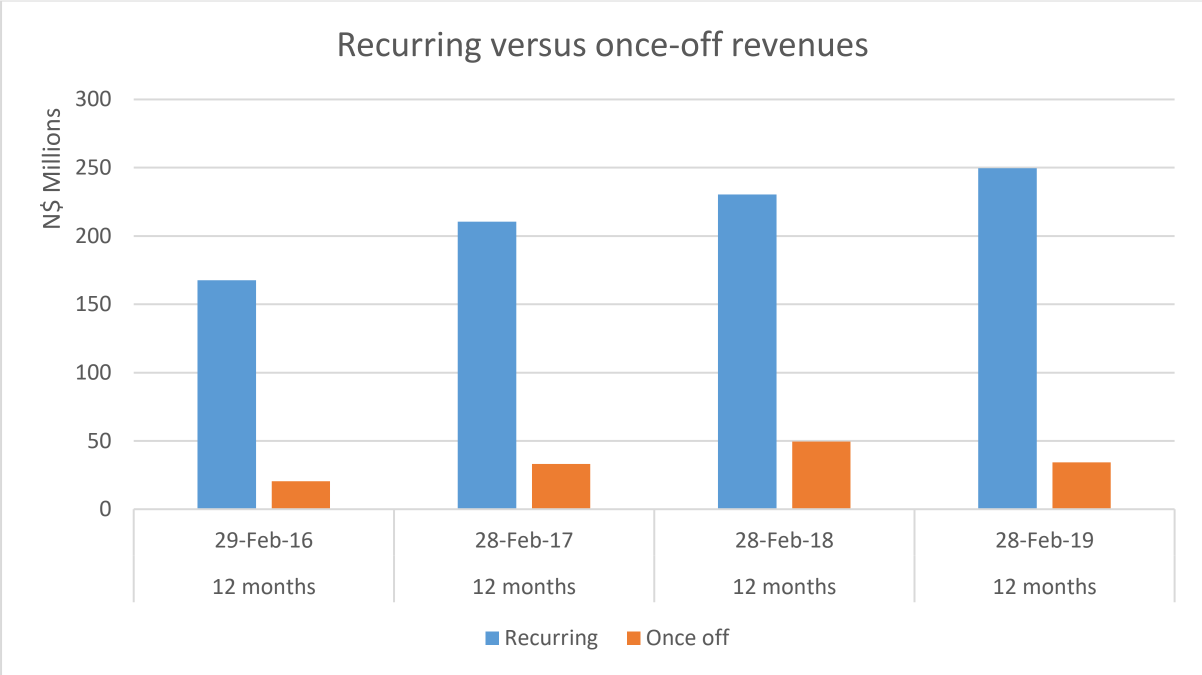


Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements

11.2.1. **Recurring revenue**

Over the past four financial years, on average 86.2% of Paratus Namibia's revenue is in the form of recurring contractual revenues. Paratus Namibia has grown its recurring revenues consistently over the past 3 financial years, adding on average N$271,000 per month in new business to its recurring revenue lines.

The resilience in Paratus Namibia's recurring revenue is evidence of the sector's growth potential and defensive attributes.



Source: Paratus Telecommunications (Pty) Ltd

11.2.2. Once-off revenue

Over the past 24 months, once-off revenues averaged N$3.5 million per month.

11.2.3. Trans Kalahari Fiber revenue potential

11.2.3.1. Capacity

The fiber constructed 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

11.2.3.2. 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	137 536	316 332	727 565	1 527 887
Swakopmund - Katima Mulilo	Telecom Namibia	Unprotected	173 144	398 232	915 935	1 923 463

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

11.2.3.3. Target market

The Paratus Group's African operations[3] 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. Currently, the Paratus Zambia operations utilises 25 STM-1 connections, which capacity does not transit through Namibia due to the relatively high transit costs through Namibia. The Trans Kalahari Fiber line will enable the Paratus group of companies to source their bandwidth from Namibia via Botswana.

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 Namibia and BoFiNet in September 2017, as discussed in paragraph 11.1. 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 the 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.

11.3. Cost of sales

Paratus' cost of sales decreased 5.8% in FY19, after increasing the three prior years by 43.6% in FY16, 16.3% in FY17 and 16.8% in FY18.

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 52.5% in FY19.

	FY16	FY17	FY18	FY19
% Growth in Revenue	35.4%	29.9%	13.9%	1.4%
% Growth in Cost of Sales	43.6%	16.3%	16.8%	-5.8%
Cost of Sales / Revenue	61.5%	55.1%	56.5%	52.5%

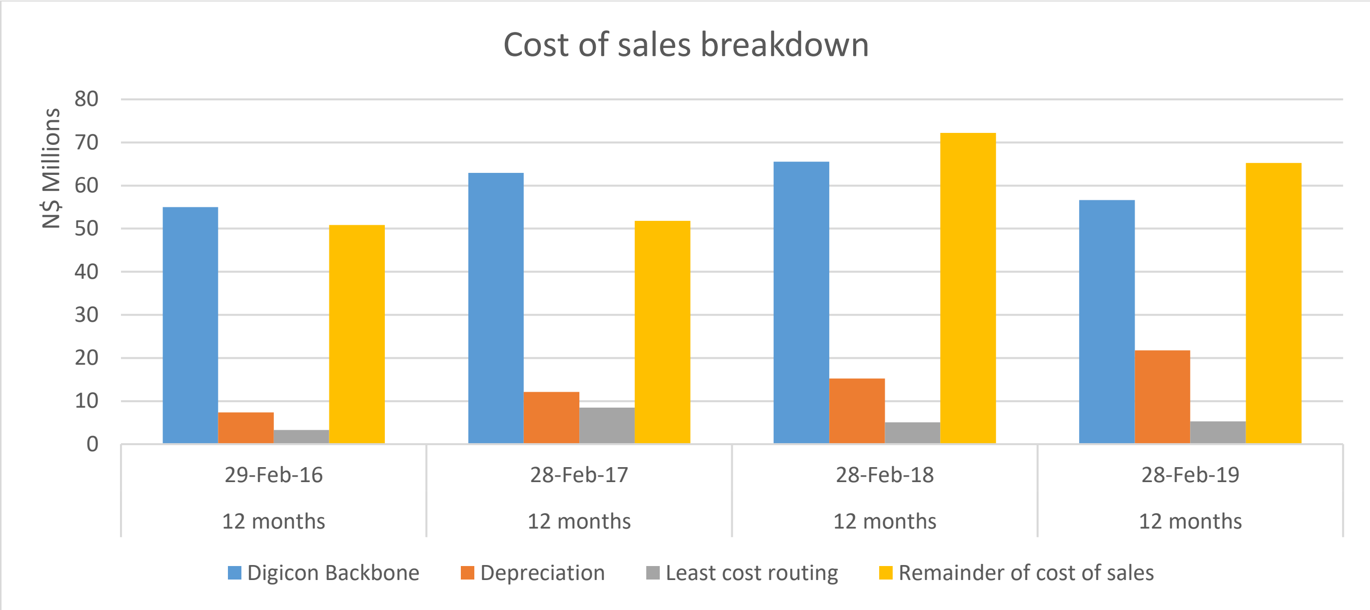
The decrease in the cost of sales to revenue ratio is a function of Paratus' infrastructure roll-out, decreasing dependence on- and costs paid to external service providers. Evident from the trend in cost of sales, is that the revenue volume growth has enabled an increased transition from a variable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

Over the past two financial years approximately 55.2% of Paratus' cost of sales is made up of only three line items, consisting of:

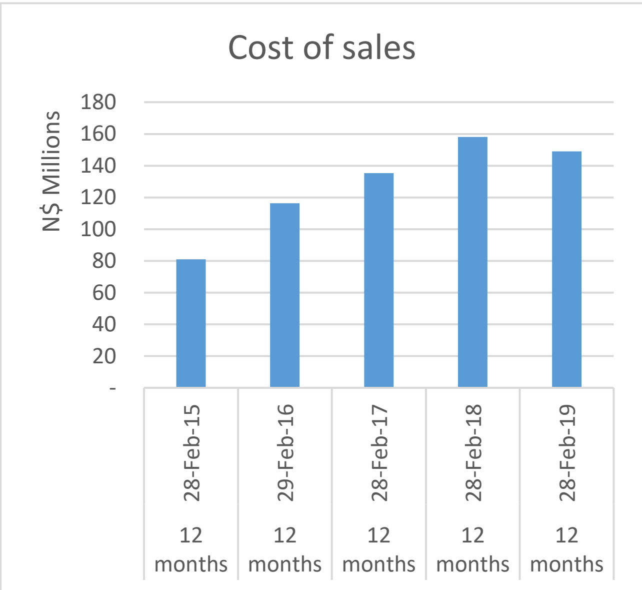
- Digicon backbone (39.8%);
- depreciation (12.1%); and
- voice least cost routing (3.4%).

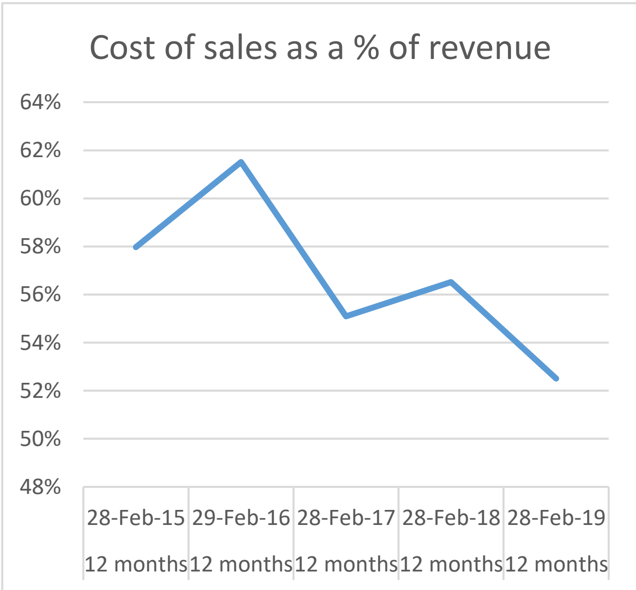
Over the same 18-month period, the remaining 45% of cost of sales averaged approximately 24.4% of revenue.

[3] Excluding Paratus Namibia and Angolan operations.



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. Therefore, the full upside of the structural shift does not reflect in the widening cost of sales to revenue ratio, but can be better observed in the EBITDA and operating cashflows of Paratus Namibia as explained more fully in paragraph 11.5





below.

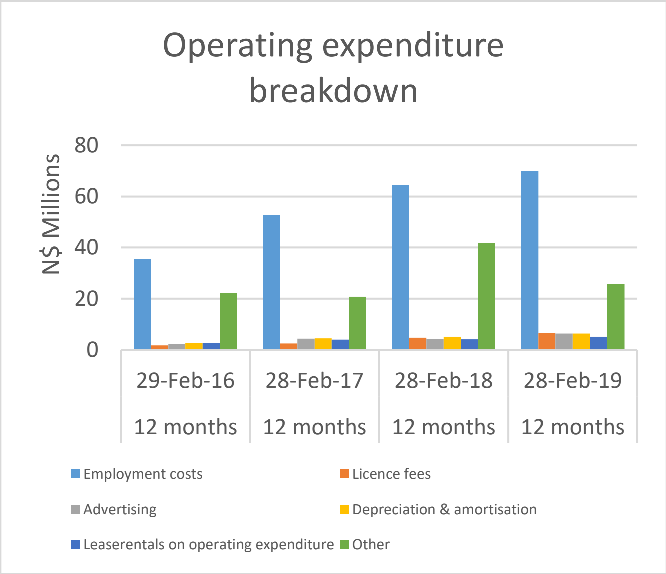
Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements and Interim Financial Report

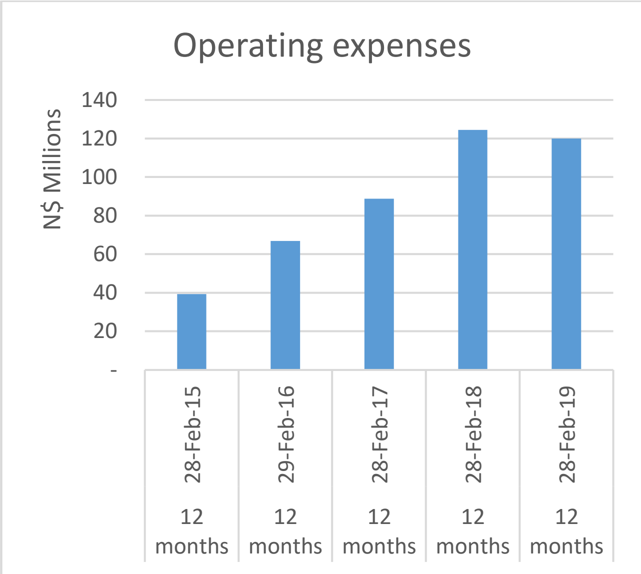
11.4. **Operating expenses**

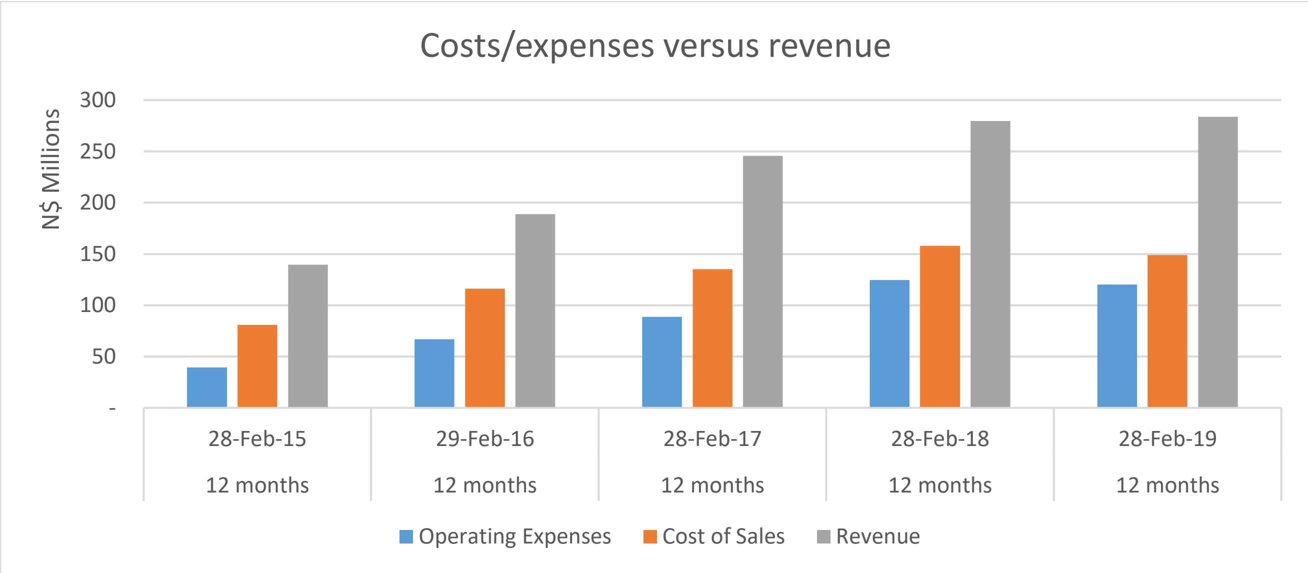
The five largest categories in Paratus operating expenditure accounts for approximately 80% of total expenses. These categories are:

- employment costs (55.3%);
- license fees (5.1%);
- advertising (5.0%);
- depreciation (5.0%); and
- lease rentals on operating leases (4.0%).

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.







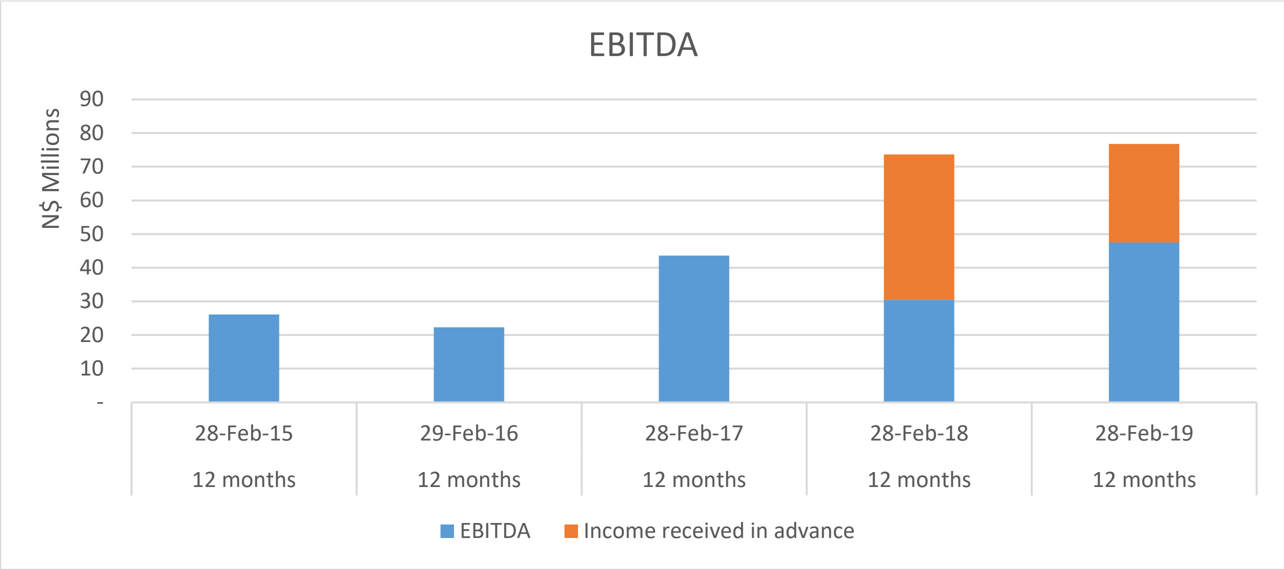
Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements

11.5. **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$47.5 million in FY19. The EBITDA margin has widened from 11.8% in FY16 to 17.8% in FY17, however has moderated since to 16.7% in FY19. The medium-term trend however is testament to the ongoing improvement in the operational efficiencies of Paratus.

In order to get a better indication of the cash flow generating ability of the Paratus Namibia EBITDA should be adjusted with income received in advance in order to calculate an adjusted EBITDA. Income received in advance as recorded at N$43.2 million and N$29.3 million in FY18 and FY19, respectively. Committed revenues to be received in advance in FY20 and FY21 are N$12.5 million and N$13.8 million, respectively. Paratus Namibia is currently working on similar transactions whereby capacity is sold on an IRU basis.

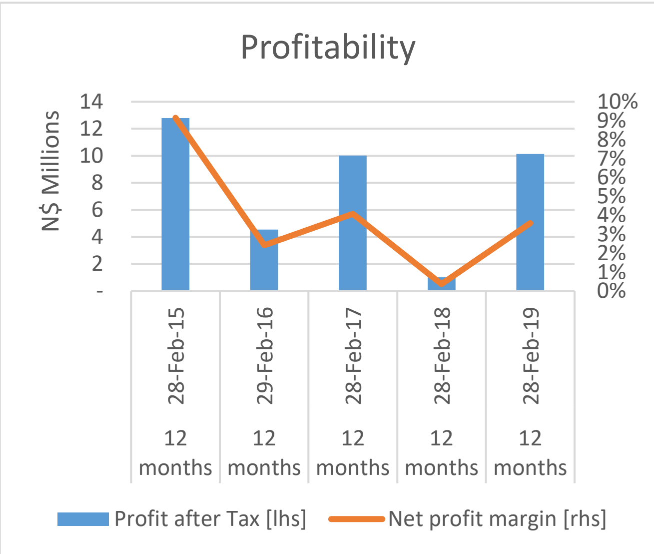
Adjusted EBITDA for FY18 and FY19 were recorded at N$73.6 million and N$76.7 million, respectively.

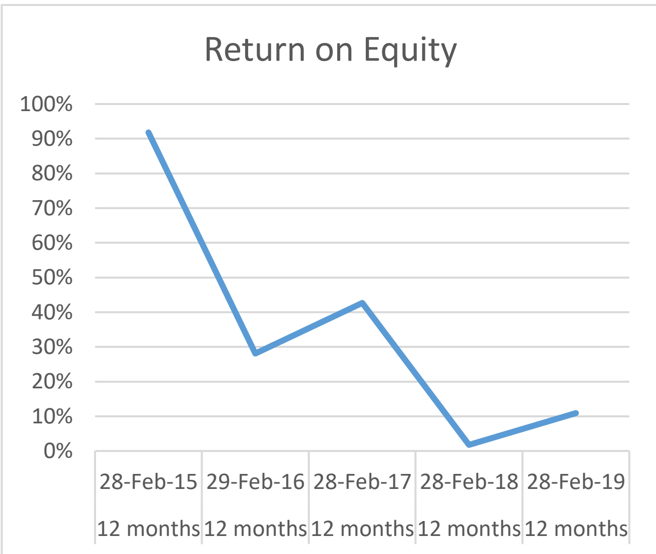


Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements

On the contrary to the overall operational performance, profitability at the bottom line has been under pressure. In FY18 profit after tax was recorded at N$1 million versus N$10 million in FY17. This decline was in part due to once-off items processed in February 2018, before the Nimbus transaction was finalised. Adjusted for the once-off's, profit after tax would have been N$6.5 million.

In FY19 profit after tax recovered to N$10.1 million, however significant capital expenditure over the past three financial years saw depreciation charges putting a drag on the bottom line's performance.





Source: Paratus Telecommunications (Pty) Ltd Annual Financial Statements

11.6. 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, allows Paratus greater price-manoeuvrability, which can be expected to expand their customer base further.

The outlook for Paratus Namibia's earning ability is positive given significant structural developments over the last 24 months. Paratus Namibia finished the construction of the fiber line, connecting Ngoma in Botswana to Sesheke in Zambia. Paratus completed 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 Namibia cost of sales profile, internalising a substantial percentage of Paratus Namibia's backhaul capacity, decreasing the monthly cost of sales (which is running in excess of N$1 million a month) and increasing Paratus Namibia's capacity dramatically changing its competitiveness in Namibia and sub-Saharan Africa. With the wear and tear allowance of the capital expenditure over three years for income tax purposes, Paratus Namibia's income tax (excluding deferred tax) is expected to decrease.

Improved infrastructure backhaul will allow Paratus Namibia 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. Moreover, 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 line's development will then be spread over greater revenue, and margins will widen further.

Paratus has a capital budget of N$114 million for FY18, of which N$56.4 million is earmarked for FTTX roll-out and N$24 million for further expansion of the 4G LTE network. Past investments in FTTX and 4G LTE has showed achieved internal rates of return of 36% and 27%, respectively.

12. MATERIAL CONTRACTS FOR NIMBUS

Save for the Swap Agreement as disclosed above, shareholders agreements as disclosed in the November 2017 Circular and the March 2018 Circular, Management Agreement, Investment Agreement and Employment agreements with executive Directors disclosed in paragraphs 2; 12.1; 12.2 and 12.4, 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.

12.1. **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 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 Namibia on a basic cost recovery basis and in this regard a monthly fee of N$ 16'000 is paid to Paratus Namibia by Nimbus.

Following the closing of the Swap, the Management Agreement will terminate.

12.2. **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 was renewed on or about May 2018. Cirrus is entitled to be paid an agreed upon fees by Nimbus with every acquisition by Nimbus of investments, as well as for capital raisings conducted by Cirrus on Nimbus' behalf.

Following the closing of the Swap, the Investment Agreement will terminate.

12.3. **Shareholders agreement**

To govern the relationship between the shareholders of Paratus Namibia, a shareholders agreement was entered into on or about 16 November 2017. The following minority protections have been provided for to cater for the interests of Nimbus in Paratus Namibia:

12.3.1. Nimbus will have the right to elect 2 (two) non-executive directors to the board of Paratus;
12.3.2. The number of directors serving on the board of Paratus will be limited to 7 (seven);
12.3.3. Nimbus shall have a proportional right of first refusal for Paratus and subsidiary shares;
12.3.4. Paratus shall adopt a formalised Corporate Governance structure which is compliant with the NamCode;
12.3.5. Paratus shall issue IFRS compliant Annual Financial Statements no later than 3 months after year end;
12.3.6. Paratus shall appoint the same auditor as Nimbus, which is to be implemented by the commencement of the FY19 annual statutory audits;
12.3.7. 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.

12.3.8. 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 regard 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.
12.3.9. 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.
12.3.10. 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;
12.3.11. Subordination of related party debt;
12.3.12. 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
12.3.13. The executives of Paratus shall remain in the employ of Paratus for at least three years post effective date of the proposed Acquisition.

As disclosed in the March 2018 Circular, the shareholders agreement was amended as follows to ensure that management- and technical control remains vested in Paratus for as long as the -

12.3.14. budgeting process and the approval thereof is observed by management; and
12.3.15. 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
12.3.16. 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 Namibia wishes to exercise its control in such a manner as to influence management and / or technical control of Paratus Namibia may only be performed upon written recommendation of the Paratus Namibia board of directors approved by no less than a Special Majority of the Paratus Namibia board.

Post-Swap, Paratus Namibia becomes a wholly owned subsidiary of Nimbus, negating the necessity for a shareholder agreement such as this. However, the shareholders agreement will remain in place between Paratus Namibia and Nimbus as the only two remaining parties to the agreement and will continue to serve as a guideline along which the operations of Paratus Namibia are to be conducted.

12.4. **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 CIO. This is to 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 at the Last Practicable Date no remuneration is paid to executive Directors by Nimbus, due to the Management Agreement and the Investment Agreement being in place.

Following the termination of the Investment Agreement and the Management Agreement, the boards of directors' of Paratus Namibia and Nimbus will be consolidated, with executive remuneration being paid at operational level by Paratus Namibia.

13. MATERIAL CONTRACTS FOR PARATUS NAMIBIA

13.1. **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:

Payments:	**N$**	**Date:**
Capital expenditure payments		
- Deposit:	20'000'000	received
- Completion of Windhoek to Swakopmund:	10'819'744	received
- Completion of Windhoek to Witvlei:	10'819'744	received
- Finalisation:	20'000'000	received
	61 639 547	
Operational and Maintenance Fees:		
- Year 1:	12'457'658	01 May 2019
- Year 2:	13'828'000	01 May 2020
	26'285'658	

13.2. **BoFiNet Ngoma agreement**

Paratus and BoFiNet entered into an agreement whereby Paratus provides BoFiNet with two 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, 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, 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 goodwill discount to BoFiNet amounting to US$ 25'500.

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:

Payments:	**US$**
- Deposit (45%):	333'923
- First tranche (20%):	148'410
- Second tranche (20%):	148'410
- Finalisation of project (15%):	111'308
	742'050

14. ESTIMATED COSTS OF THE SWAP

It is estimated that Nimbus' expenses relating to the Swap will amount to approximately N$ 3.15 million. The expenses (excluding VAT, if applicable) relating to the Swap are detailed below:

Nature of expense	Paid/payable to	N$
Legal Fees	Attorneys	500'000
Fairness Opinion	PSG Capital	155'000
Regulatory Approval	Competition Commission	125'000
IFRS 3 Purchase Price Allocation	EY	225'000
Reporting Accountants	PWC	250'000
Transaction Fees	Cirrus	1'089'187
Circular Review and Submission	Sponsor	125'000
NSX Capital Raising Fee	NSX	262'500
Stamp Duties for Swap	Receiver of Revenue	420'261
Total		**3'151'958**

Nimbus has paid a total of N$ 3'369'547 to third parties in respect of managerial, secretarial and technical fees during the previous financial year. A further N$ 169'950 has been paid from the end of the previous financial year, until the last practicable date. Secretarial fees relate to company secretarial work by Cronjé Secretarial Services ((Pty) Ltd for Nimbus and technical fees relate to assessments (by various technical experts and bodies) in respect of Nimbus.

15. PERCIEVED CONFLICTS OF INTEREST

As outlined in the Forward-Looking Statement and Disclaimer on page 6 of this 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.

15.1. <u>The appointment of Cirrus as Investment Manager</u>

15.1.1. 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.

15.1.2. Therefore, the transaction advice that Cirrus has provided to the Board has been verified independently from Cirrus by the following processes:

15.1.2.1. Legal advice and expertise have been procured for the drafting of the Swap Agreements from the Attorneys;

15.1.2.2. The financial information relied upon to determine the values for the Swap Proceeds consists of audited historical financial information. Where subsequent management figures and estimates were considered, this was done with a healthy amount of professional scepticism; and

15.1.2.3. The estimated value of the shareholding to be acquired in Paratus has been subjected to an independent fairness assessment, carried out by PSG Capital, as disclosed in Annexure G below.

15.2. **<u>The appointment of Paratus Namibia as Manager</u>**

15.2.1. The Swap will create a strategic alignment of interests between Nimbus and Paratus Namibia. This alignment of interests established by a strategic shareholding in Paratus mitigates the risk of profit shifting and imbalances in negotiation power.

15.2.2. As the shareholding in Paratus Namibia 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$ 16’000 per month in this regard.

15.2.3. The shareholders agreement between the parties includes various minority protections to address any imbalances of power that might exist. Refer to paragraph 12.3 for a detail disclosure of minority protections.

15.3. **<u>General procedural controls</u>**

15.3.1. The Swap was presented directly to the Investment Committee by the Investment Manager. The executive Directors representing Paratus Namibia did not partake in the Investment Committee proceedings.

15.3.2. 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.

16. RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 13 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.

17. LITIGATION STATEMENT

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 Namibia.

18. OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in Nimbus or its subsidiaries.

19. WORKING CAPITAL STATEMENT

19.1. The Directors are of the opinion that, following the implementation of the Swap:

19.1.1. 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;

19.1.2. 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;

19.1.3. 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

19.1.4. 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.

20. EXPERT'S CONSENTS

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.

21. DOCUMENTS AVAILABLE FOR INSPECTION

21.1. The following documents, or copies thereof, will be available for inspection at the registered office of the Company, during normal business hours from Friday, 30 August 2019:

i. The Articles of Association of Nimbus (a copy of which is also available on the Nimbus website at http://www.nimbus.africa under "Investor Relations");

ii. The integrated annual report of Nimbus for the year ended 28 February 2019 (a copy of which is available on the Nimbus website at http://www.nimbus.africa under "Investor Relations");

iii. The following material contracts:
- Swap Agreement;
- Investment Agreement;
- Management Agreement;
- Executive Director's Employment Agreements;
- Secretarial services agreement
- DBN Loan Agreement;
- BoFiNet Ngoma Agreement; and
- BoFiNet TKF Agreement;

iv. Written consents from each of the advisors referred to in paragraph 20 above;

v. Annexure A: Pro Forma Financial Information of Nimbus as at 28 February 2019;

vi. Annexure B: Independent Reporting Accountant's Report on the Pro Forma Financial Information of Nimbus;

vii. Annexure C: Pro Forma Statement of Financial Position of Paratus Namibia as at 28 February 2019;

viii. Annexure D: Independent Reporting Accountant's Report on the Pro Forma Statement of Financial Position of Paratus Namibia;

ix. Annexure E: Report of historical financial information of Paratus Namibia for the Financial Years ended 28 February 2017, 2018 and 2019;

x. Annexure F: Independent Reporting Accountants' Reports on the Historical Financial Information of Paratus;
xi. Annexure G: Fairness Opinion; and
xii. A copy of this Circular.

22. VENDORS

Paratus Group will Swap 46'168 ordinary shares in Paratus Namibia with Nimbus, to bring the effective shareholding of Nimbus in Paratus Namibia to 100%.

Name of vendor	Paratus Group Holdings Limited
Registered office	Arch Global Consult Ltd, The Junction Business Hub, Arsenal Branch Road, Calebasses, Pamplemousses 20201, Republic of Mauritius
Place of incorporation	Mauritius
Date of incorporation	15 July 2010
Authorised share capital	159'114
Issued share capital	159'114
Changes to capital over past three years	Issuance of an additional 43 514 ordinary shares of no-par value to Capricorn Investment Group Limited for a consideration of USD14.5 million. The transaction was concluded on 1 July 2019.
Nature of business	Telecommunications
Operating period	9 years
Asset acquired from vendor	**46,168** (forty-six thousand, one hundred and sixty-eight) ordinary shares in Paratus Namibia together with any Sale Claims held by Paratus Group, resulting in an increased effective shareholding of Nimbus from 51.4% to 100% of the total issued ordinary shares in Paratus Namibia
Date asset originally acquired by the vendors	N/A
Price paid to the vendor including transaction costs plus deferred and contingent considerations	**20'012'431** (twenty million, twelve thousand, four hundred and thirty-one) ordinary Nimbus Shares at an agreed upon value of **N$ 10,50** (ten Namibia Dollars and fifty cents) each for a total value of **N$ 210'130'525.50** (two hundred and ten million, one hundred and thirty thousand, five hundred and twenty five Namibia Dollars and fifty cents)
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 paragraph 2
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 paragraph 6
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

23. DIRECTOR'S RECOMMENDATION

23.1. The disinterested Directors of the 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.

23.2. The disinterested Directors of the Nimbus Board recommend that Shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting, as detailed in the Notice of Annual General Meeting.

23.3. The disinterested Directors of the Board have considered the terms and conditions of the Swap and has approved the Swap. The disinterested Directors of the Board have resolved that the persons indicated in paragraph 6, 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 Annual General Meeting.

23.4. All related parties and their associates will be taken into account in determining a quorum at the Annual 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.

SIGNED AT WINDHOEK ON 30 AUGUST 2019 BY STEFANUS ISAIAS DE BUIN AND MORNÉ ROMÉ MOSTERT 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 FINANCIAL INFORMATION OF NIMBUS AS AT 28 FEBRUARY 2019

BASIS OF PREPARATION

The Pro Forma Statement of Financial Position of Nimbus as at 28 February 2019 ("**Pro Forma Statement of Financial Position of Nimbus**") has been prepared, based on the assumption that the Swap had taken place on 28 February 2019 and the Pro Forma Statement of Profit and Loss and Other Comprehensive Income has been prepared based on the assumption that the Swap and the rights issue by Paratus Namibia had taken place on 1 March 2018 (collectively "the Pro Forma Financial Information").

The Pro Forma Financial Information 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 and the rights issue by Paratus Namibia.

The Pro Forma Financial Information 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 financial statements of Nimbus for the year ended 28 February 2019.

The Pro Forma Financial Information 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 Financial Information of Nimbus is set out in **Annexure B** to this Circular.

Pro forma statement of financial position of Nimbus as at 28 February 2019 reflecting the effects of the Swap and rights issue:

	Column 1 Audited (N$)	Column 2 Paratus Namibia Rights Issue (N$)	Column 3 Swap (N$)	Column 4 Pro-forma consolidated Paratus Namibia (N$)	Column 5 Pro-forma after share swap and rights issue (N$)
ASSETS					
Non-Current Assets	**195,206,465**	**26,305,826**	**210,855,056**	**64,621,979**	**496,989,325**
Property, plant and equipment				193,025,492	193,025,492
Intangible assets				290,099,442	290,099,442
Investment in associate	195,206,465	26,305,826	(221,512,291)		-
Investment in subsidiary	-		432,367,346	(432,367,346)	-
Goodwill on acquisition of Paratus				11,898,081	11,898,081
Loans to related parties				924,648	924,648
Investments at fair value				-	-
Other financial assets				-	-
Finance lease receivables				164,260	164,260
Deferred tax				877,402	877,402
Current Assets	**104,970,467**	**(26,305,826)**	**(3,151,958)**	**120,521,468**	**196,034,151**
Inventories				19,073,096	19,073,096
Loans to group companies				745,544	745,544
Loan to shareholder				1,642,255	1,642,255
Trade and other receivables				34,675,574	34,675,574
Investments at fair value	104,784,142	(26,305,826)	(3,151,958)	8,388,924	83,715,283
Other financial assets				-	-
Finance lease receivables				573,674	573,674
Current tax receivable				1,812,590	1,812,590
Cash and cash equivalents	186,325			53,609,811	53,796,136
TOTAL ASSETS	**300,176,932**	**-**	**207,703,098**	**185,143,446**	**693,023,476**
EQUITY AND LIABILITIES					
Capital and Reserves	**300,103,986**	**-**	**207,703,098**	**(19,708,919)**	**488,098,165**
Share capital	287,107		200,124	**(13,375)**	473,856
Share premium	292,121,115		208,375,542	**(13,712,875)**	486,783,782
Retained income	7,695,764		(872,568)	**(4,053,385)**	2,769,811
Net asset value movement 1 March to 30 June 2019 eliminated				**(1,929,284)**	(1,929,284)
Non-Current Liabilities	**-**	**-**	**-**	**158,748,271**	**158,748,271**
Loan from related parties				-	-
Borrowings				84,568,656	84,568,656
Deferred tax				1,676,229	1,676,229
Contract liabilities				72,503,386	72,503,386
Current Liabilities	**72,946**	**-**	**-**	**46,104,094**	**46,177,040**
Trade and other payables	72,946			26,469,698	26,542,644
Contract liabilities				6,270,804	6,270,804
Borrowings				11,442,628	11,442,628
Current tax payable				-	-
Provisions				1,875,138	1,875,138
Bank overdraft				45,826	45,826
TOTAL EQUITY AND LIABILITIES	**300,176,932**	**-**	**207,703,098**	**185,143,446**	**693,023,476**
Net Asset Value (N$)	300,103,986	-	207,703,098		488,098,165
Net Tangible Asset Value (excluding intangibles) (N$)	300,103,986	-	207,703,098		186,100,642
Number of Shares in issue ('000)	28,718	-	20,012	(1,338)	47,393
NAV per Share (N$)	10,450.11	-	10,378.70		10,299.01
NTAV per Share (N$)	10,450.11	-	10,378.70	-	3,926.78

Notes and Assumptions:

1. Column 1 presents the Statement of Financial Position of Nimbus, which has been extracted from the Annual Financial Statements for the year ended 28 February 2019.

2. Column 2 presents the financial effects of a rights issue by Paratus Namibia, including the following adjustments:

   2.1. Paratus Namibia allotted and issued a total of 47’482 (forty-seven thousand four hundred and eighty-two) new ordinary shares to its shareholders, being Nimbus and Paratus Group, *pro rata* to their respective shareholdings.
   2.2. Nimbus subscribed for 24’398 (twenty-four thousand three hundred and ninety-eight) ordinary shares, in consideration the amount of N$ 25’691’825.94 (twenty-five million, six hundred ninety-one thousand eight hundred and twenty-five Namibia Dollars and ninety-four cents).
   2.3. Transaction costs relating to the acquisition amounting to N$ 614’000, including transaction fees to the Investment Manager and legal fees, have been capitalised against the investment in accordance with IFRS 9: Financial Instruments.

3. Column 3 presents the financial effects of the Swap including the following adjustments:

   3.1. Acquisition of 46’168 (forty-six thousand, one hundred and eighty-six) ordinary shares in Paratus Namibia held by Paratus Group, representing a holding of 48.6% of the issued share capital of Paratus Namibia;
   3.2. The total transaction costs relating to the issue of shares and the acquisition amounts to N$ 3'151'958, This include stamp duties, legal fees and transaction fees to the Investment Manager. An amount of N$1 554 859 is deducted from equity in accordance with IAS 32, as these costs are directly attributable to the equity transaction. An amount of N$ 1 597 098 relate to acquisition costs and is recognised as an immediate expense per IFRS 3; Business Combinations.
   3.3. The amount payable by Nimbus to Paratus Group is to be settled by an issue of 20’012’431 (twenty million, twelve thousand, four hundred and thirty one) ordinary shares in Nimbus at an agreed upon value of N$ 10,50 (ten Namibia Dollars and fifty cents) per share which has an aggregate value of N$ 210,310’525.50 (two hundred and ten million, three hundred and ten thousand, five hundred and twenty five Namibia Dollars and fifty cents);
   3.4. The additional 48.6% shareholding in Paratus Namibia acquired from the Share Swap, after having been transferred to Nimbus, will increase the effective shareholding of Nimbus from 51.4% to 100% of total issued ordinary shares of Paratus Namibia, wherefore the investment in Paratus Namibia will be reclassified from an investment in associate to an investment in subsidiary.

4. Column 4 reflects the pro forma statement of the financial position of Paratus Namibia as at 28 February 2019 following the rights issue and the share swap as set out in Annexure C. Column 4 also represent the consolidation adjustments plus the intangible assets and goodwill arising from the business combination.

   Goodwill is measured as the excess of the sum of the fair value of the consideration transferred and the fair value of the previously held equity interest over the recognised amount of the acquiree’s identified net assets.

   The goodwill arising from the business combination is calculated as follows:

Fair value of consideration transferred	N$210 130 525
Fair value of previously held equity interest	N$222 236 821
Fair value of 100% of the Net Asset Value	(N$134 334 465)
Excess purchase price to be allocated	N$298 032 881
Radio spectrum	N$241 408 500
Paratus brand	N$16 616 400
Right of use (Botswana fiber capacity)	N$25 200 000
Customer relationship (Bofinet)	N$2 909 900
Residual goodwill	N$11 898 081

N$298 032 881

An amount of N$14 868 323 is already recognised as a brand in the 2019 audited annual financial statements of Paratus. The fair value of the net assets acquired (N$134 334 465) therefore exclude the brand value of N$14 868 323 in Paratus.

Consolidated intangible assets net of amortisation for one year:

Spectrum license (indefinite)	N$241 408 500
Brand (10 years)	N$14 954 760
Free right of use (20 years)	N$23 940 000
Customer relationship (Bofinet) (20 years)	N$2 764 405
Computer software	N$3 250 155
Customer base Paratus Namibia	N$1 335 643
Goodwill from previous business combinations	N$2 445 979
	N$290 099 442

5. Column 5 represents the impact of the consolidation in the accounts of Nimbus following the share swap and the rights issue by Paratus Namibia, which increases Nimbus's interest in Paratus to a 100%.

.

Pro forma statement of comprehensive income of Nimbus for the year ended 28 February 2019 reflecting the effects of the Swap and the rights issue by Paratus Namibia:

	Column 1 Audited (N$)	Column 2 Consolidated Paratus Namibia (N$)	Column 3 Swap (N$)	Column 4 Consolidation adjustments (N$)	Column 5 Pro-forma after the share swap and rights issue (N$)
Revenue	**4,581,201**	**283,676,902**	**-**	**-**	**288,258,103**
Dividends received	4,581,201	-			4,581,201
Revenue at a point in time	-	34,259,918			34,259,918
Revenue over time	-	249,416,984			249,416,984
Cost of Sales	-	(148,944,729)			(148,944,729)
Gross Profit	**4,581,201**	**134,732,173**	**-**	**-**	**139,313,374**
Other operating income	-	3,570,232		(300,000)	3,270,232
Other operating gains	-	2,068,328	724,530	(668,750)	2,124,108
Other operating expenses	(2,194,823)	(117,131,623)	(1,597,098)	(2,767,135)	(123,690,679)
Operating profit	**2,386,378**	**23,239,110**	**(872,568)**	**(3,735,885)**	**21,017,035**
Investment income	-	2,211,164			2,211,164
Finance costs	-	(10,844,071)			(10,844,071)
Profit share of associate	4,595,414	-		(4,595,414)	-
Profit before taxation	**6,981,792**	**14,606,203**	**(872,568)**	**(8,331,299)**	**12,384,128**
Taxation	-	(3,932,489)			(3,932,489)
Profit after taxation	**6,981,792**	**10,673,714**	**(872,568)**	**(8,331,299)**	**8,451,639**
Other comprehensive income	-	-		-	-
Total Comprehensive income for the year	**6,981,792**	**10,673,714**	**(872,568)**	**(8,331,299)**	**8,451,639**
Earnings per share					
Basic earnings per share		30.67			38.88
Headline earnings per share		30.67			38.61
Basic earnings per share		30.67			38.88
Adjusted for gains on disposal of property, plant and equipment		-			(0.27)
Weighted number of shares ('000)		22,764			21,736

Notes and Assumptions:

1. Column 1 presents the Nimbus statement of profit or loss for the period ended 1 March 2018 extracted from the audited Annual Financial Statement for the year ended 28 February 2019.

2. Column 2 presents the Paratus Namibia audited profit or loss and other comprehensive income for year ended 28 Feb 2019 as extracted from Paratus Namibia's historical financial information, as set out in Annexure E.

3. Column 3 reflects a gain of N$724 530, as the previously held interest is treated as if it has been disposed of in return, along with the consideration transferred for the controlling interest in Paratus. Column 4 also reflect an expense of N$1 597 098 which relate to the acquisition costs of the Paratus stake. This treatment is in accordance with IFRS3; Business Combinations.

4. Column 4 reflects the consolidation adjustments, assuming consolidation took place at 1 March 2018 and includes the reversal of the profit share of associate displayed in the financial records of Nimbus, for the period from 1 March 2018 until 28 February 2019.

5. Column 4 reflects the consolidation adjustments, assuming consolidation took place at 1 March 2018 and include:

5.1. The reversal of the profit share of associate displayed in the financial records of Nimbus, for the period from 1 March 2018 until 28 February 2019;

5.2. The elimination of intercompany management and administration fees paid to Paratus Namibia by Nimbus during the period from 1 March 2018 until 28 February 2019 (N$300’000);

5.3. The elimination of the fair value adjustment of the Paratus Namibia investment in Nimbus; and

5.4. The amortisation of the intangible assets relating to the business combination (N$3 067 135).

6. Column 5 reflects the pro forma consolidated statement of profit or loss for Nimbus and Paratus Namibia after the Swap and the rights issue by Paratus Namibia.

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

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

Dear Sirs,

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in a Circular

To the Directors of Nimbus Infrastructure Ltd

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Nimbus Infrastructure Ltd (the "Company") by the directors. The pro forma financial information, as set out in Annexure A of the Circular, consists of the pro forma statement of financial position as at 28 February 2019, the pro forma statement of comprehensive income for the 12 months ended 28 February 2019, related notes and the pro forma financial effects ("Pro Forma Financial Information"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in the Namibian Stock Exchange (NSX) Listings Requirements and described in Annexure A of the Circular.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of Nimus Infrastructure Ltd's share swap. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 28 February 2019, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the Pro Forma Financial Information on the basis of the applicable criteria specified in the NSX Listings Requirements and described in Annexure A of the Circular.

Our independence and quality control

We are independent of the Group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Revised July 2016)*, parts 1 and 3 of the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

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 of the applicable criteria specified in the NSX Listings Requirements and described in Annexure A of the Circular 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* issued by the International Auditing and Assurance Standards Board. 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.

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 by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, 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.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction 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 Annexure A of the Circular.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Windhoek
30 August 2019

ANNEXURE C: PRO FORMA STATEMENT OF FINANCIAL POSITION OF PARATUS NAMIBIA AS AT 28 FEBRUARY 2019

BASIS OF PREPARATION

The Pro Forma Statement of Financial Position of Paratus Namibia as at 28 February 2019 ("**Pro Forma Statement of Financial Position of Paratus Namibia**") has been prepared, based on the assumption that the Swap had taken place on 28 February 2019, 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 and the rights issue by Paratus Namibia.

The Pro Forma Statement of Financial Position of Paratus Namibia has been prepared using the accounting policies of Paratus Namibia that comply with IFRS and that are consistent with those set out in the Report of Historical Financial Information of Paratus Namibia, set out in Annexure E.

The Pro Forma Statement of Financial Position of Paratus Namibia 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 Paratus Namibia is set out in Annexure D to this Circular.

Pro forma statement of financial position of Paratus Namibia as at 28 February 2019 reflecting the effects of the Swap and rights issue by Paratus Namibia:

	Column 1 Audited (N$)	Column 2 Pro-forma adjustment rights issue (N$)	Column 3 Pro-forma after rights issue (N$)
ASSETS			
Non-Current Assets	**231,884,936**	**-**	**231,884,936**
Property, plant and equipment	193,025,492		193,025,492
Intangible assets	22,180,634		22,180,634
Investments in subsidiaries	-		-
Loans to related parties	924,648		924,648
Investments at fair value	14,712,500		14,712,500
Other financial assets	-		-
Finance lease receivables	164,260		164,260
Deferred tax	877,402		877,402
Current Assets	**70,657,497**	**49,863,971**	**120,521,468**
Inventories	19,073,096		19,073,096
Loans to group companies	745,544		745,544
Loan to shareholder	1,642,255		1,642,255
Trade and other receivables	34,675,574		34,675,574
Investments at fair value	8,388,924		8,388,924
Other financial assets	-		-
Finance lease receivables	573,674		573,674
Current tax receivable	1,812,590		1,812,590
Cash and cash equivalents	3,745,840	49,863,971	53,609,811
TOTAL ASSETS	**302,542,433**	**49,863,971**	**352,406,404**
EQUITY AND LIABILITIES			
Capital and Reserves	**97,690,068**	**49,863,971**	**147,554,039**
Share capital	237,410	237,410	474,820
Share Premium	97,953,626	49,626,561	147,580,187
Accumulated loss	(500,968)		(500,968)
LIABILITIES			
Non-Current Liabilities	**158,748,271**	**-**	**158,748,271**
Loan from related parties	-		-
Borrowings	84,568,656		84,568,656
Deferred tax	1,676,229		1,676,229
Contract liabilities	72,503,386		72,503,386
Current Liabilities	**46,104,094**	**-**	**46,104,094**
Trade and other payables	26,469,698		26,469,698
Contract liabilities	6,270,804		6,270,804
Borrowings	11,442,628		11,442,628
Current tax payable	-		-
Provisions	1,875,138		1,875,138
Bank overdraft	45,826		45,826
TOTAL EQUITY AND LIABILITIES	**302,542,433**	**49,863,971**	**352,406,404**
Net Asset Value (N$)	97,690,068	49,863,971	147,554,039
Net Tangible Asset Value (excluding intangibles) (N$)	75,509,434	49,863,971	125,373,405
Number of Shares in issue ('000)	47,482	47,482	94,964
NAV per Share (N$)	2,057.41	1,050.17	1,553.79
NTAV per Share (N$)	1,590.27	1,050.17	1,320.22

Notes and Assumptions:

1. Column 1 has been extracted from the audited Statement of Financial Position of Paratus Namibia as at 28 February 2019 set out un Annexure E: Report of historical financial information of Paratus Namibia for the Financial Years ended 28 February 2017, 2018 and 2019 and has been extracted from the audited Annual Financial Statements for the year ended 28 February 2019.

2. Column 2 presents the financial effects of a rights issue by Paratus Namibia, including the following adjustments:
    2.1. Paratus Namibia allotted and issued a total of 47'482 (forty-seven thousand four hundred and eighty-two) new ordinary shares to its shareholders, being Nimbus and Paratus Group, *pro rata* to their respective shareholdings, in consideration the amount of N$ 49'999'970.46 (forty-nine million nine hundred and ninety-nine thousand nine hundred and seventy Namibia Dollars and forty-six cents).
    2.2. Transaction costs relating to the acquisition amounting to N$ 136'000, legal fees and stamp duties, have been written-off against the share premium in accordance with IAS 32: Financial Instruments

3. Column 3 presents the pro forma financial position of Paratus Namibia after the rights issue.

ANNEXURE D: INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PRO FORMA STATEMENT OF FINANCIAL POSITION OF PARATUS NAMIBIA

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

Dear Sirs,

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in a Circular

To the Directors of Nimbus Infrastructure Ltd

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Paratus Telecommunications (Pty) Ltd (the "Company") by the directors. The pro forma financial information, as set out in Annexure C of the Circular, consists of the pro forma statement of financial position as at 28 February 2019, related notes and the pro forma financial effects ("Pro Forma Financial Information"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in the Namibian Stock Exchange (NSX) Listings Requirements and described in Annexure C of the Circular.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of Nimus Infrastructure Ltd's share swap. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 28 February 2019, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the Pro Forma Financial Information on the basis of the applicable criteria specified in the NSX Listings Requirements and described in Annexure C of the Circular.

Our independence and quality control

We are independent of the Group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Revised July 2016)*, parts 1 and 3 of the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

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 of the applicable criteria specified in the NSX Listings Requirements and described in Annexure C of the Circular 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* issued by the International Auditing and Assurance Standards Board. 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.

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 by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, 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.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction 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 Annexure C of the Circular.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Windhoek

30 August 2019

ANNEXURE E: REPORT OF HISTORICAL FINANCIAL INFORMATION OF PARATUS NAMIBIA FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2017, 2018 AND 2019

REPORT OF HISTORICAL FINANCIAL INFORMATION OF PARATUS TELECOMMUNICATIONS (PROPRIETARY) LIMITED FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

Introduction

The statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 28 February 2017 have been extracted and compiled from the audited financial statements of Paratus Telecommunications (Proprietary) Limited. The Historical Financial Information of Paratus Telecommunications (Proprietary) Limited was audited by BDO Namibia and was reported on. The historical financial information was not consolidated, resulting in an adverse audit opinion. The Namibian Stock Exchange accepted the inclusion of unconsolidated historical information for 2017. A ruling was issued on 19 July 2019 to this effect. The independent reporting accountants report on the Historical Financial Information is presented in Annexure F.

Paratus Namibia 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 Namibia under registration number 2007/0100. The business and the assets were sold to Paratus Namibia as Paratus Namibia owns a Class Comprehensive Telecommunications Services Licence.

Commentary related to the financial performance of Paratus Namibia is included under Section 11 of the Circular.

Events after reporting date

The Directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date of this report that would require adjustments to the Historical Financial Information.

Statement of Financial Position

Figures in Namibian Dollar	Note(s)	2017
Assets		
Non-Current Assets		
Property, plant and equipment	3	60,717,785
Intangible assets	4	23,135,427
Investments in subsidiaries	5	40,416,748
Loans to group companies	6	35,026,084
Loans to shareholders	7	1,399,407
Finance lease receivables	8	3,028,948
		163,724,399
Current Assets		
Inventories	9	22,833,560
Current tax receivable		350,183
Trade and other receivables	10	18,691,156
Cash and cash equivalents	11	1,354,742
		43,229,641
Total Assets		**206,954,040**
Equity and Liabilities		
Equity		
Share capital	12	166,660
Retained income		28,319,739
		28,486,399
Liabilities		
Non-Current Liabilities		
Loans from group companies	6	11,675,435
Loans from shareholders	7	3,230,881
Other financial liabilities	13	105,233,870
Finance lease obligation		1,024,445
Deferred tax	14	6,011,767
		127,176,398
Current Liabilities		
Other financial liabilities	13	8,821,308
Finance lease obligation		368,764
Trade and other payables	15	36,583,907
Bank overdraft	11	5,517,264
		51,291,243
Total Liabilities		**178,467,641**
Total Equity and Liabilities		**206,954,040**

Statement of Comprehensive Income

Figures in Namibian Dollar	Note(s)	2017
Revenue	16	245,509,537
Cost of sales		(135,256,429)
Gross profit		**110,253,108**
Other income		603,600
Operating expenses		(88,749,604)
Profit before investment income and finance costs	17	**22,107,104**
Finance income	18	5,001,682
Finance costs	19	(13,771,804)
Profit before taxation		**13,336,982**
Taxation	20	(3,325,707)
Profit for the year		**10,011,275**
Other comprehensive income		-
Total comprehensive income		**10,011,275**
Earnings before interest and tax		27,108,785
Earnings before Interest, tax, depreciation and amortisation		43,626,717

Statement of Changes in Equity

Figures in Namibian Dollar	Share capital	Retained income	Total equity
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		

Statement of Cash Flows

Figures in Namibian Dollar	Note(s)	2017
Cash flows from operating activities		
Cash generated from operations	22	27,415,226
Interest income		5,001,682
Finance costs		(13,771,804)
Net cash from operating activities		**18,645,104**
Cash flows from investing activities		
Purchase of property, plant and equipment	3	(17,658,737)
Sale of property, plant and equipment	3	352,815
Purchase of other intangible assets	4	(1,629,348)
Loans advanced to group companies		288,269
Net cash from investing activities		**(18,647,001)**
Cash flows from financing activities		
Proceeds from other financial liabilities		11,524,141
Repayment of shareholders loan		(10,824,974)
Finance lease receipts/ (payments)		1,021,851
Finance lease granted		(465,023)
Net cash from financing activities		**1,255,995**
Total cash movement for the year		**1,254,098**
Cash at the beginning of the year		(5,416,620)
Total cash at end of the year	11	**(4,162,522)**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Namibia. The annual financial statements 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 their 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.

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.

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.

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.

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.

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.

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.

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 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.

Notes to the Annual Financial Statements

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 Annual Financial Statements

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.

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

3. Property, plant and equipment

	2017		
	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	2,483,615	(666,903)	1,816,712
Motor vehicles	2,582,699	(1,139,770)	1,442,929
Office equipment	7,873,109	(3,955,885)	3,917,224
IT equipment	2,136,167	(721,144)	1,415,023
Computer software	1,430,813	(109,968)	1,320,845
Infrastructure	12,705,492	(765,627)	11,939,865
Core network assets	59,871,862	(21,006,675)	38,865,187
Total	**89,083,757**	**(28,365,972)**	**60,717,785**

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**

4. Intangible assets

	2017		
	Cost / Valuation	Accumulated amortisation	Carrying value
Paratus brand	19,266,200	(2,441,415)	16,824,785
Goodwill	1,564,217	-	1,564,217
Computer software	4,132,213	(1,508,617)	2,623,596
Customer base	2,701,782	(578,953)	2,122,829
Total	**27,664,412**	**(4,528,985)**	**23,135,427**

Figures in Namibian Dollar 2017

Notes to the Annual Financial Statements

4. Intangible assets (continued)

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**

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	% holding 2017	Carrying amount 2017
Paratus Voice Telecommunications (Pty) Ltd	Paratus Telecommunications (Pt) Ltd	100.00 %	100.00 %	100
Canocopy (Pty) Ltd	Paratus Telecommunications (Pt) Ltd	100.00 %	100.00 %	40,406,648
Internet Technologies Namibia (Pty) Ltd	Paratus Telecommunications (Pt) Ltd	100.00 %	100.00 %	10,000
				40,416,748

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

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

6. Loans to (from) group companies

Related parties

Maximum Networks (Pty) Ltd The loan is unsecured, interest free and has no fixed terms of repayment	43,778
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
Paratus Voice Telecommunications (Pty) Ltd The loan is unsecured, interest free and has no fixed terms of repayment.	1,312,083
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)
Mark R. Barnard & Werner N. Lassen The loan is unsecured, interest free and has no fixed terms of repayment.	(1,441,373)
Easco Properties CC The loan is unsecured, bears interest at prime rate and has no fixed terms of repayment.	1,595,809
Canocopy (Pty) Ltd The loan is unsecured, bears interest at prime rate and has no fixed terms of repayment	8,491,348
Gert Duvenhage The loan is unsecured, interest free and has no fixed terms of repayment.	(4,500,000)
	23,350,649

Fellow subsidiaries

Non-current assets	35,026,084
Non-current liabilities	(11,675,435)
	23,350,649

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

7. Loans to (from) shareholders

Cuvelai Telecommunications (Pty) Ltd	(2,122,767)
The loan are unsecured, bears interest at prime rate plus 2% and has no fixed terms of repayment	
Rolf Peter Konrad Mendelsohn	1,260,333
Schalk Leipoldt Van Zyl Erasmus	138,176
Bartolomeus Roelof Harmse	(1,108,114)
Internet Technologies Namibia (Pty) Ltd	898
The above loans are unsecured, interest free and have no fixed terms of repayment.	
	(1,831,474)
Non-current assets	1,399,407
Non-current liabilities	(3,230,881)
	(1,831,474)

8. Finance lease receivables

Gross investment in the lease due	
- within one year	1,534,171
- in second to fifth year inclusive	2,151,506
	3,685,677
less: Unearned finance income	(656,730)
	3,028,947
Present value of minimum lease payments due	
- within one year	1,154,621
- in second to fifth year inclusive	1,874,326
	3,028,947

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.

The fair value of these assets approximate their carrying value.

9. Inventories

Work in progress	5,281,834
Merchandise	17,551,726
	22,833,560

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

10. Trade and other receivables

Trade receivables	16,295,882
CRAN commission	1,419,767
Deposits	604,102
Sundry debtors	46,656
Other receivables	324,749
	18,691,156

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 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
Past 31 - 120 days	2,133,945
Past 121 - 360 days	3,012,588

Trade and other receivables impaired

As of 28 February 2017, trade and other receivables of N$ 1,621,521 were impaired and provided for.

The ageing of these loans is as follows:

Past due 121 -360 days	1,621,521

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	16,994
Bank balances	1,217,336
Short-term deposits	120,412
Bank overdraft	(5,517,264)
	(4,162,522)
Current assets	1,354,742
Current liabilities	(5,517,264)
	(4,162,522)

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

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 Erasmas
- 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
Issued	
33,332 Ordinary shares of N$ 5 each	166,660

13. Other financial liabilities

Held at amortised cost	
Bank loan The loan bears interest at 10.70% and is repayable in 101 monthly installments	114,055,178
Non-current liabilities	
At amortised cost	105,233,870
Current liabilities	
At amortised cost	8,821,308
	114,055,178

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

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. Deferred tax

Deferred tax asset

Accelerated capital allowances for tax purposes	(6,011,767)

Reconciliation of deferred tax asset (liability)

At beginning of the year	(2,686,060)
Correction of prior period adjustment	922,519
Timing differences	(3,975,806)
Increase (decrease) in tax losses available for set off against future taxable income	(272,420)
	(6,011,767)

15. Trade and other payables

Trade payables	21,901,570
Amounts received in advance	4,006,783
Value Added Tax	1,927,683
Provisions	2,842,522
Other Payables	606,232
Accrued expenses	5,010,751
Provisions	288,366
	36,583,907

16. Revenue

Rendering of services and sale of goods	245,509,537

17. Profit before investment income and finance costs

Profit before investment income and finance costs for the year is stated after accounting for the following:

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

17. Profit before investment income and finance costs (continued)

Operating lease charges	
Premises	
• Contractual amounts	4,083,011
Equipment	
• Contractual amounts	47,912
	4,130,923

Profit/ (Loss) on sale of property, plant and equipment	234,782
Profit on exchange difference	(130,729)
Amortisation on intangible assets	1,426,006
Depreciation on property, plant and equipment	2,244,273
Employee costs	52,804,366

18. Finance income

Interest income	
Other loans	1,079,654
Interest received from bank balances	5,410
Finance leases	469,250
Loans to related parties	3,447,368
	5,001,682

19. Finance costs

Interest paid	13,771,804

20. Taxation

Major components of the tax expense

Deferred	
Deferred tax	3,325,707

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	13,336,982
Tax at the applicable tax rate of 32%	4,267,834
Tax effect of adjustments on taxable income	
Permanent differances	(19,608)
Prior period error	(922,519)
	3,325,707

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

21. Auditors' remuneration

Fees	369,384

22. Cash generated from operations

Profit /(Loss) before taxation	13,336,982
Adjustments for:	
Depreciation and amortisation	16,517,933
(Profit)/ Loss on sale of assets	(234,782)
Interest received	(5,001,682)
Finance costs	13,771,804
Changes in working capital:	
Inventories	(14,200,415)
Trade and other receivables	9,586,198
Trade and other payables	(6,360,812)
	27,415,226

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

23. 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)
Schalk L. Van Zyl Erasmus	138,176
Rolf P. K Mendelsohn	1,260,333
Maximum Networks (Pty)Ltd	43,778
ITN Property Two (Pty) Ltd	23,583,066
Cuvelai Telecommunications (Pty) Ltd	(2,122,767)
Easco Properties CC	1,595,809
Werner N. Lassen	(1,441,373)
Miles October	(5,734,062)
Gert Duvenhage	(4,500,000)
Canocopy (Pty) Ltd	8,491,348
Paratus Voice Telecommunications (Pty) Ltd	1,312,083
Internet Technologies (Pty) Ltd	899
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
Amounts included in Trade Payables regarding related parties	
Paratus Telecommunications Ltd Mauritius	23,910
Paratus Telecommunications (Pty) Ltd Zambia	4,131

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

23. Related parties (continued)

Related party transactions

Property and Equipment purchase from related parties	
Canocopy (Pty) Ltd	79,606
Purchases from related parties	
Canocopy (Pty) Ltd	685,882
Rent paid to related party	
ITN Property Two (Pty) Ltd	3,026,087
Interest received from related party	
ITN Property Two (Pty) Ltd	3,277,670
Easco Properties (Pty) Ltd	169,670
Canocopy (Pty) Ltd	1,038,636
Management fees received from related party	
Canocopy (Pty) Ltd	774,000

24. Directors' emoluments

Executive

2017

	Salaries and allowances	Total
Executive Directors	5,482,601	5,482,601

Figures in Namibian Dollar 2017

25. 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.

At 28 February 2017	Less than 1 year	Between 1 and 2 years
Trade Payables	36,583,908	-
Loans from group companies	-	11,675,435
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	-

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 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Figures in Namibian Dollar 2017

Notes to the Annual Financial Statements

25. Risk management (continued)

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
Trade and other receivables	18,691,156
Cash and cash equivalents	1,354,742
Loans to group companies	35,026,084
Loans to shareholders	1,399,408

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.

26. Financial assets by category

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

2017

	Loans and receivables	Total
Loans to group companies	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
Prepayments	-	-
	59,500,337	**59,500,337**

Notes to the Annual Financial Statements

Figures in Namibian Dollar	2017

27. Financial liabilities by category

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

2017

	Financial liabilities at amortised cost	Total
Loans from group companies	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**

REPORT OF HISTORICAL FINANCIAL INFORMATION OF PARATUS TELECOMMUNICATIONS (PROPRIETARY) LIMITED FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2019 AND 28 FEBRUARY 2018

Introduction

The statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years ended 28 February 2019 and 28 February 2018 have been extracted and compiled from the audited financial statements of Paratus Telecommunications (Proprietary) Limited. The Historical Financial Information of Paratus Telecommunications (Proprietary) Limited was audited by PricewaterhouseCoopers (2019) and BDO Namibia (2018), and was reported on without qualification. The independent reporting accountants report on the Historical Financial Information is presented in Annexure F.

Paratus Namibia 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 Namibia under registration number 2007/0100. The business and the assets were sold to Paratus Namibia as Paratus Namibia owns a Class Comprehensive Telecommunications Services Licence.

Commentary related to the financial performance of Paratus Namibia is included under Section 11 of the Circular.

Events after reporting date

The Directors are not aware of any further matters or circumstances that occurred between the end of the financial year and the date of this report that would require adjustments to the Historical Financial Information.

Statements of Financial Position as at 28 February 2019

		Group		Company	
Figures in Namibia Dollar	Notes	2019	2018	2019	2018
Assets					
Non-Current Assets					
Property, plant and equipment	4	193 025 492	153 358 547	145 630 711	105 770 945
Intangible assets	5	22 180 634	21 871 739	21 298 872	20 989 977
Investments in subsidiaries	6	-	-	23 441 311	23 441 311
Loans to related parties	7	924 648	7 704 055	28 936 908	36 181 020
Investments at fair value	10	14 712 500	-	14 712 500	-
Other financial assets	9	-	5 617 500	-	5 617 500
Finance lease receivables	12	164 260	711 636	164 260	711 636
Deferred tax	13	877 402	1 125 091	-	-
		231 884 936	**190 388 568**	**234 184 562**	**192 712 389**
Current Assets					
Inventories	14	19 073 096	15 226 883	19 073 096	15 226 883
Loans to group companies	7	745 544	1 488 366	745 544	1 488 366
Loan to shareholder	8	1 642 255	-	1 642 255	-
Trade and other receivables	15	34 675 574	34 851 132	32 036 177	32 123 268
Investments at fair value	10	8 388 924	-	8 388 924	-
Other financial assets	9	-	45 469 683	-	45 469 683
Finance lease receivables	12	573 674	1 162 690	573 674	1 162 690
Current tax receivable	32	1 812 590	-	1 812 590	-
Cash and cash equivalents	16	3 745 840	607 073	3 660 777	525 776
		70 657 497	**98 805 827**	**67 933 037**	**95 996 666**
Total Assets		**302 542 433**	**289 194 395**	**302 117 599**	**288 709 055**
Equity and Liabilities					
Equity					
Share capital	17	98 191 036	98 341 036	98 191 036	98 341 036
Accumulated loss		(500 968)	(11 174 681)	(915 792)	(11 063 162)
		97 690 068	**87 166 355**	**97 275 244**	**87 277 874**
Liabilities					
Non-Current Liabilities					
Loan from related parties	18	-	6 308 796	-	5 726 613
Borrowings	19	84 568 656	98 296 161	84 568 656	98 296 161
Contract liabilities	22	72 503 386	43 222 533	72 503 386	43 222 533
Deferred tax	13	1 676 229	1 930 257	1 676 229	1 930 257
		158 748 271	**149 757 747**	**158 748 271**	**149 175 564**
Current Liabilities					
Trade and other payables	21	26 469 698	28 973 183	26 459 688	28 958 507
Borrowings	19	11 442 628	9 913 435	11 442 628	9 913 435
Contract liabilities	22	6 270 804	5 816 899	6 270 804	5 816 899
Current tax payable	32	-	291 479	-	291 479
Provisions	20	1 875 138	6 490 927	1 875 138	6 490 927
Bank overdraft	16	45 826	784 370	45 826	784 370
		46 104 094	**52 270 293**	**46 094 084**	**52 255 617**
Total Liabilities		**204 852 365**	**202 028 040**	**204 842 355**	**201 431 181**
Total Equity and Liabilities		**302 542 433**	**289 194 395**	**302 117 599**	**288 709 055**

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Namibia Dollar	Notes	2019	2018	2019	2018
Revenue	23	283 676 902	359 999 634	283 676 902	279 623 197
Cost of sales	24	(148 944 729)	(220 684 869)	(148 944 729)	(158 035 661)
Gross profit		**134 732 173**	**139 314 765**	**134 732 173**	**121 587 536**
Other operating income	25	3 570 232	3 777 086	2 988 049	3 593 948
Other operating gains / (losses)	26	2 068 328	(2 634 323)	2 068 328	194 389
Operating expenses		(117 131 623)	(126 987 449)	(120 060 755)	(124 431 785)
Operating profit	27	**23 239 110**	**13 470 079**	**19 727 795**	**944 088**
Investment income	28	2 211 164	4 322 880	4 948 446	16 267 954
Finance costs	29	(10 844 071)	(13 685 978)	(10 844 071)	(13 396 739)
Profit before taxation		**14 606 203**	**4 106 981**	**13 832 170**	**3 815 303**
Taxation	30	(3 932 489)	(2 729 871)	(3 684 800)	(2 791 556)
Profit for the year		**10 673 714**	**1 377 110**	**10 147 370**	**1 023 747**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**10 673 714**	**1 377 110**	**10 147 370**	**1 023 747**
Adjusted earnings before interest, taxation, depreciation and amortisation (adjusted EBITDA)		51 611 453	34 279 190	47 907 316	21 260 428

Statements of Changes in Equity

Figures in Namibia Dollar	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Group					
Balance at 01 March 2017	**166 660**	**-**	**166 660**	**27 854 857**	**28 021 517**
Profit for the year	-	-	-	1 377 110	1 377 110
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**1 377 110**	**1 377 110**
Issue of shares	70 750	98 103 626	98 174 376	-	98 174 376
Dividends	-	-	-	(40 406 648)	(40 406 648)
Total changes	**70 750**	**98 103 626**	**98 174 376**	**(40 406 648)**	**57 767 728**
Balance at 01 March 2018	**237 410**	**98 103 626**	**98 341 036**	**(11 174 682)**	**87 166 354**
Profit for the year	-	-	-	10 673 714	10 673 714
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**10 673 714**	**10 673 714**
Stamp duties paid	-	(150 000)	(150 000)	-	-
Total changes	**-**	**(150 000)**	**(150 000)**	**-**	**(150 000)**
Balance at 28 February 2019	**237 410**	**97 953 626**	**98 191 036**	**(500 968)**	**97 690 068**
Note(s)	17	17	17		
Company					
Balance at 01 March 2017	**166 660**	**-**	**166 660**	**28 319 739**	**28 486 399**
Profit for the year	-	-	-	1 023 747	1 023 747
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**1 023 747**	**1 023 747**
Issue of shares	70 750	98 103 626	98 174 376	-	98 174 376
Dividends	-	-	-	(40 406 648)	(40 406 648)
Total changes	**70 750**	**98 103 626**	**98 174 376**	**(40 406 648)**	**57 767 728**
Balance at 01 March 2018	**237 410**	**98 103 626**	**98 341 036**	**(11 063 162)**	**87 277 874**
Profit for the year	-	-	-	10 147 370	10 147 370
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**10 147 370**	**10 147 370**
Stamp duties paid	-	(150 000)	(150 000)	-	(150 000)
Total changes	**-**	**(150 000)**	**(150 000)**	**-**	**(150 000)**
Balance at 28 February 2019	**237 410**	**97 953 626**	**98 191 036**	**(915 792)**	**97 275 244**
Note(s)	17	17	17		

Statements of Cash Flows

		Group		Company	
Figures in Namibia Dollar	Notes	2019	2018	2019	2018
Cash flows from operating activities					
Cash (used in) / generated from operations	31	68 217 556	75 951 205	65 011 802	68 769 037
Interest income		428 238	3 973 463	3 165 520	4 818 537
Dividend income		1 782 926	349 417	1 782 926	349 417
Finance costs		(10 844 071)	(13 685 978)	(10 844 071)	(13 396 739)
Tax paid	32	(6 042 896)	(6 231 405)	(6 042 896)	(6 231 405)
Net cash from operating activities		**53 541 753**	**60 356 702**	**53 073 281**	**54 308 847**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(66 671 893)	(62 833 671)	(66 671 893)	(62 833 671)
Sale of property, plant and equipment	4	1 856 391	248 344	1 856 391	213 404
Purchase of other intangible assets	5	(3 473 411)	(526 121)	(3 473 411)	(526 121)
Finance lease receipts	12	1 136 392	1 154 622	1 136 392	1 154 622
Movement in investments	35	-	80 166	-	-
Disposal of subsidiary	36	-	(2 330 586)	-	-
Purchase of investment at fair value		(8 426 250)	-	(8 426 250)	-
Deposits into money market funds and similar securities		(1 782 778)	(52 638 272)	(1 782 777)	(52 638 272)
Withdrawals from money market funds and similar securities		38 863 536	1 989 000	38 863 536	1 989 000
Net cash from investing activities		**(38 498 013)**	**(114 856 518)**	**(38 498 012)**	**(112 641 037)**
Cash flows from financing activities					
Proceeds on share issue	17	-	75 000 000	-	75 000 000
Reduction in share premium (stamp duties paid)	17	(150 000)	-	(150 000)	-
Proceeds from loans from related parties (refer to note 7)		1 922 372	-	2 387 077	-
Repayment of loans from related parties (refer to note 18)		(500 000)	(11 335 477)	(500 000)	(8 866 933)
Repayment of borrowings		(12 198 312)	(5 133 995)	(12 198 312)	(5 979 021)
Proceeds from shareholders loan		-	2 772 144	-	2 186 500
Loan advanced to shareholders		(198 742)	-	(198 742)	-
Net cash from financing activities		**(11 124 682)**	**61 302 672**	**(10 659 977)**	**62 340 546**
Total cash movement for the year		**3 919 058**	**6 802 856**	**3 915 292**	**4 008 356**
Cash at the beginning of the year		(177 297)	(6 996 136)	(258 594)	(4 282 933)
Effect of exchange rate movement on cash balances		(41 747)	15 983	(41 747)	15 983
Total cash at end of the year	16	**3 700 014**	**(177 297)**	**3 614 951**	**(258 594)**

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The group annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of Namibia.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the group and company's functional currency.

These accounting policies are consistent with the previous year, except for the changes set out in note 2.

1.2 Segmental reporting

The company considers its ICT segment as its only operating segment. This is in a matter consistent with the internal reporting provided to the chief operating decision-maker, identified as the Executive Committee of the company. The chief operating decision-maker allocates resources to and assesses the performance of the operating segment of the entity.

1.3 Consolidation

Basis of consolidation

The annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statements of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Accounting Policies

1.3 Consolidation (continued)

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease classification

The group is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

The fair value of financial instruments traded in the active market (such as investments in listed securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of core equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 20&21.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

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 group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Accounting Policies

1.5 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation.

Revaluations are made with sufficient regularity, by an independent valuer, such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year. Management assesses valuations yearly based on market related rental income.

Any increase in an asset’s carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve 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 an asset’s carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Core satellite equipment	Straight line	3 years
Core network assets	Straight line	5 years
Fibre (active equipment)	Straight line	5 years
Fibre (passive equipment)	Straight line	20 years
Infrastructure	Straight line	20 years
Furniture and fittings	Straight line	5 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	5 years
IT equipment	Straight line	5 years
Customer equipment	Straight line	2 - 3 years
LTE network assets	Straight line	5 years
Operating equipment	Straight line	3 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 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 cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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:

Accounting Policies

1.6 Intangible assets (continued)

Item	**Useful life**
Paratus brand	25 years
Customer base	12 years
Computer software	3 years
Goodwill (not amortised but is tested for impairment annually)	Indefinite

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 40 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Accounting Policies

1.7 Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans to related parties (note 7) and loan to shareholder (note 8) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest).

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Write off policy

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 27).

Accounting Policies

1.7 Financial instruments (continued)

Borrowings and loans from related parties

Classification

Loans from group companies (note 7), loans from shareholders (note 8) and borrowings (note 19) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 40 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Details of foreign currency risk exposure and the management thereof are provided in the cash and cash equivalents note (note 16).

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost.

Trade and other payables

Classification

Trade and other payables (note 21), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 40 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains / (losses) (note 26).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note (note 21).

Accounting Policies

1.7 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 15).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest).

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains / (losses) (note 26).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 40).

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

Measurement and recognition of expected credit losses

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risks characteristics and the days past due. Details of the provision matrix is presented in note 15.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 28 February 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information of macroeconomic factors affecting the ability of the customers to settle receivables.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 27).

Accounting Policies

1.7 Financial instruments (continued)

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

1.8 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).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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 to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

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.

1.9 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 - lessor

The company recognises finance lease receivables in the statements of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the company’s net investment in the finance lease.

Accounting Policies

1.9 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statements 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 statements of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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 - lessor

Operating lease income is recognised as an income over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are expensed in the period they are incurred.

1.10 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.

1.11 Impairment of assets

The group 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 group estimates the recoverable amount of the asset.

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.

Accounting Policies

1.11 Impairment of assets (continued)

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.

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.

1.12 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.

Ordinary shares are classified as equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.13 Employee benefits

Short-term employee benefits

Liabilities for salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

1.14 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.15 Revenue from contracts with customers

The group recognises revenue from the rendering of ICT services, such as access to core network, internet services, IT services, voice call services and local area network services.

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control of a product or service to a customer .

Accounting Policies

1.15 Revenue from contracts with customers (continued)

Provision of ICT services

The group provides management, design, implementation and support services.The group recognises revenue as services are provided. Services are billed and paid for on a monthly basis.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual costs incurred relative to the total expected costs.

Some contracts include multiple deliverables, such as the installation of hardware and software. In most cases, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. As a practical expedient, the group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the group otherwise would have recognised is less than one year.

The group has used the practical expedient not to adjust the promised amount of consideration for the effects of the significant financing component since management expects at contract inception, that the period between when a promised service is transferred to a customer and when the customer pays is less than one year.

1.16 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.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.17 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.

Accounting Policies

1.17 Borrowing costs (continued)

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

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia 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.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS's. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the group's financial statements are described below.

The group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 March 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 March 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 March 2018. Comparatives in relation to instruments that have not been derecognised as at 01 March 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Equity investments are subsequently measured at fair value through profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The directors reviewed and assessed the group's existing financial assets as at 01 March 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had an inconsequential impact on the group's financial assets as regards to their classification and measurement; therefore the 2018 figures have not been restated through retained earnings.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

As at 01 March 2018, the directors reviewed and assessed the group's existing financial assets, amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 March 2017 and 01 March 2018.

Initial application of IFRS 9 has had an inconsequential impact on the group's financial assets, for detail refer to loans to related parties (note 7); loans to shareholders (note 8); trade and other receivables (note 15); finance lease receivables (note 12); cash and cash equivalents (note 16).

2. Changes in accounting policy (continued)

Application of IFRS 15 Revenue from contracts with customers

In the current year, the group has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the group financial statements are described below. Refer to the revenue accounting policy for additional details.

The group has applied IFRS 15 with an initial date of application of 01 March 2018.

The previous policy on revenue was to recognise the revenue from the non-recurring charge at once on completion of the delivery of services while the revenue form the recurring charge was recognised evenly from the date of the service handover over the period of the contract.

Implementation of IFRS 15 did therefore not have a significant impact on the financial statements except on the level of disclosures to be provided.

As a practical expedient, the group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the group otherwise would have recognised is less than one year.

The group has used the practical expedient not to adjust the promised amount of consideration for the effects of the significant financing component since management expects at contract inception, that the period between when a promised service is transferred to a customer and when the customer pays is less than one year.

3. New Standards and Interpretations

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2018	The impact of the standard is set out in note 2 Changes in accounting policy.
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the standard is set out in note 2 Changes in accounting policy.
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the standard is set out in note 2 Changes in accounting policy.

3.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Prepayment Features with Negative Compensation - Amendment to IFRS 9	01 January 2019	Unlikely there will be a material impact
• Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Uncertainty over Income Tax Treatments	01 January 2019	Unlikely there will be a material impact

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

Notes to the Annual Financial Statements

3. New Standards and Interpretations (continued)

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

The effective date of the standard is for years beginning on or after 01 January 2019.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

3. New Standards and Interpretations (continued)

The expected impact of the standard is as follows:

The group has set up a project team which has reviewed all of the group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the group’s operating leases.

As at the reporting date, the group has non-cancellable operating lease commitments of N$ 5 787 317 (company: N$ 29 220 117). Of these commitments, approximately N$ 171 360 (company: N$171 360) relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the group expects to recognise right-of-use assets of approximately N$ 4 696 292 (company: N$ 22 611 710) on 1 March 2019, lease liabilities of N$ 4 696 292 (company: N$ 22 611 710) and no deferred tax asset / liability as there is no difference between the right-of-use asset and liability raised.

The group expects that net profit before tax will decrease by approximately N$ 92 299 (company: N$1 586 392) for 2020 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately N$ 1 656 031 (company: N$ 5 730 777) as the operating lease payments were included in EBITDA, but the amortisation of the right- of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows will increase by approximately N$ 1 432 322 (company: N$ 3 521 312) and financing cash flows decrease by approximately N$ 1 432 322 (company: N$ 3 521 312) as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The group will apply the standard from its mandatory adoption date of 1 March 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied.

Notes to the Annual Financial Statements

4. Property, plant and equipment

Group	2019			2018		
	Cost / valuation	Accumulated depreciation	Carrying value	Cost / valuation	Accumulated depreciation	Carrying value
Capital work in progress	-	-	-	6 530 342	-	6 530 342
Core network assets	69 415 861	(44 175 352)	25 240 509	62 203 975	(32 493 042)	29 710 933
Core satellite equipment	3 076 663	(682 701)	2 393 962	2 532 241	(83 600)	2 448 641
Customer equipment	6 405 342	(3 612 507)	2 792 835	3 764 695	(1 335 537)	2 429 158
Fiber active equipment	10 904 005	(1 866 570)	9 037 435	5 761 089	(96 018)	5 665 071
Fiber passive equipment	57 862 844	(2 615 637)	55 247 207	34 122 702	(142 178)	33 980 524
Furniture and fixtures	3 137 992	(1 810 323)	1 327 669	2 713 113	(1 214 067)	1 499 046
IT equipment	4 520 538	(2 130 110)	2 390 428	2 502 174	(1 204 920)	1 297 254
Infrastructure	43 271 438	(3 005 617)	40 265 821	16 522 750	(1 516 667)	15 006 083
LTE network assets	3 693 862	(1 022 498)	2 671 364	2 900 026	(406 755)	2 493 271
Land and buildings	47 100 000	-	47 100 000	47 100 000	-	47 100 000
Motor vehicles	4 693 957	(2 392 659)	2 301 298	3 494 906	(1 738 089)	1 756 817
Office equipment	8 243 058	(6 277 866)	1 965 192	9 378 974	(5 937 567)	3 441 407
Operating equipment	300 108	(8 336)	291 772	-	-	-
Total	**262 625 668**	**(69 600 176)**	**193 025 492**	**199 526 987**	**(46 168 440)**	**153 358 547**

Company	2019			2018		
	Cost / valuation	Accumulated depreciation	Carrying value	Cost / valuation	Accumulated depreciation	Carrying value
Capital work in progress	-	-	-	6 530 342	-	6 530 342
Core network assets	69 415 861	(44 175 352)	25 240 509	62 203 975	(32 493 042)	29 710 933
Core satellite equipment	3 076 663	(682 701)	2 393 962	2 532 241	(83 600)	2 448 641
Customer equipment	6 405 342	(3 612 507)	2 792 835	3 764 695	(1 335 537)	2 429 158
Fiber active equipment	10 904 005	(1 866 570)	9 037 435	5 761 089	(96 018)	5 665 071
Fiber passive equipment	57 862 844	(2 615 637)	55 247 207	34 122 702	(142 178)	33 980 524
Furniture and fixtures	3 120 779	(1 799 421)	1 321 358	2 695 900	(1 206 608)	1 489 292
IT equipment	4 520 538	(2 130 110)	2 390 428	2 502 174	(1 204 920)	1 297 254
Infrastructure	43 271 438	(3 005 617)	40 265 821	16 522 750	(1 516 667)	15 006 083
LTE network assets	3 693 862	(1 022 498)	2 671 364	2 900 026	(406 755)	2 493 271
Motor vehicles	4 693 957	(2 392 659)	2 301 298	3 494 906	(1 738 089)	1 756 817
Office equipment	7 296 165	(5 619 443)	1 676 722	8 432 081	(5 468 522)	2 963 559
Operating equipment	300 108	(8 336)	291 772	-	-	-
Total	**214 561 562**	**(68 930 851)**	**145 630 711**	**151 462 881**	**(45 691 936)**	**105 770 945**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital work in progress	6 530 342	20 206 503	-	(26 736 845)	-	-
Core network assets	29 710 933	7 197 612	-	-	(11 668 036)	25 240 509
Core satellite equipment	2 448 641	544 422	-	-	(599 101)	2 393 962
Customer equipment	2 429 158	2 640 647	-	-	(2 276 970)	2 792 835
Fiber active equipment	5 665 071	919 930	(1 125 083)	5 409 625	(1 832 108)	9 037 435
Fiber passive equipment	33 980 524	2 412 923	-	21 327 220	(2 473 460)	55 247 207
Furniture and fixtures	1 499 046	424 879	-	-	(596 256)	1 327 669
IT equipment	1 297 254	2 162 015	(8 404)	-	(1 060 437)	2 390 428
Infrastructure	15 006 083	27 252 270	(499 385)	-	(1 493 147)	40 265 821
LTE network assets	2 493 271	793 836	-	-	(615 743)	2 671 364
Operating equipment	-	300 108	-	-	(8 336)	291 772
Motor vehicles	1 756 817	1 553 032	(75 000)	-	(933 551)	2 301 298
Office equipment	3 441 407	263 518	(89 251)	-	(1 650 482)	1 965 192
Land and buildings	47 100 000	-	-	-	-	47 100 000
	153 358 547	**66 671 695**	**(1 797 123)**	**-**	**(25 207 627)**	**193 025 492**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Additions through business combinations	Disposals	Disposals through business divesture	Depreciation	Total
Capital work in progress	731 697	6 480 957	-	-	(379 704)	(302 608)	6 530 342
Core network assets	38 865 187	2 379 128	-	(11 371)	-	(11 522 011)	29 710 933
Core satellite equipment	-	2 532 241	-	-	-	(83 600)	2 448 641
Customer equipment	1 320 845	2 333 882	-	-	-	(1 225 569)	2 429 158
Fiber active equipment	-	5 761 089	-	-	-	(96 018)	5 665 071
Fiber passive equipment	-	34 122 702	-	-	-	(142 178)	33 980 524
Furniture and fixtures	2 409 026	212 285	11 475	-	(490 480)	(643 260)	1 499 046
IT equipment	1 566 068	428 431	-	(31 549)	(81 544)	(584 152)	1 297 254
Infrastructure	11 890 480	3 866 643	-	-	-	(751 040)	15 006 083
LTE network assets	-	2 900 026	-	-	-	(406 755)	2 493 271
Motor vehicles	1 882 583	1 115 426	-	(57 025)	(493 548)	(690 619)	1 756 817
Office equipment	4 020 111	700 861	572 538	(35 797)	(126 576)	(1 689 730)	3 441 407
Land and buildings	-	-	47 100 000	-	-	-	47 100 000
	62 685 997	**62 833 671**	**47 684 013**	**(135 742)**	**(1 571 852)**	**(18 137 540)**	**153 358 547**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital work in progress	6 530 342	20 206 503	-	(26 736 845)	-	-
Core network assets	29 710 933	7 197 612	-	-	(11 668 036)	25 240 509
Core satellite equipment	2 448 641	544 422	-	-	(599 101)	2 393 962
Customer equipment	2 429 158	2 640 647	-	-	(2 276 970)	2 792 835
Fiber active equipment	5 665 071	919 930	(1 125 083)	5 409 625	(1 832 108)	9 037 435
Fiber passive equipment	33 980 524	2 412 923	-	21 327 220	(2 473 460)	55 247 207
Furniture and fixtures	1 489 292	424 879	-	-	(592 813)	1 321 358
IT equipment	1 297 254	2 162 213	(8 404)	-	(1 060 635)	2 390 428
Infrastructure	15 006 083	27 252 270	(499 385)	-	(1 493 147)	40 265 821
LTE network assets	2 493 271	793 836	-	-	(615 743)	2 671 364
Operating equipment	-	300 108	-	-	(8 336)	291 772
Motor vehicles	1 756 817	1 553 032	(75 000)	-	(933 551)	2 301 298
Office equipment	2 963 559	263 518	(89 251)	-	(1 461 104)	1 676 722
	105 770 945	**66 671 893**	**(1 797 123)**	**-**	**(25 015 004)**	**145 630 711**

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Capital work in progress	-	6 530 342	-	-	6 530 342
Core network assets	38 865 187	2 379 128	(11 371)	(11 522 011)	29 710 933
Core satellite equipment	-	2 532 241	-	(83 600)	2 448 641
Customer equipment	1 320 845	2 333 882	-	(1 225 569)	2 429 158
Fiber active equipment	-	5 761 089	-	(96 018)	5 665 071
Fiber passive equipment	-	34 122 702	-	(142 178)	33 980 524
Furniture and fixtures	1 816 712	212 285	-	(539 705)	1 489 292
IT equipment	1 415 023	428 431	(31 549)	(514 651)	1 297 254
Infrastructure	11 939 865	3 817 258	-	(751 040)	15 006 083
LTE network assets	-	2 900 026	-	(406 755)	2 493 271
Motor vehicles	1 442 929	1 115 426	(57 025)	(744 513)	1 756 817
Office equipment	3 917 224	700 861	(35 797)	(1 618 729)	2 963 559
	60 717 785	**62 833 671**	**(135 742)**	**(17 644 769)**	**105 770 945**

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

4. Property, plant and equipment (continued)

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the finance lease liabilities (refer to note 19):

Motor vehicles	355 103	542 886	355 103	542 886
Core network assets	370 466	592 746	370 466	592 746

The installment sales agreement pertaining to motor vehicles bears interest at a rate of 11.50% (2018: 11.50%), was secured by motor vehicles with a book value of N$ 355 103 (2018: N$ 542 886) and is repayable in monthly instalments of N$ 21 469.

The installment sales agreement pertaining to core network assets bears interest at a rate of 10.50% (2018: 10.50%), was secured by core network assets with a book value of N$ 370 466 (2018: N$ 592 746) an is repayable in equal monthly installments of N$ 27 238.

Details of properties

Erf no. 232 (a portion of Erf no. 231) Property consists of Erf No. 232 (a portion of Erf No. 231) Prosperita, in the Municipality of Windhoek, Registration Division "K", registered under Deed of Transfer T0070/2008.				
- Building at fair value	10 800 000	10 800 000	-	-
Erf no. 348 Property consists of Erf No. 348 Prosperita, in the Municipality of Windhoek, Registration Division "K", registered under Deed of Transfer T5746/2008.				
- Building at fair value	36 300 000	36 300 000	-	-

The effective date of the last revaluation performed was 3 November 2017. The revaluation was performed by an independent valuer, P.J.J. Wilders [National Diploma Property Valuations (Tech SA)], of Pierewiet Wilders Valuations. Neither P.J.J. Wilders or Pierewiet Wilders Valuations is connected to the company and have recent experience in the location and category of the properties being valued. The valuation was based on the open market value for existing use.

At year end a desktop valuation of the two properties were performed by the directors. This valuation confirmed the fair value of the properties as previously determined by Pierewiet Wilders Valuations on 3 November 2017.
The properties were valued by using the income capitalisation method. The net rental income is derived from market related rentals, which is capitalised at 8.50%.

5. Intangible assets

Group	2019			2018		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	8 131 745	(4 881 590)	3 250 155	4 658 334	(2 959 894)	1 698 440
Customer base	2 701 782	(1 366 139)	1 335 643	2 701 782	(964 922)	1 736 860
Goodwill	2 445 979	-	2 445 979	2 445 979	-	2 445 979
Paratus brand	19 266 200	(4 117 343)	15 148 857	19 266 200	(3 275 740)	15 990 460
Total	**32 545 706**	**(10 365 072)**	**22 180 634**	**29 072 295**	**(7 200 556)**	**21 871 739**

Company	2019			2018		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	8 131 745	(4 881 590)	3 250 155	4 658 334	(2 959 894)	1 698 440
Customer base	2 701 782	(1 366 139)	1 335 643	2 701 782	(964 922)	1 736 860
Goodwill	1 564 217	-	1 564 217	1 564 217	-	1 564 217
Paratus brand	19 266 200	(4 117 343)	15 148 857	19 266 200	(3 275 740)	15 990 460
Total	**31 663 944**	**(10 365 072)**	**21 298 872**	**28 190 533**	**(7 200 556)**	**20 989 977**

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	1 698 440	3 473 411	(1 921 696)	3 250 155
Customer base	1 736 860	-	(401 217)	1 335 643
Goodwill	2 445 979	-	-	2 445 979
Paratus brand	15 990 460	-	(841 603)	15 148 857
	21 871 739	**3 473 411**	**(3 164 516)**	**22 180 634**

Reconciliation of intangible assets - Group - 2018

	Opening balance	Additions	Additions through business combinations	Amortisation	Total
Computer software	2 623 596	526 121	-	(1 451 277)	1 698 440
Customer base	2 122 829	-	-	(385 969)	1 736 860
Goodwill	1 564 217	-	881 762	-	2 445 979
Paratus brand	16 824 785	-	-	(834 325)	15 990 460
	23 135 427	**526 121**	**881 762**	**(2 671 571)**	**21 871 739**

Notes to the Annual Financial Statements

5. Intangible assets (continued)

Reconciliation of intangible assets - Company - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	1 698 440	3 473 411	(1 921 696)	3 250 155
Customer base	1 736 860	-	(401 217)	1 335 643
Goodwill	1 564 217	-	-	1 564 217
Paratus Brand	15 990 460	-	(841 603)	15 148 857
	20 989 977	**3 473 411**	**(3 164 516)**	**21 298 872**

Reconciliation of intangible assets - Company - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	2 623 596	526 121	(1 451 277)	1 698 440
Customer base	2 122 829	-	(385 969)	1 736 860
Goodwill	1 564 217	-	-	1 564 217
Paratus brand	16 824 785	-	(834 325)	15 990 460
	23 135 427	**526 121**	**(2 671 571)**	**20 989 977**

Intangible assets

Computer software

Computer software is carried at cost less accumulated amortisation and impairment losses.

Paratus brand and customer base

Seperately acquired brand and customer base are shown at cost less accumulated amortisation and impairment losses. Impairment is tested annually. Paratus is a well known brand and is maintained by actively spending money to promote the brand. During the financial year the company has spent N$ 7 103 816 (2018: N$ 5 548 751) on advertising. The customer base has grown significantly since acquisition. In addition to this, the company 's revenue and profit after tax is growing, therefore there are no indications of impairment.

Goodwill

Goodwill on acquisition of subsidiaries amounting to N$ 881 762 is included in intangible assets.

Goodwill acquired to the amount of N$ 1 564 217 is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generated that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segment level.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. There were no indications of impairment at year end.

6. Investments in subsidiaries

The following table lists the entities which are controlled directly by the group and company, and the carrying amounts of the investments in the company's separate financial statements.

Company

Name of company	Held by	% voting power 2019	% voting power 2018	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Internet Technologies Namibia (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	10 000	10 000
Paratus Properties (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	14 498 004	14 498 004
Paratus Property Two (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	8 933 207	8 933 207
Paratus Voice Telecommunications (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	100	100
						23 441 311	23 441 311

During the prior year the company disposed of 100% shareholding in Canocopy (Pty) Ltd and acquired a 100% share in Paratus Properties (Pty) Ltd and Paratus Property Two (Pty) Ltd. For further detail hereon, refer to notes 36 and 35 respectively.

Notes to the Annual Financial Statements

		Group		Company	
Figures in Namibia Dollar		2019	2018	2019	2018

7. Loans to related parties

Subsidiaries	Basis of accounting				
Internet Technologies Namibia (Pty) Ltd This loan is unsecured, interest free and has no fixed terms of repayment, other than a 12 (twelve) month notice period for repayment.	Amortised cost	-	-	14 099	15 812
Paratus Properties (Pty) Ltd This loan is unsecured, bears interest at prime bank lending rate. Rent levied by Paratus Properties (Pty) Ltd serves as repayment of the loan. Expenses paid on behalf of Paratus Properties (Pty) Ltd will increase the amount due. This loan has no fixed period of repayment, other than a 12 (twelve) month notice period of repayment.	Amortised cost	-	-	2 090 134	2 283 183
Paratus Property Two (Pty) Ltd This loan is unsecured, bears interest at prime bank lending rate. Rent levied by Paratus Property Two (Pty) Ltd serves as repayment of the loan. Expenses paid on behalf of Paratus Property Two (Pty) Ltd will increase the amount due. This loan has no fixed period of repayment, other than a 12 (twelve) month notice period of repayment.	Amortised cost	-	-	25 781 266	25 997 371
Paratus Voice Telecommunications (Pty) Ltd This loan is unsecured, interest free and has no fixed terms of repayment, other than a 12 (twelve) month notice period for repayment.	Amortised cost	-	-	126 761	180 599
		-	**-**	**28 012 260**	**28 476 965**

		Group		Company	
Figures in Namibia Dollar		2019	2018	2019	2018

7. Loans to related parties (continued)

Related parties	Basis of accounting				
Canocopy (Pty) Ltd This loan is unsecured, bears interest at prime + 0.25% per annum and is repayable in monthly capital instalments of N$ 50 000 excluding interest which is calculated on the outstanding balance).	Amortised cost	1 670 192	7 444 961	1 670 192	7 444 961
Maxwell Technologies (Pty) Ltd - registered in South Africa This loan is unsecured, bears interest at prime + 1% per annum and is repayable in equal monthly instalments of N$ 42 591 and has been repaid in full during the year under review.	Amortised cost	-	166 275	-	166 275
Paratus Telecom S.A. - Mozambique The loan is unsecured, bears no interest and has no fixed terms of repayment, other than a 12 month notice period of repayment and has been settled in full during the year under review.	Amortised cost	-	373 244	-	373 244
Schalk LV Erasmus This loan is unsecured, interest free and has no fixed terms of repayment, other than a 12 (twelve) month notice period for repayment and has been settled in full during the year under review.	Amortised cost	-	144 293	-	144 293
Rolf PK Mendelsohn This loan is unsecured, interest free and has no fixed terms of repayment, other than a 12 (twelve) month notice period for repayment and has been settled in full during the year under review.	Amortised cost	-	1 063 648	-	1 063 648
		1 670 192	**9 192 421**	**1 670 192**	**9 192 421**

Split between non-current and current portions

Non-current assets	924 648	7 704 055	28 936 908	36 181 020
Current assets	745 544	1 488 366	745 544	1 488 366
	1 670 192	**9 192 421**	**29 682 452**	**37 669 386**

7. Loans to related parties (continued)

Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for group loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate. Management did not consider group loans receivable to be impaired at year-end as the credit risk has not increased significantly since initial recognition and the expected credit losses calculated were immaterial. Group loans receivable will be assessed for impairment on an annual basis.

The estimation techniques explained have been applied for the first time in the current financial year, which is the first time the group has applied IFRS 9. Group loans receivable were previously impaired only when there was objective evidence that the loan was impaired. The impairment was previously calculated as the difference between the carrying amount and the present value of the expected future cash flows. The maximum exposure to credit risk is the gross carrying amount of the loans as presented below. The group does not hold collateral or other credit enhancements against group loans receivable.

Credit rating framework

For purposes of determining the credit loss allowances, management determines the credit rating grades of each loan at the end of the reporting period. These ratings are determined internally, external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL
Doubtful	Either 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit impaired)
In default	Either 90 days past due or there is evidence that the asset is credit impaired.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is written off

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

7. Loans to related parties (continued)

Group - 2019

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to related parties					
Canocopy (Pty) Ltd	Performing	12m ECL	1 670 192	-	1 670 192
Total credit loss allowances					
Loans to related parties			1 670 192	-	1 670 192
			1 670 192	**-**	**1 670 192**

Group - 2018

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to related parties					
Canocopy (Pty) Ltd	Performing	12m ECL	7 444 961	-	7 444 961
Maxwell Technologies (Pty) Ltd - registered in South Africa	Performing	12m ECL	166 275	-	166 275
Paratus Telecom S.A. - registered in Mozambique	Performing	12m ECL	373 244	-	373 244
Schalk L.v.Z. Erasmus	Performing	12m ECL	144 293	-	144 293
Rolf P.K. Mendelsohn	Performing	12m ECL	1 063 648	-	1 063 648
			9 192 421	**-**	**9 192 421**
Total credit loss allowances					
Loans to related parties			9 192 421	-	9 192 421
			9 192 421	**-**	**9 192 421**

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

7. Loans to related parties (continued)

Company - 2019

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to subsidiaries					
Paratus Property Two (Pty) Ltd	Performing	12m ECL	25 781 266	-	25 781 266
Paratus Properties (Pty) Ltd	Performing	12m ECL	2 090 134	-	2 090 134
Paratus Voice Telecommunications (Pty) Ltd	Performing	12m ECL	126 761	-	126 761
Internet Technologies Namibia (Pty) Ltd	Performing	12m ECL	14 099	-	14 099
			28 012 260	**-**	**28 012 260**

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to related parties					
Canocopy (Pty) Ltd	Performing	12m ECL	1 670 192	-	1 670 192

Total credit loss allowances

Loans to subsidiaries	28 012 260	-	28 012 260
Loans to related parties	1 670 192	-	1 670 192
	29 682 452	**-**	**29 682 452**

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

7. Loans to related parties (continued)

Company - 2018

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to subsidiaries					
Paratus Property Two (Pty) Ltd	Performing	12m ECL	25 997 371	-	25 997 371
Paratus Properties (Pty) Ltd	Performing	12m ECL	2 283 183	-	2 283 183
Paratus Voice Telecommunications (Pty) Ltd	Performing	12m ECL	180 599	-	180 599
Internet Technologies Namibia (Pty) Ltd	Performing	12m ECL	15 812	-	15 812
			28 476 965	**-**	**28 476 965**

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to related parties					
Canocopy (Pty) Ltd	Performing	12m ECL	7 444 961	-	7 444 961
Maxwell Technologies (Pty) Ltd - registered in South Africa	Performing	12m ECL	166 275	-	166 275
Paratus Telecom S.A. - registered in South Africa	Performing	12m ECL	373 244	-	373 244
Schalk L.v.Z. Erasmus	Performing	12m ECL	144 293	-	144 293
Rolf P.K. Mendelsohn	Performing	12m ECL	1 063 648	-	1 063 648
			9 192 421	**-**	**9 192 421**

Total credit loss allowances

Loans to subsidiaries	28 476 965	-	28 476 965
Loans to related parties	9 192 421	-	9 192 421
	37 669 386	**-**	**37 669 386**

Exposure to currency risk

Refer to note 40 Financial instruments and financial risk management for details of currency risk management for group loans receivable.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

8. Loan to shareholder

Paratus Group Holdings Ltd	1 642 255	-	1 642 255	-

This loan is unsecured, interest free and is repayable within 12 months.

Split between non-current and current portions

Current assets	1 642 255	-	1 642 255	-

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the shareholders as well as the future prospects in the industries in which the shareholders operate. Loan to Paratus Group Holdings will be settled upon meeting the conditions precedent in the sale of shares agreement between the said company and a potential investor. Management did not consider shareholders loans receivable to be impaired at year end as the credit risk has not increased significantly since initial recognition and as the loan has been classified as short term, i.e. considered to be settled within the next financial year in full.

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loan to shareholder by credit rating grade:

Group - 2019

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Paratus Group Holdings Ltd - registered in Mauritius	Performing	12m ECL	1 642 255	-	1 642 255

Company - 2019

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Paratus Group Holdings Ltd - registered in Mauritius	Performing	12m ECL	1 642 255	-	1 642 255

Exposure to currency risk

Refer to note 40 Financial instruments and financial risk management for details of currency risk management relating to loans to shareholders.

Fair value of loans to shareholders

The fair value of loan to shareholder approximates their carrying amounts.

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

9. Other financial assets - Comparative information as per IAS 39

At fair value through profit or loss - designated				
Listed shares: Nimbus Infrastructure Limited	-	5 617 500	-	5 617 500
Unit trusts: IJG Securities	-	45 389 915	-	45 389 915
Unit trust: Simonis Storm Securities	-	79 768	-	79 768
	-	**51 087 183**	**-**	**51 087 183**
Non-current assets				
Designated as at FV through profit (loss) (FV through income)	-	5 617 500	-	5 617 500
Current assets				
Designated as at FV through profit (loss) (FV through income)	-	45 469 683	-	45 469 683
	-	**51 087 183**	**-**	**51 087 183**

IFRS 9 replaces IAS 39

IFRS 9 Financial Instruments was adopted in the current year and replaces IAS 39. Refer to note 10 for current year figures.

Fair value hierarchy of designated as at FV through profit / (loss)

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1				
Listed shares - Nimbus Infrastructure Limited	-	5 617 500	-	5 617 500
Level 2				
Investment in money market funds - Simonis Storm Securities	-	79 768	-	79 768
Investment in money market funds - IJG Securities	-	45 389 915	-	45 389 915
	-	**45 469 683**	**-**	**45 469 683**
	-	**51 087 183**	**-**	**51 087 183**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	Group 2019	Group 2018	Company 2019	Company 2018
10. Investments at fair value				
Investments held by the group which are measured at fair value, excluding derivatives are as follows:				
Fair value through profit or loss:				
Listed shares: Nimbus Infrastructure Limited	14 712 500	-	14 712 500	-
The company exercised its right during a rights issue in June 2018, acquiring 802 500 additional shares in order to retain the shareholding of 5.16% (2018: 5.16%). Total shares held at year-end amounts to 1 337 500 (2018: 535 000). At acquisition the investment in listed shares was accounted for at fair value. At year-end the investment is stated at fair value, based on the listed price as per the Namibian Stock Exchange (NSX).				
Unit trusts: IJG Securities	8 388 924	-	8 388 924	-
	23 101 424	**-**	**23 101 424**	**-**
Split between non-current and current portions				
Non-current assets	14 712 500	-	14 712 500	-
Current assets	8 388 924	-	8 388 924	-
	23 101 424	**-**	**23 101 424**	**-**

Fair value information

Refer to note 11 Fair value information for details of valuation policies and processes.

Risk exposure

The investments held by the group expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 40 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

Initial adoption of IFRS 9

IFRS 9 Financial Instruments was adopted in the current year and replaces IAS 39. This note reflects the application of IFRS 9 to the specified instruments. Prior year figures have not been restated. Refer to the "other financial assets" note (refer to note 9) for disclosure of the comparative figures in accordance with IAS 39.

		Group		Company	
Figures in Namibia Dollar		2019	2018	2019	2018

11. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Note(s)	Group 2019	Group 2018	Company 2019	Company 2018
Financial assets mandatorily at fair value through profit or loss	10				
Listed shares		14 712 500	-	14 712 500	-
Total		**14 712 500**	**-**	**14 712 500**	**-**

Level 2

Recurring fair value measurements

Assets	Note(s)	Group 2019	Group 2018	Company 2019	Company 2018
Financial assets mandatorily at fair value through profit or loss	10				
Unit trusts: IJG Securities		8 388 924	-	8 388 924	-
Total		**8 388 924**	**-**	**8 388 924**	**-**

Level 2 prices of the Unit Trust was the trading price as at 28 February 2019.

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

12. Finance lease receivables

Gross investment in the lease due				
- within one year	632 645	1 340 008	632 645	1 340 008
- in second to fifth year inclusive	178 853	811 498	178 853	811 498
	811 498	2 151 506	811 498	2 151 506
less: Unearned finance income	(73 564)	(277 180)	(73 564)	(277 180)
	737 934	**1 874 326**	**737 934**	**1 874 326**
Present value of minimum lease payments due				
- within one year	573 674	1 162 690	573 674	1 162 690
- in second to fifth year inclusive	164 260	711 636	164 260	711 636
	737 934	**1 874 326**	**737 934**	**1 874 326**
Non-current assets	164 260	711 636	164 260	711 636
Current assets	573 674	1 162 690	573 674	1 162 690
	737 934	**1 874 326**	**737 934**	**1 874 326**

The group entered into finance leasing arrangements for certain PABX equipment. The average term of finance leases entered into is five years. The interest inherent in the lease is linked to the Namibian prime rate with the average effective interest being approximately 15.25% per annum.

Exposure to credit risk

Finance lease receivables inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Financial lease assets were collectively assessed for impairment by analysing historic default of payment. The group only deals with reputable counterparties with consistent payment histories and the equipment is held as collateral for non-payment. Management did not consider finance lease assets to be impaired at year end as the credit risk has not increased significantly since initial recognition and the expected losses calculated were immaterial. Finance lease assets will be assessed for impairment on an annual basis.

Finance lease receivables are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for finance lease receivables is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a lease is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a lease is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

The estimation techniques explained have been applied for the first time in the current financial period, which is the first time the group has applied IFRS 9. Finance lease receivables were previously impaired only when there was objective evidence that the lease was impaired. The impairment was previously calculated as the difference between the carrying amount and the present value of the expected future cash flows.

Notes to the Annual Financial Statements

12. Finance lease receivables (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for finance lease receivables by credit rating grade:

Group - 2019

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Net investment in lease	Loss allowance	Carrying amount
Finance lease receivable	Performing	12m ECL	737 934	-	737 934

Group - 2018

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Net investment in lease	Loss allowance	Carrying amount
Finance lease receivable	Performing	12m ECL	1 874 326	-	1 874 326

Company - 2019

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Net investment in lease	Loss allowance	Carrying amount
Finance lease receivable	Performing	12m ECL	737 934	-	737 934

Company - 2018

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Net investment in lease	Loss allowance	Carrying amount
Finance lease receivable	Performing	12m ECL	1 874 326	-	1 874 326

Credit risk disclosures for comparatives under IAS 39

The finance lease receivables have not been restated. The fair value of finance lease receivables approximate its carrying value.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

13. Deferred tax

Deferred tax liability

Deferred tax liability	(1 676 229)	(1 930 257)	(1 676 229)	(1 930 257)

Deferred tax asset

Deferred tax asset	877 402	1 125 091	-	-

Deferred tax liability	(1 676 229)	(1 930 257)	(1 676 229)	(1 930 257)
Deferred tax asset	877 402	1 125 091	-	-
Total net deferred tax liability	**(798 827)**	**(805 166)**	**(1 676 229)**	**(1 930 257)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(805 166)	(6 838 153)	(1 930 257)	(6 011 767)
Decrease in tax loss available for set off against future taxable income - gross of valuation allowance	(47 354)	(2 913 544)	-	(3 641 473)
Taxable / (deductible) temporary difference movement on property, plant and equipment	(9 524 464)	(5 884 488)	(9 324 129)	(7 108 036)
Taxable / (deductible) temporary difference movement on intangible fixed assets	(862 815)	(907 411)	(862 815)	(907 411)
Taxable / (deductible) temporary difference on prepaid expenses	212 281	(212 281)	212 281	(212 281)
Taxable / (deductible) temporary difference on unrealised foreign exchange gains / losses	(307 418)	106 081	(307 418)	106 081
Taxable / (deductible) temporary difference movement on provisions	200 858	636 535	200 858	636 535
Taxable / (deductible) temporary difference movement on income received in advance	9 276 755	14 648 815	9 276 755	14 648 815
Taxable / (deductible) temporary difference movement on work in progress	1 045 513	644 674	1 045 513	644 674
Taxable / (deductible) temporary difference movement on deposits by customers	12 983	(85 394)	12 983	(85 394)
	(798 827)	**(805 166)**	**(1 676 229)**	**(1 930 257)**

14. Inventories

Merchandise	19 073 096	15 226 883	19 073 096	15 226 883

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

15. Trade and other receivables

Financial instruments:				
Trade receivables	28 014 758	32 029 806	27 909 597	31 906 300
Loss allowance	(2 434 815)	(3 140 407)	(2 434 815)	(3 140 407)
Trade receivables at amortised cost	25 579 943	28 889 399	25 474 782	28 765 893
Deposits	599 560	683 460	589 202	673 102
Sundry debtors	205 582	384 767	205 582	384 767
Non-financial instruments:				
VAT	2 523 878	2 594 000	-	-
Prepaid expenses	5 766 611	2 299 506	5 766 611	2 299 506
Total trade and other receivables	**34 675 574**	**34 851 132**	**32 036 177**	**32 123 268**

Split between non-current and current portions

Current assets	34 675 574	34 851 132	32 036 177	32 123 268

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	26 385 085	29 957 626	26 269 566	29 823 762
Non-financial instruments	8 290 489	4 893 506	5 766 611	2 299 506
	34 675 574	**34 851 132**	**32 036 177**	**32 123 268**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by management. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

15. Trade and other receivables (continued)

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregation into further risk profiles. The loss allowance provision is determined as follows:

Group	2019	2019	2018	2018
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Current: 1%	12 852 537	163 083	-	-
31 - 90 days past due: 7%	5 092 148	369 772	-	-
More than 90 days past due: 22%	8 503 604	1 901 960	-	-
Total	**26 448 289**	**2 434 815**	**-**	**-**

Company	2019	2019	2018	2018
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Current: 1%	13 087 054	163 083	-	-
31 - 90 days past due: 7%	5 237 428	369 772	-	-
More than 90 days past due: 22%	9 585 115	1 901 960	-	-
Total	**27 909 597**	**2 434 815**	**-**	**-**

Reconciliation of loss allowances

A calculation was performed based on historical information to determine the loss allowance in the prior year (lifetime expected credit losses). The change in impairment loss calculated was insignificant, therefore there is no adjustment necessary in the loss allowance calculated in the prior year (lifetime expected credit losses) for trade and other receivables, upon application of IFRS 9. No reconciliation was performed between IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9, because there is no significant change in the impairment loss.

based on the group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

15. Trade and other receivables (continued)

Credit risk disclosures for comparatives under IAS 39

The following sections provide comparative information for trade and other receivables which have not been restated. The information is provided in accordance with IAS 39 Financial instruments: Recognition and Measurement.

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. As at 28 February 2018, N$ 14 157 755 were past due but not impaired.

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

0 - 30 days		5 096 120		4 972 616
31 days to 120 days		4 342 588		4 342 588
More than 120 days past due		4 842 551		4 842 551

Trade and other receivables impaired

As of 28 February 2018, trade and other receivables of N$ 3 140 407 were impaired and provided for.

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivables mentioned above. The group does not hold any collateral as security.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	47 628	31 145	47 628	31 145
Bank balances	3 698 212	575 928	3 613 149	494 631
Bank overdraft	(45 826)	(784 370)	(45 826)	(784 370)
	3 700 014	**(177 297)**	**3 614 951**	**(258 594)**
Current assets	3 745 840	607 073	3 660 777	525 776
Current liabilities	(45 826)	(784 370)	(45 826)	(784 370)
	3 700 014	**(177 297)**	**3 614 951**	**(258 594)**

The bank overdraft facility with First National Bank of Namibia Limited, bears interest at the Namibian prime overdraft rate.

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

The above overdraft is secured as follows:

- Unlimited letters of surety signed by S.L.v.Z. Erasmus;
- Unlimited letters of surety signed by B.R.J. Harmse;
- Unlimited letters of surety signed by R.P.K. Mendelsohn;
- Unlimited letters of surety signed by Canocopy (Pty) Ltd;
- General indemnity signed for the issuing of performance guarantees;
- Cession of debts.

All excess cash not immediately required for operations is invested in a money market fund to maximise returns (refer note 9 & 10). Details of facilities available for future operating activities and commitments:

- Overdraft facility	20 000 000	20 000 000	20 000 000	20 000 000
- Contingent facility	10 020 000	10 020 000	10 020 000	10 020 000
- PACS collection facilities	2 000 000	2 000 000	2 000 000	2 000 000
- First card facility	265 000	265 000	265 000	265 000
- Wesbank revolving	2 500 000	2 500 000	2 500 000	2 500 000

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or by performing internal assessments of the banking institutions credibility. Credit risk exposure is managed by the group through dealing with well-established financial institutions with high credit ratings.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Exposure to currency risk

Refer to note 40 for details of currency risk management for cash and cash equivalents.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	Group 2019	Group 2018	Company 2019	Company 2018
17. Share capital				
Authorised				
100 000 Ordinary shares of N$ 5 each	500 000	500 000	500 000	500 000
Reconciliation of number of shares issued:				
Reported as at 1 March 2018 (1 March 2017)	47 482	33 332	47 482	33 332
Issue of shares – ordinary shares	-	14 150	-	14 150
	47 482	**47 482**	**47 482**	**47 482**
Issued				
47 482 Ordinary shares of N$ 5 each	237 410	237 410	237 410	237 410
Share premium	97 953 626	98 103 626	97 953 626	98 103 626
	98 191 036	**98 341 036**	**98 191 036**	**98 341 036**
The share premium was created as follows:				
Nimbus Infrastructure Limited - 9 548 shares at N$ 7 848 per share	74 937 085	74 937 085	74 937 085	74 937 085
Paratus Group Holdings Limited - 2 934 share at N$ 7 896 per share	23 166 541	23 166 541	23 166 541	23 166 541
Stamp duty paid on share issue	(150 000)	-	(150 000)	-
	97 953 626	**98 103 626**	**97 953 626**	**98 103 626**

		Group		Company	
Figures in Namibia Dollar		2019	2018	2019	2018

18. Loans from related parties

Related party	Basis of accounting				
Cuvelai Technologies (Pty) Ltd This loan bears interest at prime +2%. The loan is unsecured and has no fixed terms of repayment, other than a 12 (twelve) month notice period of repayment.	Amortised cost	-	956 586	-	956 586
Cuvelai Technologies (Pty) Ltd - subsidiary loan This loan is unsecured, bears no interest and has no fixed terms of repayment, other than a 12 (twelve) month notice period of repayment. This loan has been impaired in full during the year under review.	Amortised cost	-	582 183	-	-
Bartholomeus R.J. Harmse The loan balance of N$ 4 000 000 bears interest at 8% per annum (not compounded), whereas the remaining balance of N$ 270 027 is interest free. The loan is unsecured and has no fixed terms of repayment other than a 12 (twelve) month notice period of repayment.	Amortised cost	-	4 270 027	-	4 270 027
Gert Duvenhage This loan is unsecured, bears interest at 8% per annum (not compounded) and has no fixed terms of repayment other than a 12 (twelve) month notice period of repayment.	Amortised cost	-	500 000	-	500 000
		-	**6 308 796**	**-**	**5 726 613**

Split between non-current and current portions

Non-current liabilities	-	6 308 796	-	5 726 613

Refer to note 33 for details of the movement in loans from group companies during the reporting period.

Exposure to currency risk

Refer to note 40 Financial instruments and financial risk management for details of currency risk management for group loans payable.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

19. Borrowings

Held at amortised cost				
Secured				
Wesbank loans	870 906	1 336 802	870 906	1 336 802
Instalment sales agreements are payable in monthly instalments of N$ 48 708, bears interest at variable interest rates (9.50% to 11.50%) per annum and is secured by assets with a carrying amount of N$ 725 569 (2018: N$ 1 135 632).				
Development Bank of Namibia	95 140 378	106 872 794	95 140 378	106 872 794
	96 011 284	**108 209 596**	**96 011 284**	**108 209 596**

Split between non-current and current portions

Non-current liabilities	84 568 656	98 296 161	84 568 656	98 296 161
Current liabilities	11 442 628	9 913 435	11 442 628	9 913 435
	96 011 284	**108 209 596**	**96 011 284**	**108 209 596**

Terms and conditions:

Loan in favour of the Development Bank of Namibia, bearing interest at 10.50% (2018: 10.50%) per annum and is repayable in monthly instalments of N$1 707 297.

The above long-term loan has been secured as follows:

- Unlimited surety by B.R.J. Harmse;
- Unlimited surety by S.L.v.Z. Erasmus;
- Unlimited surety by R.P.K. Mendelsohn;
- Unlimited surety by J. Walenga;
- Unlimited surety by Paratus Property Two (Pty) Ltd supported by 1st continuing coverage mortgage bond of N$ 34 000 000 over Erf 348, Prosperita, Windhoek;
- Limited suretyship by Binvis Investments Twelve (Pty) Ltd supported by 1st continuing coverage mortgage bond of N$ 11 700 000 over Erf 1018, Windhoek;
- Cession of fire cover insurance Erf 348, Prosperita, Windhoek and Erf 1018, Windhoek;
- Unlimited suretyship by Canocopy (Pty) Ltd supported by the cession of debtors.

20. Provisions

Reconciliation of provisions - Group - 2019

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision: CRAN regulatory levy	5 488 637	-	-	(5 370 682)	117 955
Provision: Audit fees	259 725	200 275	-	-	460 000
Salary provisions	742 565	770 402	(215 784)	-	1 297 183
	6 490 927	**970 677**	**(215 784)**	**(5 370 682)**	**1 875 138**

Reconciliation of provisions - Group - 2018

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision: CRAN regulatory levy	2 602 036	5 015 816	(714 384)	(1 414 831)	5 488 637
Provision: Audit fees	240 486	19 239	-	-	259 725
Salary provisions	742 565	-	-	-	742 565
	3 585 087	**5 035 055**	**(714 384)**	**(1 414 831)**	**6 490 927**

Reconciliation of provisions - Company - 2019

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision: CRAN regulatory levy	5 488 637	-	-	(5 370 682)	117 955
Provision: Audit fees	259 725	200 275	-	-	460 000
Salary provisions	742 565	770 402	(215 784)	-	1 297 183
	6 490 927	**970 677**	**(215 784)**	**(5 370 682)**	**1 875 138**

Reconciliation of provisions - Company - 2018

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision: CRAN regulatory levy	2 602 036	5 015 816	(714 384)	(1 414 831)	5 488 637
Provision: Audit fees	240 486	19 239	-	-	259 725
Salary provisions	742 565	-	-	-	742 565
	3 585 087	**5 035 055**	**(714 384)**	**(1 414 831)**	**6 490 927**

Every licensed telecommunications company in Namibia was subject to a universal service levy payable to Communications Regulatory Authority of Namibia (CRAN). In instances where a licensee held any combination of licenses, such licensee may calculate the levy based on its total annual turnover from the aggregate revenue generated from the combined licenses.

A provision for audit fees is created based on the expected fees to be paid for the services rendered.

Salary provisions include provision for bonuses to the amount of N$ 770 402 (2018: NIL); provision for leave to the amount of N$ 3 783 951 (2018: N$ 3 397 477); and provision for severance pay to the amount of N$ 526 781 (2018: N$ 742 565). The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that the company would rationally pay to settle the obligation at the balance sheet date.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

21. Trade and other payables

Financial instruments:				
Trade payables	18 094 706	19 351 572	18 090 645	19 342 496
Leave pay accrual	3 783 951	3 397 477	3 783 951	3 397 477
Salary accruals	2 349 666	2 173 308	2 349 666	2 173 308
Deposits received	70 377	29 804	70 377	29 804
Other payables	-	894 545	-	894 545
Non-financial instruments:				
VAT	2 170 998	3 126 477	2 165 049	3 120 877
	26 469 698	**28 973 183**	**26 459 688**	**28 958 507**

Exposure to currency risk

Refer to note 40 for details of currency risk management for trade payables.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

22. Contract liabilities

Summary of contract liabilities

Long term portion of income received in advance	72 503 386	43 222 533	72 503 386	43 222 533
Short term portion of income received in advance	6 270 804	5 816 899	6 270 804	5 816 899
	78 774 190	**49 039 432**	**78 774 190**	**49 039 432**

Reconciliation of contract liabilities

Opening balance	49 039 432	4 006 783	49 039 432	4 006 783
Revenue recognised on delivery of goods/services previously paid for	(11 322 660)	(9 319 373)	(11 322 660)	(9 319 373)
Payments received in advance of delivery of performance obligations	41 057 418	54 352 022	41 057 418	54 352 022
	78 774 190	**49 039 432**	**78 774 190**	**49 039 432**

Income received in advance mainly relates to revenue billed in advance for the group's ITC services which includes income in advance for the Indefeasible-Right-of-Use (IRU) which will be amortised over a period of 20 years and other advanced billings which will be amortised over a period of 1 year.

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

23. Revenue

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is generated from the provision of information and communication technology (ICT) services to customers.

IFRS 15 Revenue from contracts with customers was adopted in the current year (refer to note 2) and replaces IAS 18 Revenue.

The group disaggregates revenue from customers as follows:

Timing of revenue recognition

	Group 2019	Group 2018	Company 2019	Company 2018
At a point in time				
Once off revenue	(34 259 918)	-	(34 259 918)	-
Over time				
Recurring revenue	(249 734 613)	-	(249 734 613)	-
Discount allowed	317 629	-	317 629	-
	(249 416 984)	**-**	**(249 416 984)**	**-**
Total revenue from contracts with customers	**(283 676 902)**	**-**	**(283 676 902)**	**-**

Comparative information as per IAS 18 Revenue

	Group 2019	Group 2018	Company 2019	Company 2018
Revenue				
Rendering of services and sales of goods	-	(328 807 218)	-	(279 623 197)
Rental income	-	(31 192 416)	-	-
	-	**(359 999 634)**	**-**	**(279 623 197)**

24. Cost of sales

	Group 2019	Group 2018	Company 2019	Company 2018
Discount received	(11 108)	(26 430)	(11 108)	(26 430)
Rendering of services	127 631 970	141 709 025	127 631 970	141 709 025
Sale of goods	-	62 596 189	-	-
Stock purchases price variances	(320 637)	487 894	(320 637)	487 894
Stock adjustments	(147 085)	683 362	(147 085)	630 343
Depreciation on core network assets	21 791 589	15 234 829	21 791 589	15 234 829
	148 944 729	**220 684 869**	**148 944 729**	**158 035 661**

25. Other operating income

	Group 2019	Group 2018	Company 2019	Company 2018
Administration and management fees received	232 512	1 130 619	232 512	1 138 959
Bad debts recovered	1 886 983	191 518	1 886 983	-
Commissions received	58 049	66 780	58 049	66 780
Sundry income	1 392 688	2 388 169	810 505	2 388 209
	3 570 232	**3 777 086**	**2 988 049**	**3 593 948**

		Group		Company	
Figures in Namibia Dollar		2019	2018	2019	2018

26. Other operating gains / (losses)

Gains / (losses) on disposals, scrappings and settlements					
Property, plant and equipment (Refer to note 4)	4	59 268	91 951	59 268	77 662
Investment in subsidiary (Refer to note 36)	6	-	(2 843 001)	-	-
		59 268	**(2 751 050)**	**59 268**	**77 662**
Foreign exchange gains / (losses)					
Net foreign exchange gains / (losses)		1 340 310	(200 773)	1 340 310	(200 773)
Fair value gains / (losses)					
Financial assets designated as at fair value through profit or loss		668 750	317 500	668 750	317 500
Total other operating gains (losses)		**2 068 328**	**(2 634 323)**	**2 068 328**	**194 389**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

27. Operating profit / (loss)

Operating profit for the year is stated after charging / (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	682 604	372 013	618 454	315 852
Tax and secretarial services	149 445	285 202	126 590	276 699
	832 049	**657 215**	**745 044**	**592 551**
Remuneration, other than to employees				
Administrative and managerial services	-	(8 340)	-	-
Consulting and professional services	1 730 070	4 292 471	1 730 070	3 892 658
	1 730 070	**4 284 131**	**1 730 070**	**3 892 658**
Employee costs				
Salaries, wages, bonuses and other benefits	69 784 707	72 586 187	69 784 707	64 415 180
Leases				
Operating lease charges				
Premises	1 194 364	4 461 413	5 002 538	4 055 357
Depreciation and amortisation				
Depreciation of property, plant and equipment	25 207 826	18 374 032	25 015 004	17 646 023
Amortisation of intangible assets	3 164 517	2 671 570	3 164 517	2 671 570
Total depreciation and amortisation	**28 372 343**	**21 045 602**	**28 179 521**	**20 317 593**
Less: Depreciation and amortisation included in cost of sales	(21 791 589)	(15 234 829)	(21 791 589)	(15 234 829)
Total depreciation and amortisation expensed	**6 580 754**	**5 810 773**	**6 387 932**	**5 082 764**

Expenses by nature

The total marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Advertising	7 103 816	5 769 320	7 103 816	5 548 751
Auditor's remuneration	832 049	657 215	745 044	592 551
Bad debts	3 154 866	2 925 394	3 154 866	2 769 701
Depreciation, amortisation and impairment	6 580 754	5 810 773	6 387 932	5 082 764
Employee costs	69 784 707	72 586 187	69 784 707	64 415 180
Insurance	3 806 249	2 245 077	3 806 249	2 095 218
Licence fees	8 416 939	6 800 329	8 416 939	6 800 329
Motor vehicle expenses	1 650 580	1 896 403	1 650 580	1 490 369
Operating lease charges	1 194 364	4 461 413	5 002 538	4 055 357
Other expenses	9 098 811	16 085 162	8 499 596	24 736 068
Remuneration, other than to employees	1 730 070	4 284 131	1 730 070	3 892 658
Telephone and fax	1 393 597	1 368 654	1 393 597	1 253 624
Travelling	2 384 821	2 097 391	2 384 821	1 699 215
	117 131 623	**126 987 449**	**120 060 755**	**124 431 785**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

28. Investment income

Dividend income				
Related entities:				
Subsidiaries - Local	-	-	-	11 100 000
Equity instruments at fair value through profit or loss:				
Unlisted investments - Local	1 782 926	349 417	1 782 926	349 417
Total dividend income	**1 782 926**	**349 417**	**1 782 926**	**11 449 417**
Interest income				
Investments in financial assets:				
Bank and other cash	13	210	13	210
Finance lease receivables	203 616	379 550	203 616	379 550
Other financial assets	100 733	38 351	100 733	38 351
Loans to related parties:				
Related parties	123 876	3 555 352	2 861 158	4 400 426
Total interest income	**428 238**	**3 973 463**	**3 165 520**	**4 818 537**
Total investment income	**2 211 164**	**4 322 880**	**4 948 446**	**16 267 954**

29. Finance costs

Bank overdraft	73 924	983 755	73 924	694 516
Finance leases	118 595	130 182	118 595	130 182
Bank loan	10 630 226	11 714 492	10 630 226	11 714 492
Related parties	13 333	270 000	13 333	270 000
Other loans	-	574 707	-	574 707
Trade and other payables	7 993	12 842	7 993	12 842
Total finance costs	**10 844 071**	**13 685 978**	**10 844 071**	**13 396 739**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

30. Taxation

Major components of the tax expense

Current				
Local income tax - current period	3 938 827	6 873 067	3 938 827	6 873 067
Deferred				
Property, plant and equipment	9 571 820	7 886 883	9 324 131	7 108 034
Intangible assets	862 815	907 411	862 815	907 411
Prepaid expenses	(212 281)	212 281	(212 281)	212 281
Unrealised foreign gains / (losses)	307 418	(106 081)	307 418	(106 081)
Provisions	(200 858)	(636 535)	(200 858)	(636 535)
Income received in advance	(9 276 755)	(14 648 815)	(9 276 755)	(14 648 815)
Work in progress	(1 045 513)	(644 674)	(1 045 513)	(644 674)
Taxation loss utilised	-	2 800 939	-	3 641 473
Deposits by customers	(12 984)	85 395	(12 984)	85 395
	(6 338)	**(4 143 196)**	**(254 027)**	**(4 081 511)**
	3 932 489	**2 729 871**	**3 684 800**	**2 791 556**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	14 606 203	4 106 981	13 832 170	3 815 303
Tax at the applicable tax rate of 32% (2018: 32%)	4 673 984	1 314 234	4 426 295	1 220 897
Tax effect of adjustments on taxable income				
Dividends received	(570 536)	(111 813)	(570 536)	(3 663 813)
Capital profit on sale of fixed assets	(3 323)	(4 543)	(3 323)	(4 543)
Prior year adjustment	127	-	127	-
Fair value adjustment (profit) / loss	(214 000)	1 478 015	(214 000)	1 659 494
Interest and penalties	1 550	31 513	1 550	5 056
Donations	44 687	22 465	44 687	22 465
Impairment on loan account	-	-	-	3 552 000
	3 932 489	**2 729 871**	**3 684 800**	**2 791 556**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

31. Cash generated from operations

Profit before taxation	14 606 203	4 106 981	13 832 170	3 815 303
Adjustments for:				
Depreciation and amortisation	28 372 343	20 809 111	28 179 521	20 316 340
Gains on disposals, scrappings and settlements of assets and liabilities	(59 268)	(91 951)	(59 268)	(77 662)
(Gains) / losses on foreign exchange	330 391	(15 983)	330 392	(15 983)
Dividend income	(1 782 926)	(349 417)	(1 782 926)	(11 449 417)
Interest income	(428 238)	(3 973 463)	(3 165 520)	(4 818 537)
Finance costs	10 844 071	13 685 978	10 844 071	13 396 739
Fair value (gains) / losses	(668 750)	(317 500)	(668 750)	(317 500)
Movements in provisions	(4 615 789)	2 905 840	(4 615 789)	2 905 840
Transfer of loan balance to related party loan	-	(4 000 000)	-	(4 000 000)
Loss on disposal of subsidiary	-	2 843 001	-	-
Net impairments / write ups on loan accounts	(582 183)	-	-	11 100 000
Transfer of loan balance to shareholder	(1 443 513)	-	(1 443 513)	-
Transfer loan to trade receivables	373 244	-	373 244	-
Changes in working capital:				
Inventories	(3 846 213)	6 455 725	(3 846 213)	7 606 677
Trade and other receivables	(113 085)	(12 818 275)	(201 553)	(13 432 112)
Trade and other payables	(2 503 489)	1 678 509	(2 498 822)	(1 293 300)
Contract liabilities	29 734 758	45 032 649	29 734 758	45 032 649
	68 217 556	**75 951 205**	**65 011 802**	**68 769 037**

32. Tax paid

Balance at beginning of the year	(291 479)	350 183	(291 479)	350 183
Current tax for the year recognised in profit or loss	(3 938 827)	(6 873 067)	(3 938 827)	(6 873 067)
Balance at end of the year	(1 812 590)	291 479	(1 812 590)	291 479
	(6 042 896)	**(6 231 405)**	**(6 042 896)**	**(6 231 405)**

33. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening balance	Cash flows	Closing balance
Borrowings	108 209 596	(12 198 312)	96 011 284
Loans from group companies	6 308 796	(6 308 796)	-
	114 518 392	**(18 507 108)**	**96 011 284**
Total liabilities from financing activities	**114 518 392**	**(18 507 108)**	**96 011 284**

Reconciliation of liabilities arising from financing activities - Group - 2018

	Opening balance	Cash flows	Closing balance
Borrowings	115 448 387	(7 238 791)	108 209 596
Loans from group companies	42 190 466	(35 881 670)	6 308 796
	157 638 853	**(43 120 461)**	**114 518 392**
Total liabilities from financing activities	**157 638 853**	**(43 120 461)**	**114 518 392**

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

33. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities - Company - 2019

	Opening balance	Cash flows	Closing balance
Borrowings	108 209 596	(12 198 312)	96 011 284
Loans from directors, managers and employees	894 545	(894 545)	-
Loans from related parties	5 726 613	(5 726 613)	-
	114 830 754	**(18 819 470)**	**96 011 284**
Total liabilities from financing activities	**114 830 754**	**(18 819 470)**	**96 011 284**

Reconciliation of liabilities arising from financing activities - Company - 2018

	Opening balance	Cash flows	Closing balance
Borrowings	115 448 387	(7 238 791)	108 209 596
Loans from directors, managers and employees	-	894 545	894 545
Loans from related parties	14 906 316	(9 179 703)	5 726 613
	130 354 703	**(15 523 949)**	**114 830 754**
Total liabilities from financing activities	**130 354 703**	**(15 523 949)**	**114 830 754**

34. Dividends paid

Dividends	-	(40 406 648)	-	(40 406 648)

Dividends paid are from retained earnings and operational profits generated during the year. The accumulated loss originated on once-off restructuring transactions in preparation for the transaction with Nimbus Infrastructure Limited, and did not originate from profits.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

35. Movement in investments

Fair value of assets acquired				
Property, plant and equipment	-	47 684 013	-	-
Deferred tax assets / liabilities	-	1 063 406	-	-
Goodwill (refer to note 5)	-	881 762	-	-
Trade and other receivables	-	2 478 241	-	-
Trade and other payables	-	(5 600)	-	-
Borrowings	-	(28 750 776)	-	-
Cash	-	80 166	-	-
	-	**23 431 212**	**-**	**-**
Consideration paid				
Cash	-	-	-	-
Transfer of own equity shares	-	(23 181 212)	-	-
Acquisition fees	-	(250 000)	-	-
	-	**(23 431 212)**	**-**	**-**
Net cash outflow on acquisition				
Cash acquired	-	80 166	-	-

Paratus Telecommunications (Pty) Ltd acquired 100% shareholding in Paratus Property Two (Pty) Ltd and Paratus Properties (Pty) Ltd on 1 February 2018. Paratus Telecommunications (Pty) Ltd acquired the property companies as part of a once-off restructuring transaction, as the operations of Paratus Telecommunications (Pty) Ltd are entrenched in the property companies. The property companies were acquired at the fair value of the net asset values.

36. Sale of businesses

Carrying value of assets sold				
Property, plant and equipment	-	(1 571 852)	-	-
Deferred tax liability	-	826 386	-	-
Goodwill	-	(36 250 847)	-	-
Inventories	-	(7 375 352)	-	-
Trade and other receivables	-	(13 821 105)	-	-
Trade and other payables	-	6 948 763	-	-
Borrowings	-	2 679 982	-	-
Cash	-	(2 330 586)	-	-
Outside shareholders	-	7 644 962	-	-
Total net assets sold	-	(43 249 649)	-	-
Net assets sold	-	(43 249 649)	-	-
Loss on disposal	-	2 843 001	-	-
	-	**(40 406 648)**	**-**	**-**
Consideration received				
Consideration received	-	40 406 648	-	-
Net cash outflow on acquisition				
Cash sold	-	(2 330 586)	-	-

The sale of business originated due to a once-off restructuring transaction to remove a non-core trading subsidiary. Canocopy (Pty) Ltd was a wholly owned subsidiary of Paratus Telecommunications (Pty) Ltd. The subsidiary was valued at N$ 40 406 648. A dividend in specie, amounting to N$ 40 406 648, was paid by Paratus Telecommunications (Pty) Ltd to the shareholders of Paratus Telecommunications (Pty) Ltd as at 31 October 2017. The dividend consisted of the declaration of 100% of the issued shares in Canocopy (Pty) Ltd to the shareholders of Paratus Telecommunications (Pty) Ltd.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

37. Commitments

Non-cancellable operating leases

Commitments for minimum lease payments in relation to non- cancellable operating leases are payable as follows:				
- within one year	1 331 352	1 161 644	5 406 098	4 969 818
- in second to fifth year inclusive	1 060 543	2 391 895	5 420 521	10 826 619
	2 391 895	**3 553 539**	**10 826 619**	**15 796 437**

The group leases various offices, warehouses and a retail store under non-cancellable operating leases expiring within one to three years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

38. Related parties

Relationships

Subsidiaries	Refer to note 6
Shareholders	Nimbus Infrastructure Ltd Paratus Group Holdings Limited
Related entities / individuals	Paratus Telecommunications Ltd - Mauritius Sat Space Africa Ltd - Mauritius Paratus Telecommunications Ltd - Zambia Paratus Telecommunications (Pty) Ltd - Botswana Paratus Telecommunication (Pty) Ltd - South Africa Maxwell Technologies (Pty) Ltd - South Africa Paratus Telecom S.A. - Mozambique Canocopy (Pty) Ltd Internet Technologies Angola S.A. - Angola Cuvelai Technologies (Pty) Ltd R.P.K. Mendelsohn G. Duvenhage
Executive directors	B.R.J. Harmse A. Hall S.L.v.Z. Erasmus S.I. de Bruin
Non-executive directors	J.J. Esterhuyse H. Jansen van Vuuren I.B. Amuenje
Members of key management	S. Geyser B.R.J. Harmse A. Hall S.L.v.Z. Erasmus S.I. de Bruin N. van Rooi E.J. D'Alton G. Duvenhage C.A. van Rensburg

Related party balances

Loan accounts - Owing (to) by related parties				
Paratus Group Holdings Ltd	1 642 255	-	1 642 255	-
Paratus Properties (Pty) Ltd	-	-	2 090 134	2 283 183
Paratus Property Two (Pty) Ltd	-	-	25 781 266	25 997 371
Paratus Voice Telecommunications (Pty) Ltd	-	-	126 761	180 599
Internet Technologies Namibia (Pty) Ltd	-	-	14 099	15 812
Cuvelai Telecommunications (Pty) Ltd	-	(956 586)	-	(956 586)
Canocopy (Pty) Ltd	1 670 192	7 444 961	1 670 192	7 444 961
Maxwell Technologies (Pty) Ltd - South Africa	-	166 275	-	166 275
Paratus Telecom S.A. - Mozambique	-	373 244	-	373 244
B.R.J. Harmse	-	(4 270 027)	-	(4 270 027)
S.L.v.Z. Erasmus	-	144 293	-	144 293
R.P.K. Mendelsohn	-	1 063 648	-	1 063 648

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018
38. Related parties (continued)				
Amounts included in trade receivables regarding related parties				
Paratus Telecommunications Ltd - Zambia	701 545	799 716	701 545	799 716
Internet Technologies Angola S.A.	585 891	220 161	585 891	220 161
Paratus Telecommunications Ltd - Mauritius	299 056	3 598 236	299 056	3 598 236
Paratus Telecommunications (Pty) Ltd - Botswana	603 887	114 508	603 887	114 508
Canocopy (Pty) Ltd	520 212	301 421	520 212	301 421
Paratus Group Holdings Limited	1 290 128	1 083 168	1 290 128	1 083 168
Paratus Telecommunications (Pty) Ltd - South Africa	202 359	3 125	202 359	3 125
Sat Space Africa Ltd - Mauritius	169 049	4 597	169 049	4 597
Nimbus Infrastructure Limited	1 575	3 936	1 575	3 936
Paratus Telecom S.A. - Mozambique	2 512 522	-	2 512 522	-
Amounts included in trade payables regarding related parties				
Paratus Telecommunications Ltd - Mauritius	-	58 384	-	58 384
Paratus Telecommunications Ltd - Zambia	-	743	-	743
Paratus Telecommunications (Pty) Ltd - Botswana	-	158	-	158
Canocopy (Pty) Ltd	47 746	113 528	47 746	113 528
Maxwell Technologies (Pty) Ltd - South Africa	185 096	691 875	185 096	691 875
Sat Space Africa Ltd - Mauritius	-	930 558	-	930 558
Related party transactions				
Interest paid to (received from) related parties				
G. Duvenhage	13 333	243 333	13 333	243 333
B.R.J. Harmse	-	26 667	-	26 667
Purchases from related parties				
Canocopy (Pty) Ltd	355 571	486 412	355 571	486 412
Paratus Telecommunications Ltd - Zambia	882 103	865 787	882 103	865 787
Paratus Telecommunications Ltd - Mauritius	8 382 088	7 619 457	8 382 088	7 619 457
Paratus Telecommunications (Pty) Ltd - Botswana	167 796	125 612	167 796	125 612
Maxwell Technologies (Pty) Ltd	2 758 647	3 072 586	2 758 647	3 072 586
Sat Space Africa Limited	2 980 100	6 090 858	2 980 100	6 090 858
Rent paid to related parties				
Paratus Property Two (Pty) Ltd	-	-	3 268 174	3 026 087
Paratus Properties (Pty) Ltd	-	-	540 000	45 000
B.R.J. Harmse	159 646	-	159 646	-
Interest received from related parties				
Paratus Property Two (Pty) Ltd	-	3 283 272	2 542 943	3 283 272
Paratus Properties (Pty) Ltd	-	241 969	194 338	241 969
Canocopy (Pty) Ltd	119 786	848 181	119 786	848 181
Maxwell Technologies (Pty) Ltd	4 090	27 005	4 090	27 005
Management fees received from related parties				
Canocopy (Pty) Ltd	-	259 200	-	259 200
Paratus Telecommunications Ltd - Zambia	-	548 808	-	548 808

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

38. Related parties (continued)

Paratus Telecommunications Ltd - Mauritius	-	478 760	-	478 760
Sat Space Africa Ltd	-	689 944	-	689 944
Nimbus Infrastructure Limited	225 000	-	225 000	-
Revenue received from related parties				
Canocopy (Pty) Ltd	1 103 866	340 433	1 103 866	340 433
Paratus Telecommunications Ltd - Zambia	1 547 660	593 564	1 547 660	593 564
Internet Technologies Angola S.A	535 548	304 953	535 548	304 953
Paratus Telecommunications Ltd - Mauritius	4 769 280	9 180 523	4 769 280	9 180 523
Paratus Telecommunications (Pty) Ltd - Botswana	1 711 656	49 459	1 711 656	49 459
Maxwell Technologies (Pty) Ltd	188 384	9 079	188 384	9 079
Sat Space Africa Ltd	3 320 711	9 589	3 320 711	9 589
Compensation to directors and other key management				
Short-term employee benefits	11 396 393	10 521 950	11 396 393	10 521 950

39. Directors' emoluments

Executive

2019

	Emoluments	Total
Directors	6 163 088	6 163 088

2018

	Emoluments	Total
Directors	4 966 434	4 966 434

Non-executive

2019

	Committees fees	Total
Directors	222 500	222 500

2018

	Other fees (consultancy fees)	Total
Directors	1 701 839	1 701 839

40. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Notes	Fair value through profit or loss	Amortised cost	Total
Loans to related parties	7	-	1 670 192	1 670 192
Loans to shareholders	8	-	1 642 255	1 642 255
Investments at fair value	10	23 101 424	-	23 101 424
Trade and other receivables	15	-	26 385 085	26 385 085
Cash and cash equivalents	16	-	3 745 840	3 745 840
		23 101 424	**33 443 372**	**56 544 796**

Group - 2018

	Notes	Amortised cost	Total
Loans to related parties	7	9 192 421	9 192 421
Trade and other receivables	15	29 957 626	29 957 626
Cash and cash equivalents	16	607 073	607 073
		39 757 120	**39 757 120**

Company - 2019

	Notes	Fair value through profit or loss	Amortised cost	Total
Loans to related parties	7	-	29 682 452	29 682 452
Loans to shareholders	8	-	1 642 255	1 642 255
Investments at fair value	10	23 101 424	-	23 101 424
Trade and other receivables	15	-	26 269 566	26 269 566
Cash and cash equivalents	16	-	3 660 777	3 660 777
		23 101 424	**61 255 050**	**84 356 474**

Company - 2018

	Notes	Amortised cost	Total
Loans to related parties	7	37 669 386	37 669 386
Trade and other receivables	15	29 823 762	29 823 762
Cash and cash equivalents	16	525 776	525 776
		68 018 924	**68 018 924**

40. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Notes	Amortised cost	Total
Trade and other payables	21	24 298 700	24 298 700
Borrowings	19	96 011 284	96 011 284
Bank overdraft	16	45 826	45 826
		120 355 810	**120 355 810**

Group - 2018

	Notes	Amortised cost	Total
Trade and other payables	21	25 846 710	25 846 710
Loans from related parties	18	6 308 796	6 308 796
Borrowings	19	108 209 596	108 209 596
Bank overdraft	16	784 370	784 370
		141 149 472	**141 149 472**

Company - 2019

	Notes	Amortised cost	Total
Trade and other payables	21	24 294 637	24 294 637
Borrowings	19	96 011 284	96 011 284
Bank overdraft	16	45 826	45 826
		120 351 747	**120 351 747**

Company - 2018

	Notes	Amortised cost	Total
Trade and other payables	21	25 837 631	25 837 631
Loans from related parties	18	5 726 613	5 726 613
Borrowings	19	108 209 596	108 209 596
Bank overdraft	16	784 370	784 370
		140 558 210	**140 558 210**

40. Financial instruments and risk management (continued)

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

Group - 2019

	Notes	Fair value through profit or loss	Amortised cost	Total
Recognised in profit or loss:				
Interest income	28	-	224 622	224 622
Dividend income	28	1 782 926	-	1 782 926
Gains (losses) on valuation adjustments	26	668 750	-	668 750
Net gains (losses)		**2 451 676**	**224 622**	**2 676 298**

Group - 2018

	Notes	Fair value through profit or loss	Amortised cost	Total
Recognised in profit or loss:				
Interest income	28	-	3 593 913	3 593 913
Dividend income	28	349 417	-	349 417
Gains (losses) on valuation adjustments	26	317 500	-	317 500
Net gains (losses)		**666 917**	**3 593 913**	**4 260 830**

Company - 2019

	Notes	Fair value through profit or loss	Amortised cost	Total
Recognised in profit or loss:				
Interest income	28	-	2 961 904	2 961 904
Dividend income	28	1 782 926	-	1 782 926
Gains (losses) on valuation adjustments	26	668 750	-	668 750
Net gains (losses)		**2 451 676**	**2 961 904**	**5 413 580**

Company - 2018

	Notes	Fair value through profit or loss	Amortised cost	Total
Recognised in profit or loss:				
Interest income	28	-	4 438 987	4 438 987
Dividend income	28	349 417	-	349 417
Gains (losses) on valuation adjustments	26	317 500	-	317 500
Net gains (losses)		**666 917**	**4 438 987**	**5 105 904**

Notes to the Annual Financial Statements

40. Financial instruments and risk management (continued)

Gains and losses on financial liabilities

Group - 2019

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	29	(10 725 476)	(10 725 476)

Group - 2018

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	29	(13 555 796)	(13 555 796)

Company - 2019

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	29	(10 725 476)	(10 725 476)

Company - 2018

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	29	(13 266 557)	(13 266 557)

		Group		Company	
Figures in Namibia Dollar		2019	2018	2019	2018

40. Financial instruments and risk management (continued)

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The group's targeted gearing ratio is 150% – 200%.

The capital structure and gearing ratio of the group at the reporting date was as follows:

Loans from related parties	18	-	6 308 796	-	5 726 613
Borrowings	19	96 011 284	108 209 596	96 011 284	108 209 596
Trade and other payables	21	26 469 698	28 973 187	26 459 686	28 958 508
Total borrowings		**122 480 982**	**143 491 579**	**122 470 970**	**142 894 717**
(Cash and cash equivalents) bank overdraft	16	(3 700 014)	177 297	(3 614 951)	258 594
Net borrowings		**118 780 968**	**143 668 876**	**118 856 019**	**143 153 311**
Equity		97 690 066	87 166 354	97 275 244	87 277 876
Gearing ratio		122 %	165 %	122 %	164 %

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

40. Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on loans receivable, trade and other receivables, lease receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial

In order to calculate credit loss allowances for loans receivable and lease receivables, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

The maximum exposure to credit risk is presented in the table below:

40. Financial instruments and risk management (continued)

Group		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	7	1 670 192	-	1 670 192	9 192 421	-	9 192 421
Loans to shareholders	8	1 642 255	-	1 642 255	-	-	-
Lease receivables	12	737 934	-	737 934	1 874 326	-	1 874 326
Trade and other receivables	15	28 819 900	(2 434 815)	26 385 085	33 098 033	(3 140 407)	29 957 626
Cash and cash equivalents	16	3 745 840	-	3 745 840	607 073	-	607 073
		36 616 121	**(2 434 815)**	**34 181 306**	**44 771 853**	**(3 140 407)**	**41 631 446**

Company		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to related parties	7	29 682 452	-	29 682 452	37 669 386	-	37 669 386
Loans to shareholders	8	1 642 255	-	1 642 255	-	-	-
Lease receivables	12	737 934	-	737 934	1 874 326	-	1 874 326
Trade and other receivables	15	28 704 381	(2 434 815)	26 269 566	32 964 169	(3 140 407)	29 823 762
Cash and cash equivalents	16	3 660 777	-	3 660 777	525 776	-	525 776
		64 427 799	**(2 434 815)**	**61 992 984**	**73 033 657**	**(3 140 407)**	**69 893 250**

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

Notes to the Annual Financial Statements

40. Financial instruments and risk management (continued)

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

Group - 2019

		Less than 1 year	2 to 5 years	Over 5 years	Total contractual cash fkows	Carrying amount
Non-current liabilities						
Borrowings	19	-	82 404 168	28 706 227	111 110 395	84 568 656
Current liabilities						
Trade and other payables	21	24 298 700	-	-	24 298 700	24 298 700
Borrowings	19	21 013 273	-	-	21 013 273	11 442 628
Bank overdraft	16	45 826	-	-	45 826	45 826
		45 357 799	**82 404 168**	**28 706 227**	**156 468 194**	**120 355 810**

Group - 2018

		Less than 1 year	2 to 5 years	Over 5 years	Total contractual cash fkows	Carrying amount
Non-current liabilities						
Loans from group companies	18	6 308 796	-	-	6 308 796	6 308 796
Borrowings	19	-	82 929 880	49 193 788	132 123 668	98 296 161
Current liabilities						
Trade and other payables		32 337 636	-	-	32 337 636	25 846 710
Borrowings	19	22 946 435	-	-	22 946 435	9 913 435
Bank overdraft	16	784 370	-	-	784 370	784 370
		62 377 237	**82 929 880**	**49 193 788**	**194 500 905**	**141 149 472**

40. Financial instruments and risk management (continued)

Company - 2019

		Less than 1 year	2 to 5 years	Over 5 years	Total contractual cash fkows	Carrying amount
Non-current liabilities						
Borrowings	19	-	82 404 168	28 706 227	111 110 395	84 568 656
Current liabilities						
Trade and other payables				24 294 637	24 294 637	24 294 637
Borrowings			19	21 013 276	21 013 276	11 442 628
Bank overdraft			16	45 826	45 826	45 826
				45 353 739	**156 464 134**	**120 351 747**

Company - 2018

		Less than 1 year	2 to 5 years	Over 5 years	Total contractual cash fkows	Carrying amount
Non-current liabilities						
Loans from group companies	18	5 726 613	-	-	5 726 613	5 726 613
Borrowings	19	-	82 929 880	49 193 788	132 123 668	98 296 161
Current liabilities						
Trade and other payables	21	25 837 631	-	-	25 837 631	25 837 631
Borrowings	19	22 946 435	-	-	22 946 435	9 913 435
Bank overdraft	16	784 370	-	-	784 370	784 370
		55 295 049	**82 929 880**	**49 193 788**	**187 418 717**	**140 558 210**

		Group		Company	
Figures in Namibia Dollar		2019	2018	2019	2018

40. Financial instruments and risk management (continued)

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising the foreign currency bank account where necessary. The foreign currencies in which the group deals primarily are US Dollars and Euros.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:
US Dollar exposure:

Current assets:					
Trade and other receivables	15	497 027	614 066	497 027	614 066
Cash and cash equivalents	16	172 521	18 597	172 521	18 597
Current liabilities:					
Trade and other payables	21	(446 413)	(89 958)	(446 413)	(89 958)
Net US Dollar exposure		**223 135**	**542 705**	**223 135**	**542 705**

Exchange rates

The following closing exchange rates were applied at reporting date:

Namibia Dollar per unit of foreign currency:				
US Dollar	13.994	11.750	13.994	11.750

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 28 February 2019, if the Namibian Dollar / US dollar exchange rate had been 5.000% (2018: 5.000%) higher or lower during the period, with all other variables held constant, the effect on profit or loss for the year would have been N$ 156 127 (2018: N$ 318 815).

Company

At 28 February 2019, if the Namibian Dollar / US dollar exchange rate had been 5.000% (2018: 5.000%) higher or lower during the period, with all other variables held constant, the effect on profit or loss for the year would have been N$ 156 127 (2018: N$ 318 815).

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the group is comprised of different instruments, which bear interest at the Namibian prime linked interest rates. Interest rates on all borrowings compare favourably with those rates available in the market.

40. Financial instruments and risk management (continued)

The group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
Group		2019	2018	2019	2018
Variable rate instruments:					
Assets					
Loans to group companies	7	10.75 %	11.25 %	1 670 192	7 444 961
Investments at fair value	10	7.88 %	7.99 %	8 388 924	45 469 683
Finance lease receivables	12	15.25 %	15.25 %	737 934	1 874 326
				10 797 050	**54 788 970**
Liabilities					
Loans from group companies	18	- %	12.50 %	-	(956 586)
Borrowings	19	10.50 %	10.50 %	(96 011 284)	(108 209 596)
Bank overdraft	16	10.50 %	10.50 %	(45 826)	(784 370)
				(96 057 110)	**(109 950 552)**
Net variable rate financial instruments				**(85 260 060)**	**(55 161 582)**
Fixed rate instruments:					
Liabilities					
Loans from group companies	18	- %	8.00 %	-	(4 770 027)
Variable rate financial assets as a percentage of total interest bearing financial assets				100.00 %	100.00 %
Variable rate financial liabilities as a percentage of total interest bearing financial liabilities				100.00 %	95.84 %
Fixed rate financial liabilities as a percentage of total interest bearing financial liabilities				- %	4.16 %

Notes to the Annual Financial Statements

	Group		Company	
Figures in Namibia Dollar	2019	2018	2019	2018

40. Financial instruments and risk management (continued)

Company	Note	Average effective interest rate 2019	Average effective interest rate 2018	Carrying amount 2019	Carrying amount 2018
Variable rate instruments:					
Assets					
Loans to group companies	7	10.58 %	10.88 %	29 541 592	35 891 790
Investments at fair value	10	7.88 %	7.99 %	8 388 924	45 469 683
Finance lease receivables	12	15.25 %	15.25 %	737 934	1 874 326
				38 668 450	**83 235 799**
Liabilities					
Loans from group companies	18	- %	12.50 %	-	(956 586)
Borrowings	19	10.50 %	10.50 %	(96 011 284)	(108 209 596)
Bank overdraft	16	10.50 %	10.50 %	(45 826)	(784 370)
				(96 057 110)	**(109 950 552)**
Net variable rate financial instruments				**(57 388 660)**	**(26 714 753)**
Fixed rate instruments:					
Liabilities					
Loans from group companies	18	- %	8.00 %	-	4 770 027
Variable rate financial assets as a percentage of total interest bearing financial assets				100.00 %	100.00 %
Variable rate financial liabilities as a percentage of total interest bearing financial liabilities				100.00 %	104.54 %
Fixed rate financial liabilities as a percentage of total interest bearing financial liabilities				- %	(4.54)%

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 28 February 2019, if the interest rate had been 1.000% per annum (2018: 1.000%) higher or lower during the period, with all other variables held constant, the effect on profit or loss for the year would have been N$ 852 601 (2018: N$ 551 616).

Company

At 28 February 2019, if the interest rate had been 1.000% per annum (2018: 1.000%) higher or lower during the period, with all other variables held constant, the effect on profit or loss for the year would have been N$ 573 887 (2018: N$ 267 148).

Price risk

The group is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio.

The group also has an investment which is publicly traded on the Namibian Stock Exchange.

There have been no significant changes in the price risk management policies and processes since the prior reporting period.

40. Financial instruments and risk management (continued)

Price risk sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 28 February 2019, if the price index on the Namibian Stock Exchange had been 5.000% per annum (2018: 5.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been N$ 715 563 (2018: N$ 280 875) lower and N$ 715 563 (2018: N$ 280 875) higher.

At 28 February 2019, if the price index on the Unit Trust Funds had been 1.000% per annum (2018: 1.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been N$ 83 889 (2018: N$ 454 697) lower and N$ 83 889 (2018: N$ 454 697) higher.

Company

At 28 February 2019, if the price index on the Namibian Stock Exchange had been 5.000% (2018: 5.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been N$ 715 563 (2018: N$ 280 875) higher and N$ 715 563 (2018: N$ 280 875) lower.

At 28 February 2019, if the price index on the Unit Trust Funds had been 1.000% (2018: 1.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been N$ 83 889 (2018: N$ 454 697) higher and N$ 83 889 (2018: N$ 454 697) lower.

41. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholders continue to procure funding for the ongoing operations for the group.

42. Events after the reporting period

On 3 July 2019 Paratus Telecommunications (Pty) Ltd raised N$ 49 999 970 through a rights issue. In terms of the rights issue, Nimbus Infrastructure Limited and Paratus Group Holdings Limited contributed pro-rata to their respective shareholding. Nimbus Infrastructure Limited subscribed to 24 398 ordinary shares for a consideration amount of N$ 25 691 825 and Paratus Group Holdings Limited subscribed for 23 084 ordinary shares for a consideration amount of N$ 24 308 145.

43. Reclassification

Contract liabilities were previously disclosed as income received in advance. This reclassification has no impact on the profit for the year.

ANNEXURE F: INDEPENDENT REPORTING ACCOUNTANTS' REPORTS ON THE HISTORICAL FINANCIAL INFORMATION OF PARATUS

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF PARATUS TELECOMMUNICATIONS (PTY) LTD FOR THE YEAR ENDING 28 FEBRUARY 2017

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

Dear Sirs,

Independent reporting accountant's report on the review of the Historical Financial Information of Paratus Telecommunications (Pty) Limited ("Paratus")

Introduction

Nimbus Infrastructure Limited ("Nimbus" or "the Company") is issuing a circular to its shareholders (to be issued on or about 30 August 2019) regarding the following:

- A Share Swap whereby Nimbus acquires in accordance with the Swap Agreement 46'168 (forty six thousand, one hundred and sixty eight) ordinary shares in Paratus together with any Sale Claims held by Paratus Group Holdings Limited , resulting in an increased effective shareholding of Nimbus from 51.4% to 100% of the total issued ordinary shares in Paratus;
- The Swap Consideration will be settled through the issue of 20'012'431 (twenty million, twelve thousand, four hundred and thirty one) new ordinary 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 for a total value of N$ 210'130'525.50 (two hundred and ten million, one hundred and thirty thousand, five hundred and twenty five Namibia Dollars and fifty cents);
- Nimbus' Board has resolved that its year-end be changed from the last day of February of each year to the last day of June of each year in accordance with section 293(2) of the Companies Act;
- Nimbus propose to change its name from "Nimbus Infrastructure Limited" to "Paratus Namibia Holdings Limited"

At your request and for the purpose of the Circular to be dated on or about 30 August 2019, we have reviewed the accompanying historical statement of financial position of Paratus as at 28 February 2017 and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended ("the 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 fair presentation of the historic financial information in accordance with the International Financial Reporting Standards, and the NSX Listings Requirements, and for such internal controls as the directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatements, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the historical financial information based on our review of the historical financial information for the year ended 28 February 2017.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of historical financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these historical financial statements.

Basis for adverse conclusion

The group has not prepared 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.

Conclusion

Based on our review, because of the pervasive effect on the financial statements of the matter discussed in the preceding paragraph, the accompanying Historical Financial Information of Paratus as set out in Annexure E to the Circular, is not prepared, in all material respects, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Purpose of this report

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

Consent

This report on the historical financial information is included solely for the information of the Nimbus Infrastructure Limited shareholders. We consent to the inclusion of our report on the historical financial information and the references thereto, in the form and context in which they appear.

BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: M Nel
Partner

Windhoek
30 August 2019

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL CONSOLIDATED AND SEPARATE FINANCIAL INFORMATION OF PARATUS TELECOMMUNICATIONS (PTY) LTD FOR THE YEAR ENDING 28 FEBRUARY 2018

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

Dear Sirs,

Independent reporting accountant's report on the review of the Historical Financial Information of Paratus Telecommunications (Pty) Limited ("Paratus")

Introduction

Nimbus Infrastructure Limited ("Nimbus" or "the Company") is issuing a circular to its shareholders (to be issued on or about 30 August 2019) regarding the following:

- A Share Swap whereby Nimbus acquires in accordance with the Swap Agreement 46'168 (forty six thousand, one hundred and sixty eight) ordinary shares in Paratus together with any Sale Claims held by Paratus Group Holdings Limited, resulting in an increased effective shareholding of Nimbus from 51.4% to 100% of the total issued ordinary shares in Paratus;
- The Swap Consideration will be settled through the issue of 20'012'431 (twenty million, twelve thousand, four hundred and thirty one) new ordinary 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 for a total value of N$ 210'130'525.50 (two hundred and ten million, one hundred and thirty thousand, five hundred and twenty five Namibia Dollars and fifty cents);
- Nimbus' Board has resolved that its year-end be changed from the last day of February of each year to the last day of June of each year in accordance with section 293(2) of the Companies Act;
- Nimbus propose to change its name from "Nimbus Infrastructure Limited" to "Paratus Namibia Holdings Limited".

At your request and for the purpose of the Circular to be dated on or about 30 August 2019, we have reviewed the accompanying historical consolidated and separate statements of financial position of Paratus as at 28 February 2018 and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended ("the 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 fair presentation of the historic financial information in accordance with International Financial Reporting Standards, and the NSX Listings Requirements, and for such internal controls as the directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatements, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the historical financial information based on our review of the historical financial information for the year ended 28 February 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of historical financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these historical financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information presented in Annexure E to the Circular, do not present fairly, in all material respects, the consolidated and separate statements of financial position of Paratus as at 28 February 2018, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the NSX Limited Listings Requirements.

Purpose of this report

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

Consent

This report on the historical financial information is included solely for the information of the Nimbus Infrastructure Limited shareholders. We consent to the inclusion of our report on the historical financial information and the references thereto, in the form and context in which they appear.

BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: M Nel
Partner

Windhoek
30 August 2019

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL CONSOLIDATED AND SEPARATE FINANCIAL INFORMATION OF PARATUS TELECOMMUNICATIONS (PTY) LTD FOR THE YEAR ENDING 28 FEBRUARY 2019

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

Dear Sirs,

Independent reporting accountant's audit report on the consolidated and separate historical financial information

To the directors of Nimbus Infrastructure Ltd

Our opinion

Nimbus Infrastructure Ltd is issuing a Circular to its members (the "Circular") regarding the following (the "Proposed Transaction"):

- A Share Swap whereby Nimbus acquires in accordance with the Swap Agreement 46'168 (forty six thousand, one hundred and sixty eight) ordinary shares in Paratus together with any Sale Claims held by Paratus Group Holdings Limited , resulting in an increased effective shareholding of Nimbus from 51.4% to 100% of the total issued ordinary shares in Paratus;
- The Swap Consideration will be settled through the issue of 20'012'431 (twenty million, twelve thousand, four hundred and thirty one) new ordinary 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 for a total value of N$ 210'130'525.50 (two hundred and ten million, one hundred and thirty thousand, five hundred and twenty five Namibia Dollars and fifty cents);
- Nimbus' Board has resolved that its year-end be changed from the last day of February of each year to the last day of June of each year in accordance with section 293(2) of the Companies Act;
- Nimbus propose to change its name from "Nimbus Infrastructure Limited" to "Paratus Namibia Holdings Limited"

In our opinion, the consolidated and separate historical financial information as set out in Annexure E of the Circular (the "historical financial information') presents fairly, in all material respects, the consolidated and separate financial position of Paratus Telecommunications (Pty) Ltd (the "Company") and its subsidiaries (together the "Group") as at 28 February 2019 and its consolidated and separate financial performance and its consolidated and separate cash flows for the years then ended in accordance with International Financial Reporting Standards and the requirements of the Namibian Stock Exchange Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 30 August 2019, we have audited the Paratus Telecommunications (Pty) Ltd's consolidated and separate historical financial information, which comprises:

- the consolidated and separate statements of financial position as at 28 February 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the historical financial information, which include a summary of significant accounting policies.

Basis for opinion

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 opinion.

Independence

We are independent of the Group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Revised July 2016)*, parts 1 and 3 of the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct 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 of Nimbus Infrastructure Ltd are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Nimbus Infrastructure Ltd complies with the requirements of the Namibian Stock Exchange Listings Requirements.

The directors of Paratus Telecommunications (Pty) Ltd are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards and the requirements of the Namibian Stock Exchange Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors of Paratus Telecommunications (Pty) Ltd are responsible for assessing the Group's and 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 Group or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the 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 this 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 Group's and 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 of Paratus Telecommunications (Pty) Ltd .
- Conclude on the appropriateness of the directors of Paratus Telecommunications (Pty) Ltd's 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 Group's and 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 reporting accountant'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 reporting accountant's report. However, future events or conditions may cause the Group and/or 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 represent 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 Group to express an opinion on the historical financial information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of Nimbus Infrastructure Ltd 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.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Windhoek

30 August 2019

ANNEXURE G: FAIRNESS OPINION

PSG
CAPITAL (PTY) LIMITED

(Reg. no. 2006/015817/07)

REGISTERED OFFICE: 1st FLOOR, OU KOLLEGE BUILDING, 35 KERK STREET, STELLENBOSCH, 7600
PO BOX 7403, STELLENBOSCH, 7599
TELEPHONE (021) 887-9602 FAX (021) 887-9624

8 July 2019

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

Dear Sirs,

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT IN RESPECT OF THE PROPOSED TRANSACTION IN TERMS OF WHICH NIMBUS INFRASTRUCTURE LIMITED INTENDS TO ACQUIRE THE REMAINING 48.6% EQUITY INTEREST IN PARATUS TELECOMMUNICATIONS (PROPIRETARY) LIMITED FROM PARATUS GROUP HOLDINGS LIMITED BY MEANS OF A SHARE SWAP

1. Introduction

In terms of the proposed agreement ("**Swap Agreement**") between Nimbus Infrastructure Limited ("**Nimbus**") and Paratus Group Holdings Limited ("**Paratus Group**"), Nimbus intends to acquire the remaining 48.6% of the issued share capital of Paratus Telecommunications (Proprietary) Limited ("**Paratus Namibia**") from Paratus Group in terms of a share swap ("**Proposed Swap**") – whereby Nimbus acquires 46 168 ordinary shares in Paratus Namibia together with any Sale Claims held by Paratus Group for a swap consideration being the issuing of 20 012 431 new ordinary shares in Nimbus at a pre-determined and agreed upon price of N$ 10.50 each and a total value of N$ 210 130 525.50 (the "**Swap Consideration**").

2. Scope

The board of directors of Nimbus (the "**Board**") is required in terms of Schedule 5 of the Namibian Stock Exchange ("**NSX**") Listing Requirements to provide the NSX with written confirmation from an independent professional expert that the terms of the Proposed Swap are fair and reasonable as far as the shareholders of Nimbus are concerned (the "**Opinion**").

PSG Capital Proprietary Limited ("**PSG Capital**") has been appointed by the Board as the independent professional expert to advise, in accordance with the NSX Listing Requirements on whether the terms of the Proposed Swap is fair and reasonable as far as the Nimbus shareholders are concerned.

3. Responsibility

Compliance with the NSX Listing Requirements is the responsibility of the Board. Our responsibility is to report on the terms and conditions of the Proposed Swap as they relate to Nimbus shareholders.

We confirm that our Opinion has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of the Nimbus shareholders. We understand that the results of our work will be used by the Board to satisfy the requirements of the NSX Listing Requirements.

4. Definition of the term "fair" and "reasonable"

In terms of Schedule 5 of the NSX Listing Requirements, a transaction will generally be considered fair to a 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 by shareholders.

The assessment of fairness is primarily based on quantitative considerations. The Proposed Swap may be considered fair if the benefit received by Nimbus is considered to be equal to or greater than the value surrendered by Nimbus in terms of the Proposed Swap.

The assessment of reasonableness is generally based on qualitative considerations surrounding the Proposed Swap. Hence, even though the benefit received by Nimbus shareholders may be less than the value surrendered by them, the Proposed Swap may still be reasonable in certain circumstances after considering other significant qualitative factors.

We have applied the aforementioned principles in preparing our Opinion. This Opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders' subject to the Proposed Swap. A shareholder's decision regarding fair and reasonableness of the terms of the Proposed Swap may be influenced by his or her particular circumstances. Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Proposed Swap, considering his/her personal circumstances.

5. Sources of information

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Nimbus and Paratus Namibia management ("**Management**") and from various public, financial and industry sources. 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 include:

- The audited annual financial statements of Nimbus for the financial year ended 28 February 2018 and the reviewed provisional condensed financial results for the financial year 28 February 2019;

- The audited annual financial statements of Paratus Namibia for the financial years ended 28 February 2017, 28 February 2018 and 28 February 2019;

- Detailed annual income statement forecast of Paratus Namibia for the financial years ending 29 February 2020 to 29 February 2024;

- Budget vs. actual income statement for the months of March and April 2019 of Paratus Namibia;

- Capex budget for the financial years ending 29 February 2020 and 28 February 2021 for Paratus Namibia;

- The draft Swap Agreement received on 21 May 2019 to be entered into between Nimbus and Paratus Group;

- Detailed list of transaction costs to be incurred as part of the Proposed Swap;

- Other financial and non-financial information and assumptions made by Nimbus, Paratus Group and Paratus Namibia;

- Discussions with Management regarding the financial information relating to prevailing market, economic, legal and other conditions which may affect the underlying value and the rationale for the Proposed Swap;

- Various benchmarking and research reports pertaining to the valuation and analysis of financial services firms;

- Publicly available information relating to Paratus Namibia and their underlying operations that we deemed to be relevant; and

- Publicly available information relating to the industry in which Nimbus and Paratus Namibia operate that we deemed relevant, including company announcements, analysts' reports and media articles.

6. Assumptions

We have arrived at our Opinion based on the following assumptions:

- That the terms of the Proposed Swap are legally enforceable;

- That reliance can be placed on the historical and forecast financial information used in the analysis;

- The current economic, regulatory and market conditions will not change materially;

- That Paratus Namibia is not involved in any material legal proceedings;

- That Paratus Namibia does not have outstanding disputes with any regulatory body, including the Namibian Revenue Authority;

- There are no undisclosed contingencies that could affect the value of Nimbus or Paratus Namibia; and

- The Proposed Swap will not give rise to any undisclosed tax liabilities.

7. Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Considering the historical trends of information and assumptions provided by Management;

- Comparing and corroborating such information and assumptions with external sources of information, to the extent that information is available; and

- Determining the extent to which representations from Management and other industry experts were confirmed by documentary evidence as well as our understanding of Nimbus and Paratus Namibia and the economic environment in which it operates.

8. Procedures

In arriving at our Opinion, we relied upon financial and other information, obtained from management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our Opinion, we have, *inter alia,* undertaken the following procedures in evaluating the fair and reasonableness of the Proposed Swap:

- Reviewed and analysed the aforementioned historical and forecasted financial information on Nimbus and Paratus Namibia

- Reviewed the reasonableness of the information made available by and from discussions held with Management, *inter alia*:

  - the rationale for the Proposed Swap;
  - the current market conditions relating to Nimbus and Paratus Namibia; and
  - such other matters as we considered necessary;

- Where relevant, corroborated representations made by Management to source documents;

- Reviewed certain publicly available information relating to Nimbus and Paratus Namibia that we have deemed relevant;

- Obtained letters of representation from Management asserting that we have been provided with all relevant information and that no material information was omitted and that all such information provided to us is accurate in all respects; and

- Considered other relevant facts and information relevant to concluding this Opinion.

9. Valuation methodology

In considering the Proposed Swap, PSG Capital performed an independent valuation of Nimbus and Paratus Namibia as at 28 February 2019.

For our valuation of Paratus Namibia, we have applied the discounted cash flow ("**DCF**") valuation method as our primary valuation methodology. We furthermore applied a market multiple approach as a secondary valuation approach.

For our valuation of Nimbus, we have applied a net asset valuation as valuation methodology, taking into account the detailed valuation performed on Paratus Namibia and adding the remainder of the net asset value attributable to Nimbus comprising of cash or cash equivalents and an investment in a Money Market Fund.

Key external and internal value drivers identified in the valuation of Paratus Namibia include, inter alia:

- revenue growth, EBITDA margins, net profit/loss margins, expected growth rates in revenue and EBITDA, capital expenditure requirements, working capital requirements and the optimal weighted average cost of capital.

10. Opinion

We have considered the terms of the Proposed Swap as set out above and based on the aforementioned, we are of the opinion, subject to the limiting conditions as set out below, and taking into account all financial and non-financial considerations that the terms of the Proposed Swap are fair and reasonable to Nimbus shareholders.

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

11. Limiting conditions

This Opinion is provided to the Board in connection with and for the purpose of the Proposed Swap for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of the Nimbus shareholders. This Opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecasted by Management.

We 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 and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements, forecasts and other information provided to us, our engagement does not constitute, nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Proposed Swap.

The opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the acquisition agreement have been or will be properly fulfilled. Subsequent developments may affect our opinion; however, we are under no obligation to update, revise or re-affirm such.

12. Independence

We have been retained by the Board as an independent expert to advise the Board in connection with the Proposed Swap. We confirm that we have no material interest, direct or indirect, beneficial or non-beneficial in Nimbus, Paratus Group or Paratus Namibia and that our fees are not contingent upon the success or failure of the Proposed Swap.

13. Consent

We hereby consent to the inclusion of this Opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Proposed Swap.

Yours faithfully

RIAAN VAN HEERDEN
PSG CAPITAL PROPRIETARY LIMITED

ANNEXURE H: EXTRACT FROM NIMBUS' ARTICLES OF ASSOCIATION

A 67. The remuneration of the Directors shall from time to time be determined as follows:

A 67.1. The Board shall establish a Remuneration Committee which shall operate in accordance with terms of reference approved by the Board, which shall consist of a disinterested quorum of Directors as contemplated in article 94;

A 67.2. The Remuneration Committee shall determine the remuneration policy of the Company; and

A 67.3. Every year, the Company's remuneration policy should be tabled to Shareholders for a non-binding advisory vote at the Annual General Meeting to enable the Shareholders to express their views on the remuneration policies adopted and on their implementation. [**NC C2.27**]

A 75. The Directors may, subject to the provisions of the Companies Act, exercise all the powers of the Company to borrow money and to mortgage or bind its undertaking and property or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party: Provided that the amount for the time being remaining undischarged in respect of moneys borrowed or secured by the Directors as aforesaid (apart from temporary loans obtained from the Company's bankers in the ordinary course of business, but including contingent liabilities) shall not at any time, without the prior sanction of the Company in general meeting, exceed one-half of the amount of the issued share capital plus the amount of the share premium account (if any) or of the stated capital. [**LR B.11**] [**CA s 236(1)(a) & (b)**]

A 80. The office of Director shall be vacated if the Director-

(e) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare his or her interest and the nature thereof in the manner required by the Companies Act **[CA S 225]**.

A 81. 81. At the Annual General Meeting held in each year, 1/3 (one-third) of the non-executive Directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that in determining the number of Directors and which to retire no account shall be taken of any Director who has been appointed as an executive Director for a fixed period and his or her contract provides that he or she is not subject to retirement during that fixed period, provided further that only less than 50% (fifty percent) of the Directors may be appointed to any such executive position **[SCH 10.28 LR**]

(a) The Directors so to retire at each Annual General Meeting shall be those who have been the longest in office since their last election;

(b) As between Directors of equal seniority, the Directors to retire shall, in the absence of agreement, be selected from among them by lot;

Provided that notwithstanding anything herein contained, if at the date of any Annual General Meeting, any Director will have –

(c) held office for a period of 3 (three) years since his last election or appointment; or

he shall retire at such Annual General Meeting, either as one of the Directors to retire in pursuance of the foregoing or additionally thereto.[**LR 7.B.11**]

A 82. A retiring Director shall act as a Director throughout the Meeting at which he retires. The length of time a Director has been in office shall be computed from the date of his last election. Retiring Directors shall be eligible for re-election. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless not less than 7 (seven) days and not more than 30 (thirty) days prior the day appointed for the meeting, there shall have been given to the Board notice in writing by a member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected [**SCH 10.29 LR**].

A 83. The Company, at the Annual General Meeting at which a Director retires in the manner aforesaid or at any other general meeting may fill the vacancy by electing a person thereto.

A 84. If at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the provisions of articles 49 and 50 shall apply with the necessary changes to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors or such of them as have not had their offices filled shall be deemed to have been re-elected at such adjourned meeting unless a resolution for the re-election of any such Director shall have been put to the meeting and negatived.

A 85. The Company may from time to time in general meeting increase or reduce the number of Directors, and may also determine in what rotation such increased or reduced number is to retire from office.

A 86. Unless the Shareholders otherwise determine in general meeting any casual vacancy occurring on the Board of Directors may be filled by the Directors, but the director so appointed shall be subject to retirement at the same time as if he or she had become a Director on the day on which the Director in whose stead he or she is appointed, was last elected a Director. [**SCH 10.24 LR**] [**CA s 220**].

A 87. The Directors shall have power at any time, and from time to time, to appoint a person as an additional director, but so that the total number of Directors shall not at any time exceed the number fixed according to these Articles.

A 88. An additional Director shall retire from office at the next following Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining which Directors are to retire by rotation at such meeting.

A 90. Subject to sections 242 to 249, inclusive, of the Companies Act, a Director shall not vote in respect of any contract or proposed contract with the Company in which he or she is interested, or any matter arising therefrom, and if he or she does so vote, his or her vote shall not be counted. [**LR 7.B.11**] [**CA s 244**]

A 98. The Company in an Annual General Meeting or the Directors may from time to time declare a dividend to be paid to the Shareholders and to the holders of share warrants (if any) in proportion to the number of Shares held by them in each class, provided that the Company in general meeting may not declare a larger dividend than that declared by the Directors, but a smaller dividend may be declared [**SCH 10.32 LR**] [**CA s 89**].

A 99. Dividends shall be declared payable to Shareholders registered as such on a date subsequent to the date of the declaration of the dividend or date of confirmation of the dividend, whichever is the latter [**SCH 10.33 LR**].

A 100. The Directors may from time to time pay to the Shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company subject to section 96 of the Act. [**CA Sec 96(1)**]

A 101. No dividend shall be paid otherwise than out of profits, or bear interest against the Company. Dividends may be declared either free of or subject to the deduction if any tax or duty in respect of which the Company may be chargeable. All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed, provided that dividends unclaimed for a period of not less than 3 (three) years from the date on which such dividends became payable and not previously forfeited may be forfeited by the Board for the benefit of the Company. Monies other than dividends due to Shareholders must be held in trust indefinitely, until lawfully claimed by the Shareholders [**SCH 10.34 LR**].

A 102. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they deem fit as a reserve or reserves, which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied and, pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time deem fit. The Directors may also without placing the same to reserve carry forward any profits which they may deem prudent not to divide.

A 103. No dividend shall be paid if subject to section 96 of the Act:

(a) The Company is, or would after the payment of the dividend, be unable to pay its debts as they become due in the ordinary course of business; or

(b) The consolidated assets of the Company, fairly valued, would after the payment of the dividend be less than the consolidated liabilities of the Company [**CA s 96(1)**].

A 104. Notice of any dividend that may have been declared shall be given in the manner hereinafter provided to the persons entitled to share therein.

A 105. Every dividend or other moneys payable in cash in respect of Shares may be paid by electronic funds transfer, cheque, warrant, coupon or otherwise as the Directors may from time to time determine, and shall, if paid otherwise than by electronic funds transfer or by coupon, either be sent by post to the registered address of the Shareholder entitled thereto or be given to him or her personally, and the receipt or endorsement on the cheque or warrant of the person whose name appears in the register as the Shareholder, or his or her duly authorised agent, or the surrender of any coupon shall be a good discharge to the Company in respect thereof. Any one of two or more joint Shareholders may give effectual receipts for any dividends or other moneys payable in respect of the Shares held by them as joint Shareholders [**LR 5.44**].

ANNEXURE I: MARKET VALUE OF NIMBUS SECURITIES TRADED

QUARTERLY					
Date	**High (c)**	**Low (c)**	**Close (c)**	**Volume**	**Value (N$)**
2017					
Quarter ended December 2017	1050	1050	1050	2,830	29,715
2018					
Quarter ended March 2018	1100	1050	1100	58,000	614,480
Quarter ended June 2018	1125	1100	1101	34,500	384,900
Quarter ended September 2018	1101	1099	1100	150,997	1,660,608
Quarter ended December 2018	1100	1050	1100	816,655	8,592,026
2019					-
Quarter ended March 2019	1100	1100	1100	43,045	473,495

MONTHLY					
Date	**High (c)**	**Low (c)**	**Close (c)**	**Volume**	**Value (N$)**
Month ended 31 July 2018	1101	1101	1101	14100	155,241
Month ended 31 August 2018	1101	1099	1100	134897	1,483,367
Month ended 30 September 2018	1100	1100	1100	2000	22,000
Month ended 31 October 2018	1100	1100	1100	500	5,500
Month ended 30 November 2018	1100	1100	1100	23955	263,505
Month ended 31 December 2018	1100	1050	1100	792200	8,323,021
Month ended 31 January 2019	1100	1100	1100	2300	25,300
Month ended 28 February 2019	1100	1100	1100	39045	429,495
Month ended 31 March 2019	1100	1100	1100	1700	18,700
Month ended 30 April 2019	1100	1098	1098	10,258	11,264,130
Month ended 31 May 2019	1098	1058	1058	17,424	18,440,110
Month ended 30 June 2019	1058	1057	1057	600	634,200

DAILY					
Date	**High (c)**	**Low (c)**	**Close (c)**	**Volume**	**Value (N$)**
02/05/2019	1098	1098	1098	No trading	-
03/05/2019	1098	1098	1098	No trading	-
06/05/2019	1098	1098	1098	No trading	-
07/05/2019	1098	1098	1098	No trading	-
09/05/2019	1098	1098	1098	No trading	-
10/05/2019	1098	1098	1098	No trading	-
13/05/2019	1098	1098	1098	No trading	-
14/05/2019	1098	1098	1098	No trading	-
15/05/2019	1059	1059	1059	5520	58,457
16/05/2019	1059	1059	1059	No trading	-
17/05/2019	1059	1059	1059	No trading	-
20/05/2019	1059	1059	1059	No trading	-

21/05/2019	1059	1059	1059	No trading	-
22/05/2019	1059	1059	1059	No trading	-
23/05/2019	1059	1059	1059	No trading	-
24/05/2019	1059	1059	1059	No trading	-
27/05/2019	1059	1059	1059	No trading	-
28/05/2019	1058	1058	1058	11904	125,944
29/05/2019	1058	1058	1058	No trading	-
30/05/2019	1058	1058	1058	No trading	-
31/05/2019	1058	1058	1058	No trading	-
03/06/2019	1058	1058	1058	No trading	-
04/06/2019	1058	1058	1058	No trading	-
05/06/2019	1058	1058	1058	No trading	-
06/06/2019	1058	1058	1058	No trading	-
07/06/2019	1058	1058	1058	No trading	-
10/06/2019	1058	1058	1058	No trading	-
11/06/2019	1058	1058	1058	No trading	-
12/06/2019	1058	1058	1058	No trading	-
13/06/2019	1058	1058	1058	No trading	-
14/06/2019	1058	1058	1058	No trading	-
18/06/2019	1057	1057	1057	300	3,171
19/06/2019	1057	1057	1057	No trading	-
20/06/2019	1057	1057	1057	No trading	-
21/06/2019	1057	1057	1057	No trading	-
24/06/2019	1057	1057	1057	300	3,171
25/06/2019	1057	1057	1057	No trading	-
26/06/2019	1057	1057	1057	No trading	-
27/06/2019	1057	1057	1057	No trading	-
28/06/2019	1057	1057	1057	No trading	-
01/07/2019	1057	1057	1057	No trading	-
02/07/2019	1030	1030	1030	500	5,150
03/07/2019	1030	1030	1030	No trading	-

ANNEXURE J: CORPORATE CITIZENSHIP AND CORPORATE GOVERNANCE

J.1. The Board

J.1.1. The composition of the Board is fully set out in paragraph 7.3 of the Circular.

J.1.2. The balance and composition of the Board has been thoroughly considered taking into account the requirements of the Company. The Board as a whole believes that the current balance of knowledge, skill and experience meets the requirements to manage the Company effectively.

J.1.3. The Board is committed to ensuring that the Company is governed appropriately. The Board recognizes the responsibility of the Company to conduct its affairs with prudence, transparency, and accountability in a responsible manner as a good corporate citizen. Nimbus complies with the provisions of the Companies Act, and the Listing Requirements, and applies the principles of the NamCode.

J.1.4. Provided the Shareholders adopt the proposed resolutions at the Annual General Meeting, the Board will comprise of nine Directors, comprising six non-executive Directors and three executive Directors. Of the six non-executive Directors, four are independent. No individual Director has unfettered powers of decision-making.

J.1.5. Any new appointment of a Director will be considered by the Nomination- and Remuneration Committee and recommended to the Board for approval. The appointment process will involve considering the existing balance of skills and experience, and a continual process of assessing the needs of the Nimbus.

J.1.6. Responsibility for running the Board and executive responsibility for conducting the business of the Company are differentiated. Hans-Bruno Gerdes, an independent non-executive Director, is the Chairperson of the Board and Andrew Hall, an executive Director, will be the Chief Executive Officer going forward. The roles of the Chairman and Chief Executive Officer are separate and clearly defined. The Chairman is responsible for leading the Board, ensuring its effectiveness and setting its agenda. The Chief Executive Officer leads the executive team in running the business of Nimbus and its subsidiary.

J.1.7. Stefanus Isaias de Bruin, an executive director, is the Chief Financial Officer of the Company. Annually, the Audit and Risk Committee will evaluate the expertise and experience of the Chief Financial Officer. The Audit and Risk Committee has currently satisfied itself of Mr de Bruin’s expertise and experience as Chief Financial Officer.

J.2. Board Committees

J.2.1. The Audit and Risk Committee will consist of three independent non-executive Directors and one non-independent non-executive Director. This committee will meet at least twice a year and shall be responsible for performing the functions required of it in terms of Chapter 3 of the NamCode and the other functions in terms of its mandate. These functions will include:

i. recommending the appointment of Nimbus’s external auditors and reviewing and monitoring the independence of the auditors from the Nimbus;
ii. engage with the auditor to satisfy itself that the level of remuneration is appropriate to enable an effective audit to be conducted and recommend approval by the Shareholders of the external auditor’s terms of appointment, engagement and remuneration;
iii. ensuring that the appointment of the auditors complies with the provisions of the Companies Act and any other relevant legislation;
iv. define a policy for Board approval, addressing the nature, extent and terms under which the external auditor may perform non-audit services;
v. preparing a report to be included in the annual report of Nimbus, how it has discharged its duties;
vi. dealing with any complaints (whether from within or outside the Company) relating to accounting practices, internal audits of Nimbus or the content of Nimbus’s financial statements and related matters;

vii. making submissions to the Board on any matter concerning Nimbus's accounting policies and financial control;
viii. evaluating the expertise and experience of the Chief Financial Officer, as well as the resources available to him / her on an annual basis;
ix. overseeing Nimbus's integrated reporting process;
x. overseeing any internal audit function as and when appropriate, including the appointment of an internal auditor or chief audit executive, approving the internal audit plan, facilitating cooperation between internal and external auditors and subjecting the internal audit function to an independent quality review from time to time; and
xi. performing oversight of Nimbus's risk management function, specifically ensuring that financial reporting risks, internal financial controls, fraud risk relating to financial reporting and IT risks relating to financial reporting have been addressed.

J.2.2. Nimbus has also established the following committees:
i. Investment Committee; and
ii. Nomination and Remuneration Committee.

J.2.3. The committees adhere to the relevant principles contained in the NamCode.

J.3. **Company Secretaries**

J.3.1. Cronjé Secretarial Services CC is the Company Secretary, duly appointed by the Board in accordance with the Companies Act. The Board considered and is satisfied that the individuals who perform the Company Secretary role, and the members of Cronjé Secretarial Services (Pty) Ltd, are properly qualified and experienced to competently carry out the duties and responsibilities of Company Secretary and that there is an arm's-length relationship between itself and the Company Secretary.

J.3.2. The Company Secretary ensures the Board remains cognisant of its duties and that all Directors have full and timely information that may be relevant in the proper discharge of their duties, collectively and individually, with detailed guidance on their duties, responsibilities and powers. It is also a central source of information and advises the Board and the Company on matters of ethics and good corporate governance. The Company Secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the Board and its members, the Company itself and, where appropriate, the owners of securities in the Company are properly administered. It also assists and ensures that the Board, individual Directors and Board committees are evaluated annually. The Company Secretary ensures compliance with the Listing Requirements and other statutory requirements applicable to the Company.

J.3.3. The Board will evaluate the Company Secretary on an annual basis wherein the Board will satisfy itself as to the competence, qualifications and experience of the Company Secretary.

J.4. **Application of the NamCode**

J.4.1. The Company, and the Board, is committed to effective corporate governance, and the need to conduct the business of the Company in a manner which upholds the principles of responsibility, accountability, fairness and transparency advocated by the NamCode.

J.4.2. The table below, to the best of the knowledge and belief of the Board, sets out the extent of the Company's current application of the principles of the NamCode and explains the non-application of certain of its principles where principles are not fully applied.

PRINCIPLE		STATUS	COMMENTS
1.	**ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP**		
1.3.	The Board should ensure that the Company's ethics are managed effectively	APPLIED	*Update: Status in prior year – Explain* Social and Ethics have been included in the charter as the roles and responsibilities of the RNC.
2.	**ROLE AND FUNCTION OF THE BOARD**		
2.5.	The Board should ensure that the Company's ethics are managed effectively	APPLIED	Please refer to 1.3 principle above.
2.10.	The Board should ensure that there is an effective risk-based internal audit	EXPLAIN	As the Company has not yet appointed an internal auditor and the Company has not performed an internal audit. The Audit and Risk Committee will review the necessity of an internal audit function taking into consideration the size of the Company. The Board may decide to outsource this function to address specified risk areas.
2.12.	The Board should ensure the integrity of the Company's integrated report	APPLIED	*Update: Status in prior year – Explain* The Board considers and approved the Company's integrated reports, on recommendation of the RACC. The company's first integrated report was issued June 2018.
2.13.	The Board should report on the effectiveness of the Company's system of internal controls	EXPLAIN	The Company's RACC will provide the Board with assurance on the effectiveness of the internal control framework, which will be developed over time.
2.24.	A governance framework should be agreed between the group and its subsidiary Boards	APPLIED	*Update: Status in prior year – Explain* The Company increased its shareholding in Paratus during the year. Paratus have adopted King III and are making great strides in its corporate governance compliance and reporting.
3.	**AUDIT AND RISK COMMITTEE**		
3.3.	The Audit and Risk Committee should be chaired by an independent non-executive director	EXPLAIN	The RACC is chaired by a non-executive director who is representing a major shareholder of Nimbus.
3.5.	The Audit and Risk Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	APPLIED	*Update: Status in prior year – Explain* Included under roles and responsibilities in the charter of the RACC.
3.6.	The Audit and Risk Committee should satisfy itself of the expertise, resources and experience of the Company's finance function	APPLIED	*Update: Status in prior year – Explain* The Audit and Risk Committee assessed and expressed its satisfaction on the effectiveness of the CFO, the expertise, resource and experience of the Company's finance function. This will be revaluated formally on an annual basis.
3.7.	The Audit and Risk Committee should be responsible for overseeing any internal audit function	EXPLAIN	The RACC will formulate and monitor the Company's risk management policies, monitor the Company's governance compliance and oversee the scope and performance of internal audit.

4.	**THE GOVERNANCE OF RISK**		
4.2.	The Board should determine the levels of risk tolerance	EXPLAIN	It is intended that specific limits be set annually at the Risk Committee meeting which limits will be approved by the Board. These limits will take account of both external and internal risk factors.
4.4.	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	EXPLAIN	Management will be accountable to the Board, through the RACC, for embedding the risk management process in the business.
4.5.	The Board should ensure that risk assessments are performed on a continual basis	EXPLAIN	The risk assessment process will identify risks and opportunities and the process will be formalised and regular.
4.6.	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	EXPLAIN	The RACC will be responsible for the implementation of these frameworks and methodologies.
4.7.	The Board should ensure that management considers and implements appropriate risk responses	EXPLAIN	The implementation of controls, existing and new, will be monitored on an ongoing basis.
4.8.	The Board should ensure continual risk monitoring by management	EXPLAIN	There will be a continual risk monitoring and the process will be monitored by management.
4.9.	The Board should receive assurance regarding the effectiveness of the risk management process	EXPLAIN	The Board reports on the effectiveness of the risk management process. The Company's RACC will provide the Board with assurance on the effectiveness of risk management process.
5.	**THE GOVERNANCE OF INFORMATION TECHNOLOGY (IT)**		
5.3.	The Board should delegate to management the responsibility for the implementation of an IT governance framework	EXPLAIN	The management of the Company is outsourced to Paratus. The Company has no individual IT system.
5.7.	A Risk Committee and Audit and Risk Committee should assist the Board in carrying out its IT responsibilities	EXPLAIN	The management of the Company is outsourced to Paratus. The Company has no individual IT system.
6.	**COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS**		
6.4.	The Board should delegate to management the implementation of an effective compliance framework and processes	EXPLAIN	The compliance framework and processes have not yet been finalised. Management will be responsible for the implementation of the compliance framework and processes once the framework and processes have been finalised by the Board.
7.	**INTERNAL AUDIT**		
7.1.	The Board should ensure that there is an effective risk based internal audit	EXPLAIN	Please refer to principle 2.10. above.
7.2.	Internal audit should follow a risk-based approach to its plan	EXPLAIN	Please refer to principle 2.10. above.
7.3.	Internal audit should provide a written assessment of the effectiveness of the	EXPLAIN	Please refer to principle 2.10. above.

	Company's system of internal control and risk management		
7.4.	The Audit and Risk Committee should be responsible for overseeing internal audit	EXPLAIN	Please refer to principle 2.10. above.
7.5.	Internal audit should be strategically positioned to achieve its objectives	EXPLAIN	Please refer to principle 2.10. above.
9.	**INTEGRATED REPORTING AND DISCLOSURE**		
9.1.	The Board should ensure the integrity of the Company's integrated report	APPLIED	*Update: Status in prior year – Explain* Please refer to 2.12 above. First integrated annual report for the financial period ended 28 February 2018 was issued during June 2018.
9.2.	Sustainability reporting and disclosure should be integrated with the Company's financial reporting	EXPLAIN	Although the social and ethics have been incorporated into the role and responsibilities of the RNC, the Company has not yet expanded it social responsibilities beyond bringing connectivity to communities. The Company intends to adhere to the relevant principles contained in the NamCode relating to integrated reporting and disclosure.
9.3.	Sustainability reporting and disclosure should be independently assured	EXPLAIN	Although the social and ethics have been incorporated into the role and responsibilities of the RNC, the Company has not yet expanded it social responsibilities beyond bringing connectivity to communities. The Company intends to adhere to the relevant principles contained in the NamCode relating to integrated reporting and disclosure.

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	**Non-Executive**
Schalk Leipoldt Van Zyl Erasmus (Namibian)	Hans-Bruno Gerdes (Independent Chairman) (Namibian)
Stefanus Isaias de Bruin (Namibian)	Brown Yati Ilone Amuenje (Independent) (Namibian)
Morné Romé Mostert (Namibian)	Josephine Naango Ndakulilwa Shikongo (Independent) (Namibian)
	Johannes Jacobus Esterhuyse (South African)
	Stuart Hilton Birch (Independent) (South African)

NOTICE OF ANNUAL GENERAL MEETING OF NIMBUS SHAREHOLDERS

Notice is hereby given that an Annual General Meeting of Nimbus Shareholders ("Annual General Meeting") will be held at Maerua Roof Top, 5th Floor Maerua Office Tower, Jan Jonker Road, Windhoek, Namibia at 10:00 on Wednesday, 25 September 2019

Purpose
The purpose of the Annual 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 Annual General Meeting.

Note:

- *The definitions and interpretations commencing on page 8 of the Circular to which this Notice of Annual General Meeting is annexed, apply, mutatis mutandis, to this Notice of Annual 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.*
- *For a special resolution to be approved by Nimbus Shareholders, it must be approved at a general meeting where not less than 50% of the total votes rights exercisable by Shareholders are present in person or by proxy, and be passed by majority of at least 75% of the total voting rights of Shareholders present in person or by proxy;*

Herewith the proposed agenda and resolutions:

1. NOTICE CONVENING THE MEETING

2. APOLOGIES

3. CONFIRMATION OF THE MINUTES OF THE GENERAL MEETING HELD ON 27 JULY 2018

4. SPECIAL RESOLUTION 1: CHANGE OF NAME

"**RESOLVED AS A SPECIAL RESOLUTION THAT** the name of the Company be changed from Nimbus Infrastructure Limited to "PARATUS NAMIBIA HOLDINGS LIMITED"."

Reason and effect
The reason is to provide the necessary authority in terms of section 50 of the Companies Act to change the name of Nimbus to Paratus Namibia Holdings Limited.

The effect of Special Resolution 1, if adopted by the Nimbus Shareholders, is to grant the requisite approval to change the name of Nimbus. A change of name of a company does not affect any rights, debts, liabilities or obligations of the company, nor render defective any legal proceedings by or against the company, and any legal proceedings that could have been continued or commenced by or against it prior to that change of name, may, notwithstanding that change of name, be continued or commence by or against the company under its new name.

5. ORDINARY RESOLUTION 1: SHARE SWAP

"**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 **20'012'431** (twenty million, twelve thousand, four hundred and thirty one) 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$ 210'130'525.50** (two hundred and ten million, one hundred and thirty, five hundred and twenty five Namibia Dollars and fifty cents), which increases Nimbus' effective see-through economic interest from 51.4% (fifty one point four percent) in Paratus Namibia to 100% (one hundred percent) in Paratus Namibia, 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 Annual 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.

6. ORDINARY RESOLUTION 2: INTEGRATED ANNUAL REPORT

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the Integrated Annual Report for the Company for the period ended 28 February 2019, including all the reports and the annual financial statements, be adopted."

Reason and effect
The reason for Ordinary Resolution 2 is that section 193 of the Companies Act requires the directors of a company, in respect of every financial year of the company, to cause to be made out in the official language annual financial statements, which must present them before the annual general meeting of the company required to be held in terms of section 187 of the Companies Act in respect of that financial year.

The effect of Ordinary Resolution 2 is for the Shareholders to adopt the Integrated Annual Report for the Company for the period ended 28 February 2019, including all the reports and the annual financial statements,

7. ORDINARY RESOLUTION 3: APPOINTMENT OF AUDITORS

"**RESOLVED AS AN ORDINARY RESOLUTION** that, it be confirmed that PricewaterhouseCoopers ("PWC") be reappointed as independent auditors to the Company for the ensuing year and that the Risk, Audit and Compliance Committee be authorised to agree their remuneration."

Reason and effect
The reason for Ordinary Resolution 3 is that section 278 of the Companies Act requires that a company must, at every annual general meeting, appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting of the company.

The effect of Ordinary Resolution 3 is that PWC will be appointed as the auditors of Nimbus until the next annual general meeting.

8. ORDINARY RESOLUTION 4: BOARD COMPOSITION

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the re-election of existing and appointment of new directors in accordance with the Companies Act and the Articles of Association be approved and ratified."

In terms of the Company's Articles of Association, one-third of non-executive directors are subject to retirement annually but are eligible for re-election. Accordingly, Stuart Birch and Brown Amuenje retire by rotation, and do not offer themselves for re-election.

In accordance with paragraph **Error! Reference source not found.** of the accompanying Circular, the following new appointments to the Board are proposed:

1. Andrew Hall
2. Bartholomeus Roelof Jacobus Harmse

The re-election of the following directors is proposed:

1. Schalk Leipoldt van Zyl Erasmus
2. Stefanus Isaias de Bruin

3. Johannes Jacobus Esterhuyse
4. Hans-Bruno Gerdes
5. Josephine Naango Ndakulilwa Shikongo
6. Morné Romé Mostert,
7. Stuart Birch

Abridged curricula vitae of these directors are available on pages 25 to 29 of the accompanying Circular.

With each of the following motions being moved individually:

8.1. ORDINARY RESOLUTION 4.1: APPOINTMENT OF ANDREW HALL

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the appointment of Andrew Hall in accordance with the Companies Act and the Articles of Association be approved and ratified."

8.2. ORDINARY RESOLUTION 4.2: APPOINTMENT OF BARTHOLOMEUS ROELOF JACOBUS HARMSE

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the appointment of Bartholomeus Roelof Jacobus Harmse in accordance with the Companies Act and the Articles of Association be approved and ratified."

8.3. ORDINARY RESOLUTION 4.3: RE-ELECTION OF SCHALK LEIPOLDT VAN ZYL ERASMUS

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the re-election of Schalk Leipoldt van Zyl Erasmus in accordance with the Companies Act and the Articles of Association be approved and ratified."

8.4. ORDINARY RESOLUTION 4.3: RE-ELECTION OF STEFANUS ISAIAS DE BRUIN

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the re-election of Stefanus Isaias de Bruin in accordance with the Companies Act and the Articles of Association be approved and ratified."

8.5. ORDINARY RESOLUTION 4.5: RE-ELECTION OF JOHANNES JACOBUS ESTERHUYSE

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the re-election of Johannes Jacobus Esterhuyse in accordance with the Companies Act and the Articles of Association be approved and ratified."

8.6. ORDINARY RESOLUTION 4.6: RE-ELECTION OF HANS-BRUNO GERDES

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the re-election of Hans-Bruno Gerdes in accordance with the Companies Act and the Articles of Association be approved and ratified."

8.7. ORDINARY RESOLUTION 4.7: RE-ELECTION OF JOSEPHINE NAANGO NDAKULILWA SHIKONGO

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the re-election of Josephine Naango Ndakulilwa Shikongo in accordance with the Companies Act and the Articles of Association be approved and ratified."

8.8. ORDINARY RESOLUTION 4.8: RE-ELECTION OF MORNÉ ROMÉ MOSTERT

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the re-election of Morné Romé Mostert in accordance with the Companies Act and the Articles of Association be approved and ratified."

8.9. ORDINARY RESOLUTION 4.9: RE-ELECTION OF STUART BIRCH

"**RESOLVED AS AN ORDINARY RESOLUTION** that, the re-election of Stuart Birch in accordance with the Companies Act and the Articles of Association be approved and ratified."

Reason and effect
The reason for Ordinary Resolution 4 is to approve and ratify the appointment of new directors to the board and to approve and ratify the re-election of existing directors in accordance with the Articles of Association and Companies Act.

The effect of Ordinary Resolution 4 is that the individuals listed will be or remain appointed as the directors of Nimbus until the next annual general meeting.

9. ORDINARY RESOLUTION NUMBER 5: DECLARATION OF DIVIDENDS

"**RESOLVED AS AN ORDINARY RESOLUTION** that, no dividends are declared for the year ended 28 February 2019."

Reason and effect
The reason for Ordinary Resolution 4 is to retain and re-invest capital for future growth.

The effect of Ordinary Resolution 4 is that no capital will be distributed to Shareholders for the year ended 28 February 2019.

10. ORDINARY RESOLUTION 6: GENERAL AUTHORITY TO ACTION ALL RESOLUTIONS

"**RESOLVED AS AN ORDINARY RESOLUTION** that, any one or more of the directors selected by the board of directors be and are authorised to do all such things, sign all such documents, procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to all of the resolutions proposed and passed at the meeting at which this resolution is proposed, including, but not limited to issuing the Swap Consideration to the Seller."

Reason and effect
The effect of Ordinary Resolution 6, if approved by Nimbus Shareholders, is to grant the requisite approval for 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, as well as to grant the requisite authority to do all things necessary to give effect to Special Resolution 1 and General Resolutions 1 – 5 as passed at this Annual General Meeting.

11. NON-BINDING ADVISORY VOTE NUMBER 1: NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE PERIOD ENDED 28 FEBRUARY 2019

"RESOLVED AS A NON-BINDING ADVISORY VOTE that, the actual remuneration of the non-executive directors for the year ended 28 February 2019 as set out in the Integrated Annual Report for the year ended 28 February 2019 is hereby ratified."

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 Friday, 30 August 2019. The date on which Nimbus Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the Annual General Meeting is Friday, 13 September 2019. Accordingly, the Last Day to Trade to be entitled to attend and vote at the Annual General Meeting is Friday, 6 September 2019.

Any Nimbus Shareholder who holds Shares in Nimbus may attend, participate in and vote at the Annual 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 Annual 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, 23 September 2019.

The completion of a form of proxy does not preclude any Shareholder registered by the Voting Record Date from attending the Annual 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 Annual General Meeting and must accordingly bring a copy of their identity document, passport or driver's license to the Annual 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 30 AUGUST 2019 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

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 Annual General Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual 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:

	FOR	AGAINST	ABSTAIN
SPECIAL RESOLUTION 1: CHANGE OF NAME			
ORDINARY RESOLUTION 1: SHARE SWAP			
ORDINARY RESOLUTION 2: INTEGRATED ANNUAL REPORT			
ORDINARY RESOLUTION 3: APPOINTMENT OF AUDITORS			
ORDINARY RESOLUTION 4.1: APPOINTMENT OF ANDREW HALL			
ORDINARY RESOLUTION 4.2: APPOINTMENT OF BARTHOLOMEUS ROELOF JACOBUS HARMSE			
ORDINARY RESOLUTION 4.3: RE-ELECTION OF SCHALK LEIPOLDT VAN ZYL ERASMUS			
ORDINARY RESOLUTION 4.4: RE-ELECTION OF STEFANUS ISAIAS DE BRUIN			

ORDINARY RESOLUTION 4.5: RE-ELECTION OF JOHANNES JACOBUS ESTERHUYSE			
ORDINARY RESOLUTION 4.6: RE-ELECTION OF HANS-BRUNO GERDES			
ORDINARY RESOLUTION 4.7: RE-ELECTION OF JOSEPHINE NAANGO NDAKULILWA SHIKONGO			
ORDINARY RESOLUTION 4.8: RE-ELECTION OF MORNÉ ROMÉ MOSTERT			
ORDINARY RESOLUTION 4.9: RE-ELECTION OF STUART BIRCH			
ORDINARY RESOLUTION NUMBER 5: DECLARATION OF DIVIDENDS			
ORDINARY RESOLUTION 6: GENERAL AUTHORITY TO ACTION ALL RESOLUTIONS			
NON-BINDING ADVISORY VOTE NUMBER 1: NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE PERIOD ENDED 28 FEBRUARY 2019			

(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.

Note 3: If the Annual General Meeting is adjourned or postponed, forms of proxy submitted for the initial Annual General Meeting will remain valid in respect of any such adjournment or postponement.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION