

# Paratus Telecommunications (Proprietary) Limited

Registration number 2007/0100

Annual Financial Statements  
for the year ended 30 June 2023

# Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Company registration number</b>	2007/0100
<b>Country of incorporation and domicile</b>	Namibia
<b>Nature of business and principal activities</b>	Information and Communication Technology and all related services
<b>Directors</b>	S.L.V. Erasmus A. Hall B.R.J. Harmse S.I. de Bruin M.R. Mostert H.B. Gerdes J.N.N. Shikongo R.R. Graig
<b>Alternate directors</b>	R.P.K. Mendelsohn G.P.J. Duvenhage
<b>Registered office</b>	104 - 106 Nickel Street Prosperita Windhoek Namibia
<b>Business address</b>	104 - 106 Nickel Street Prosperita Windhoek Namibia
<b>Postal address</b>	P.O. Box 81588 Olympia Windhoek Namibia
<b>Holding company</b>	Paratus Namibia Holdings Limited incorporated in Namibia
<b>Auditors</b>	PricewaterhouseCoopers Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
<b>Secretary</b>	Cronje Secretarial Services (Pty) Ltd

# Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Annual Financial Statements for the year ended 30 June 2023

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# Paratus Telecommunications (Proprietary) Limited

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## Directors' Responsibilities and Approval

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The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

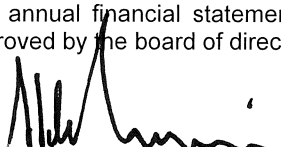
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

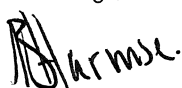
The directors have reviewed the company's cash flow forecast for the year to 30 June 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 10 to 66, which have been prepared on the going concern basis, were approved by the board of directors on 19 September 2023 and were signed on their behalf by:



S.I. de Bruin



B.R.J. Harmse



## *Independent auditor's report*

To the Member of Paratus Telecommunications (Proprietary) Limited

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### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Paratus Telecommunications (Proprietary) Limited (the Company) as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

### **What we have audited**

Paratus Telecommunications (Proprietary) Limited's financial statements set out on pages 7 to 66 comprise:

- the directors' report for the year ended 30 June 2023;
- the statement of financial position as at 30 June 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *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 *Auditor's responsibilities for the audit of the financial statements* 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 Company in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standard)* (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.

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled "Paratus Telecommunications (Proprietary) Limited Registration number 2007/O100 Annual Financial Statements for the year ended 30 June 2023". The other information does not include the financial statements and our auditor's report thereon.

PricewaterhouseCoopers, Registered Auditors  
344 Independence Avenue, Windhoek, Khomas Region, Republic of Namibia  
P O Box 1571, Windhoek, Khomas Region, Republic of Namibia  
T: + 264 (61) 284 1000, F: +264 (61) 284 1001, [www.pwc.com/na](http://www.pwc.com/na)

Country Senior Partner: Chantell N Husselmann

The Firm's principal place of business is at 344 Independence Avenue, Windhoek, Republic of Namibia, Khomas Region, Republic of Namibia

Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerri Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Willem A Burger, Nina A Coetzer

Practice Number 9406, VAT reg no. 00203281-015



Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor'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 these financial statements.

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
Per: Hans Hashagen  
Partner  
Windhoek  
Date: 21 September 2023

# Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Annual Financial Statements for the year ended 30 June 2023

## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of Paratus Telecommunications (Proprietary) Limited for the year ended 30 June 2023.

### 1. Nature of business

Paratus Telecommunications (Proprietary) Limited was incorporated in Namibia and operates in the Information and Communications Technology industry.

The core services provided by the company is ICT (Information and Communications Technology) related services.

There have been no material changes to the nature of the company's business from the prior year.

### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in these annual financial statements.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

### 3. Share capital

			2023	2022
Authorised	Number of shares			
Ordinary shares			100 000	100 000
	2023	2022	2023	2022
Issued	N\$	N\$	Number of shares	
100 Ordinary shares of N\$5 each	500	500	100	100

There have been no changes to the authorised or issued share capital during the year under review.

### 4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

The board of directors approved dividends to Paratus Namibia Holdings Limited to replenish the reserves in the holding company to enable dividend payments to the shareholders of Paratus Namibia Holdings Limited. The dividends declared and paid amounts to N\$11 000 000 (2022: N\$9 000 000).



# Paratus Telecommunications (Proprietary) Limited

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## Directors' Report

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### 5. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality	Changes
S.L.V. Erasmus	Executive	Namibian	
A. Hall	Executive	Namibian	
B.R.J. Harmse	Executive	Namibian	
S.I. de Bruin	Executive	Namibian	
J.J. Esterhuyse	Non-executive	South African	Retired 26 January 2023
M.R. Mostert	Non-executive	Namibian	
H.B. Gerdes	Non-executive	Namibian	
S.H. Birch	Non-executive	Namibian	Retired 26 January 2023
J.N.N. Shikongo	Non-executive	Namibian	
R.R. Graig	Non-executive	Namibian	Appointed 26 January 2023
R.P.K. Mendelsohn	Alternate director to B.R.J. Harmse	Namibian	
G.P.J. Duvenhage	Alternate director to A. Hall	Namibian	Appointed 13 June 2023

#### Retirements of directors

Directors	Cause of change	Designation	Date
J.J. Esterhuyse	Retired by rotation	Non-executive	26 January 2023
S.H. Birch	Retired by rotation	Non-executive	26 January 2023

The company and its parent company has a mirror board of directors. In terms of the Articles of Association of Paratus Namibia Holdings Limited, one third of non-executive directors are subject to retirement annually but are eligible for re-election.

At the Annual General Meeting Held on 26 January 2023, neither of the directors up for retirement made themselves available for re-election. Accordingly both S.H. Birch and J.J. Esterhuyse retired by rotation. The board notes their appreciation for the valuable contribution that both directors have made to Paratus Telecommunications (Pty) Ltd.

#### Appointments of directors

Directors	Designation	Date
R.R. Graig	Non-executive	26 January 2023
G.P.J. Duvenhage	Alternate director to A. Hall	13 June 2023

#### Changes in responsibilities of the board of directors

During the current financial year S.L.V. Erasmus, previously the Group Chief Operations Officer has been appointed as the Group Chief Executive Officer. B.R.J. Harmse, previously the Group Chief Executive Officer, has been appointed as the Group Executive Chairman. G.P.J. Duvenhage has been appointed as the Group Chief Operations Officer.

### 6. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 30 June 2023 the company's investment in property, plant and equipment amounted to N\$950 656 818 (2022: N\$ 571 901 913), of which N\$449 904 625 (2022: N\$ 279 745 396) was added in the current year through additions.

The company has commitments in respect of contracts placed for capital expenditure to the amount of N\$- (2022: N\$ 13 000 000). These commitments have been approved by the board of directors of the company. Refer to note 28 of the annual financial statements for further details.

### 7. Interests in subsidiaries

Details of material interests in subsidiaries are presented in the annual financial statements in note 6.

There were no significant acquisitions or disposals during the year ended 30 June 2023.

# Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Annual Financial Statements for the year ended 30 June 2023

## Directors' Report

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### 8. Holding company

The company's holding company is Paratus Namibia Holdings Limited which holds 100% (2022: 100%) of the company's equity. Since the company is a wholly owned subsidiary and the holding company prepares consolidated financial statements, the company applied the exemption from consolidation as permitted by IFRS 10 "Consolidated financial statements". The consolidated financial statements of Paratus Namibia Holdings Limited is available at the company secretaries. Paratus Namibia Holdings Limited is incorporated in Namibia.

### 9. Events after the reporting period

On 19 September 2023 the board of directors declared a dividend amounting to N\$5 500 000.

The board of directors are not aware of any further material events or circumstances arising after the reporting date and up to the date of this report, not otherwise dealt with in the Annual Financial Statements, which significantly affects the financial position of the company.

### 10. 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 directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

### 11. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

### 12. Secretary

The company secretary is Cronje Secretarial Services (Pty) Ltd.

### 13. Terms of appointment of the auditors

PricewaterhouseCoopers was appointed as the company's auditors at the general meeting held on 26 January 2023. Included in profit for the year is the agreed auditors' remuneration of N\$951 000. Shareholder wishing to inspect a copy of the terms on which the company's auditors is appointed and remunerated may do so by contacting the Company Secretary.

### 14. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 19 September 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

# Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Annual Financial Statements for the year ended 30 June 2023

## Statements of Financial Position as at 30 June 2023

Figures in Namibia Dollar	Notes	2023	2022 Restated *	1 July 2021 Restated *
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	3	950 656 818	571 901 913	339 621 796
Right-of-use assets	4	7 723 917	7 512 314	11 703 095
Intangible assets	5	17 881 950	17 254 217	19 268 703
Investments in subsidiaries	6	25 521 311	25 521 311	25 521 311
Loans to group companies	7	16 053 109	16 640 500	1 238 440
		<b>1 017 837 105</b>	<b>638 830 255</b>	<b>397 353 345</b>
<b>Current Assets</b>				
Inventories	8	24 005 608	27 306 515	18 755 187
Loans to group companies	7	123 754	-	18 986 871
Trade and other receivables	9	58 813 367	48 067 024	37 155 453
Investments at fair value	10	2 415 912	23 087	132 044 684
Finance lease receivables		-	-	4 088
Current tax receivable		1 972 681	1 972 681	3 509 125
Cash and cash equivalents	11	11 623 385	2 084 551	577 117
		<b>98 954 707</b>	<b>79 453 858</b>	<b>211 032 525</b>
<b>Total Assets</b>		<b>1 116 791 812</b>	<b>718 284 113</b>	<b>608 385 870</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	12	500	500	148 087 571
Retained income		64 480 594	52 866 901	34 777 996
		<b>64 481 094</b>	<b>52 867 401</b>	<b>182 865 567</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Loans from group companies	13	155 000 000	200 000 000	236 273 292
Lease liabilities	4	3 626 721	4 784 353	10 066 409
Contract liabilities	14	302 105 035	129 847 276	105 524 544
Deferred tax	15	41 645 245	31 585 699	16 612 858
		<b>502 377 001</b>	<b>366 217 328</b>	<b>368 477 103</b>
<b>Current Liabilities</b>				
Trade and other payables	16	116 578 751	40 612 699	32 917 066
Loans from group companies	13	396 640 261	216 982 019	478 275
Lease liabilities	4	5 452 737	5 282 191	4 807 786
Contract liabilities	14	20 682 107	9 217 724	6 013 079
Provisions	17	10 579 374	13 403 690	8 730 987
Bank overdraft	11	487	13 701 061	4 096 007
		<b>549 933 717</b>	<b>299 199 384</b>	<b>57 043 200</b>
<b>Total Liabilities</b>		<b>1 052 310 718</b>	<b>665 416 712</b>	<b>425 520 303</b>
<b>Total Equity and Liabilities</b>		<b>1 116 791 812</b>	<b>718 284 113</b>	<b>608 385 870</b>
<b>Director</b>				

The accounting policies on pages 14 to 27 and the notes on pages 28 to 65 form an integral part of the annual financial statements.

\* See Note 32

# Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Notes	2023	2022 Restated *
Revenue	18	463 645 328	395 218 152
Cost of sales	19	(225 366 664)	(189 151 018)
<b>Gross profit</b>		<b>238 278 664</b>	<b>206 067 134</b>
Other operating income	20	1 444 088	933 618
Other operating losses	21	(1 357 566)	(5 297)
Net impairment losses on financial assets	22	(977 836)	(388 546)
Other operating expenses	22	(154 440 997)	(142 210 468)
<b>Operating profit</b>	22	<b>82 946 353</b>	<b>64 396 441</b>
Investment income	23	3 542 918	2 680 051
Finance costs	24	(53 217 306)	(23 276 974)
<b>Profit before taxation</b>		<b>33 271 965</b>	<b>43 799 518</b>
Taxation	25	(10 658 271)	(16 710 613)
<b>Profit for the year</b>		<b>22 613 694</b>	<b>27 088 905</b>
<b>Other comprehensive income:</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>22 613 694</b>	<b>27 088 905</b>
 Earnings before interest, taxation, depreciation and amortisation (EBITDA)		 163 580 218	 122 518 557

The accounting policies on pages 14 to 28 and the notes on pages 29 to 66 form an integral part of the annual financial statements.

\* Comparative numbers for 2022 have been restated, refer to note 32 for a detailed explanation.

\* See Note 32

# Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Share premium	Total share capital	Retained income	Total equity
Opening balance as previously reported	474 820	147 612 751	148 087 571	25 342 292	173 429 863
Adjustments					
Prior year adjustments	-	-	-	9 435 704	9 435 704
<b>Restated* Balance at 01 July 2021 as restated</b>	<b>474 820</b>	<b>147 612 751</b>	<b>148 087 571</b>	<b>34 777 996</b>	<b>182 865 567</b>
Profit for the year	-	-	-	27 088 905	27 088 905
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27 088 905</b>	<b>27 088 905</b>
Purchase of own shares	(474 320)	(147 612 751)	(148 087 071)	-	(148 087 071)
Dividends	-	-	-	(9 000 000)	(9 000 000)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>(474 320)</b>	<b>(147 612 751)</b>	<b>(148 087 071)</b>	<b>(9 000 000)</b>	<b>(157 087 071)</b>
<b>Balance at 01 July 2022</b>	<b>500</b>	<b>-</b>	<b>500</b>	<b>52 866 900</b>	<b>52 867 400</b>
Profit for the year	-	-	-	22 613 694	22 613 694
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22 613 694</b>	<b>22 613 694</b>
Dividends	-	-	-	(11 000 000)	(11 000 000)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11 000 000)</b>	<b>(11 000 000)</b>
<b>Balance at 30 June 2023</b>	<b>500</b>	<b>-</b>	<b>500</b>	<b>64 480 594</b>	<b>64 481 094</b>

Note

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The accounting policies on pages 14 to 28 and the notes on pages 29 to 66 form an integral part of the annual financial statements.

\* Comparative numbers for 2022 have been restated, refer to note 32 for a detailed explanation.

\* See Note 32

# Paratus Telecommunications (Proprietary) Limited

(Registration number 2007/0100)

Annual Financial Statements for the year ended 30 June 2023

## Statements of Cash Flows

Figures in Namibia Dollar	Notes	2023	2022 Restated *
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	203 239 982	128 903 833
Interest received - bank accounts	23	36 193	7 697
Interest receipts on loans to group companies	23	1 613 900	43 951
Finance costs	24	(29 633 061)	(11 761 165)
Tax paid	27	(598 724)	(201 328)
<b>Net cash generated from operating activities</b>		<b>174 658 290</b>	<b>116 992 988</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(264 667 925)	(279 745 396)
Proceeds from sale of property, plant and equipment	3	12 499	156 871
Purchases of intangible assets	5	(4 160 721)	(2 008 593)
Cash receipts on repayments of loans to group companies	7	463 637	3 584 809
Deposits into money market funds and similar securities	10	(147 000 000)	(15 000 000)
Withdrawals from money market funds and similar securities	10	146 500 000	149 650 000
Cash receipts on finance lease receivables	4	-	4 088
<b>Net cash used in investing activities</b>		<b>(268 852 510)</b>	<b>(143 358 221)</b>
<b>Cash flows from financing activities</b>			
Repayments of loans from group companies		(11 637 398)	-
Cash advances received on loans from group companies		134 650 000	23 100 000
Repayments on lease liabilities - principal amount	4	(5 289 628)	(4 784 850)
<b>Net cash generated from financing activities</b>		<b>117 722 974</b>	<b>18 315 150</b>
<b>Total cash movement for the year</b>		<b>23 528 754</b>	<b>(8 050 083)</b>
Cash and cash equivalents at the beginning of the year		(11 616 510)	(3 518 890)
Profit on foreign exchange on cash and cash equivalents		(289 346)	(47 537)
<b>Cash and cash equivalents at the end of the year</b>	11	<b>11 622 898</b>	<b>(11 616 510)</b>

The accounting policies on pages 14 to 28 and the notes on pages 29 to 66 form an integral part of the annual financial statements.

\* Comparative numbers for 2022 have been restated, refer to note 32 for a detailed explanation.

\* See Note 32

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## Accounting Policies

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### 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 annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") 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 company's functional currency.

These accounting policies are consistent with the previous period.

#### 1.2 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.

#### Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

#### Key sources of estimation uncertainty

##### Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

##### Fair value estimation

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

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 35.

# Paratus Telecommunications (Proprietary) Limited

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## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Property, plant and equipment

##### Estimation of useful lives and residual values

Management assesses the appropriateness of the useful lives and residual values of property, plant and equipment at the end of each reporting period and may vary depending on a number of factors. Management considers the impact of changes in technology, customer service requirements and availability of capital funding to determine the optimum useful life expectation for each category of property, plant and equipment. Due to the rapid technological advancement in the telecommunications industry, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the rollout strategy of the company.

The useful lives of motor vehicles, furniture and fittings, office equipment and computer equipment are determined based on company 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 lives of buildings has been determined based on industry norm and maintenance programmes.

The estimation of useful lives of other assets are based on factors such as historical experience with similar assets as well as anticipation of future events, which may impact the lives, such as technological innovation and maintenance programmes. The useful lives will also depend on the future performance of the assets as well as management's judgement of the period over which economic benefits will be derived from the assets.

The measurement of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Management has determined that there is no active market for network assets and equipment, and therefore these assets have no residual value. At the end of the useful life, the value of the asset is expected to be nil or insignificant in respect of the above-mentioned assets.

Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate, the change is applied prospectively in the determination of the depreciation charge.

#### Intangible assets

##### Estimation of useful lives

Intangible assets with finite useful lives include Paratus brand, computer software and customer base. These assets arise from both separate purchases and from acquisitions as part of business combinations.

The useful lives used to amortise intangible assets relate to the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The residual values of intangible assets are assumed to be zero. Management assesses the appropriateness of the useful lives of intangible assets at the end of each reporting period.



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## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Discount rate for significant financing components

The Company has significant financing arrangements, including leases, which require the determination of appropriate discount rates for the present value calculations. The discount rates are used to measure the present value of future lease payments and interest expenses related thereto. These discount rates are critical to the determination of lease liabilities and the recognition of interest expense in the statement of comprehensive income.

The determination of discount rates involves inherent estimation uncertainty. Changes in economic conditions, market interest rates, or the Company's creditworthiness may impact the discount rates applied. A change in the discount rate can have a material impact on the measurement of lease liabilities and interest expense.

Leases: The discount rates for leases are determined based on the incremental borrowing rate at the inception of the lease. The incremental borrowing rate is estimated by considering the Company's credit risk and the terms of the lease agreements at the lease commencement date for each lease.

Contract liabilities and revenue: When adjusting the promised amount of consideration for a significant financing component, the company uses the discount rate that would be reflected in a separate financing transaction between the company and its customer at contract inception, adjusted to reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract.

### 1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company 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 company, 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.

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 company 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, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Buildings are revalued every two years and the carrying value is adjusted against the revaluation reserve within the company's equity. Revaluation techniques is determined by the independent valuator used and disclosed accordingly.

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 company. 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.

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

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Item	Depreciation method	Average useful life
Land	Not applicable	Indefinite
Buildings - Data Center and Cable Landing Station	Straight line	40 years
Infrastructure	Straight line	20 years
Fiber (passive equipment)	Straight line	20 years
Equiano Submarine Cable Branch	Straight line	15 years
LTE network assets	Straight line	5 years
Fiber (active equipment)	Straight line	5 years

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## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

Core network assets	Straight line	5 years
Furniture and fittings	Straight line	5 years
IT equipment	Straight line	5 years
Office equipment	Straight line	5 years
Motor vehicles	Straight line	4 years
Core satellite equipment	Straight line	3 years
Operating equipment	Straight line	3 years
Customer equipment	Straight line	2 - 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 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 period 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.

### 1.4 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:

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Item	Depreciation method	Average useful life
Paratus brand	Straight line	25 years
Customer base	Straight line	12 years
Computer software	Straight line	3 years
Goodwill (not amortised but is tested for impairment annually)	Not applicable	Indefinite

### 1.5 Investments in subsidiaries

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

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.6 Financial instruments

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

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

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).

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

Note 33 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular 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 company are presented below:

#### Loans receivable at amortised cost

##### Classification

Loans to group companies (note 7) 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 company's business model is to collect the contractual cash flows on these loans.

##### Recognition and measurement

Loans receivable are recognised when the company 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 company 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.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

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## Accounting Policies

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### 1.6 Financial instruments (continued)

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 company 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.

Goodwill acquired is tested for impairment by analysing the profitability of the cash generating units. These units are profitable, therefore they are considered not to be impaired.

#### Write off policy

The company 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 company 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 company 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 company 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 other operating expenses in profit or loss as a net impairment losses on financial asset (note 22).

#### Forward-looking information consideration

Historical credit loss rates are adjusted by a forward-looking estimate when there is reason to believe that forward-looking information will have a significant impact. Forward-looking information can be based on the future projections of macro-economics and other available market information.

#### 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 9).

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 company'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 company 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), adjusted for any loss allowance.

# **Paratus Telecommunications (Proprietary) Limited**

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## **Accounting Policies**

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### **1.6 Financial instruments (continued)**

#### **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 losses (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 33).

#### **Impairment**

The company 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.

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## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 9.

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 other operating expenses in profit or loss as a net impairment losses on financial asset (note 22).

#### Forward-looking information consideration

Historical credit loss rates are adjusted by a forward-looking estimate when there is reason to believe that forward-looking information will have a significant impact. Forward-looking information can be based on the future projections of macro-economics and other available market information.

#### Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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## Accounting Policies

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### 1.6 Financial instruments (continued)

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisations; or
- The disappearance of an active market for that financial asset because of financial difficulties.

#### Write off policy

The company 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 company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### Borrowings and loans from related parties

##### Classification

Loans from group companies (note 7) are classified as financial liabilities subsequently measured at amortised cost.

##### Recognition and measurement

Borrowings and loans from related parties are recognised when the company 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 using the effective interest method.

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

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## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Trade and other payables

##### Classification

Trade and other payables (note 16), 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 company 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 company to liquidity risk and possibly to interest rate risk. Refer to note 33 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 losses (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note (note 16).

#### Cash and cash equivalents

Cash and cash equivalents comprise of petty cash, cash balances and call deposits with maturities of three months or less from the acquisition date. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value.

Cash and cash equivalents are measured at amortised cost, which approximates its fair value. Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method.

#### Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost. All bank overdrafts are presented in current liabilities on the statement of financial position.

#### Money market funds

Money market funds are measured at fair value through profit or loss (FVTPL). Money market funds are short-term, relative liquid investments with maturities of 12 months or less.

### 1.7 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.



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## Accounting Policies

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### 1.7 Tax (continued)

#### 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 and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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.

### 1.8 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

### 1.9 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.

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## Accounting Policies

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### 1.9 Inventories (continued)

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.

Inventories include work in progress which relates to inventory issued to customers, which have not been invoiced.

### 1.10 Impairment of non-financial 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.

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.

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.

### 1.11 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 company in which they are declared.

### 1.12 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 the employee's 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.

# Paratus Telecommunications (Proprietary) Limited

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## Accounting Policies

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### 1.13 Provisions and contingencies

Provisions are recognised when:

- the company 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.

### 1.14 Revenue from contracts with customers

The company 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 company recognises revenue when it transfers control of a product or service to a customer.

#### Provision of IT services

The standard sets out the requirements for recognising revenue from contracts with customers and has impacted how the company recognises revenue, using a five-step process which is applied below.

1. Identify the contract: the Group has contracts in each of the following revenue streams;
  - Voice traffic - primarily revenue from international voice interconnects between international telecom carriers;
  - Connectivity - data services sold to telecom operators; medium to large enterprises in Namibia; consumers and small businesses in Namibia;
  - Local Area Network - primarily the development and installation of a local area network, telephones and telephonic systems with or without the use of wires;
  - Security - primarily the installation and maintenance of security solutions; and
  - Cloud - primarily the delivery of computing services—including servers, storage, databases, networking, software, analytics and intelligence.
2. Identify the performance obligations: The Group identifies deliverables in contracts with customers that qualify as separate “performance obligations”. Some of the contracts relating to the revenue sources above contain multiple deliverables or performance obligations. The Group assesses whether there are distinct performance obligations at the start of each contract and throughout the performance of the contracts. The performance obligations identified will depend on the nature of individual customer contracts, which will typically be the provision of equipment to customers and the delivery of services provided to customers.
3. Determine the transaction price: The transaction price is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer, that is, when the performance obligation is satisfied.
4. Allocate the transaction price: The transaction price receivable from customers is allocated across the Group’s performance obligations under the contracts on a relative stand-alone selling price basis. Revenue will then be recognised either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer. Stand-alone selling prices will be based on observable sales prices and where stand-alone selling prices are not directly observable, estimates of stand-alone selling prices will be required.

# Paratus Telecommunications (Proprietary) Limited

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.14 Revenue from contracts with customers (continued)

5. Recognise revenue as and when the performance obligations are satisfied.

The Group has applied the steps set out above to each of its revenue streams, in determining its revenue recognition policy, as follows:

- Voice traffic:

The performance obligation relating to voice traffic is to provide voice minutes for the duration of the call until termination. The transaction price is determined based on agreed upon per minute rates and the duration of the call. Revenue relating to voice is recognized at the point the call is terminated as this is the point the service is delivered to the customer. Customers are invoiced monthly based on their voice usage and a receivable is raised when the service has been delivered.

- Connectivity:

The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue ("NRR") and secondly the provisioning of monthly services, the Monthly Recurring Revenue ("MRR").

- Local area network installations:

The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue and secondly the provisioning of monthly services, the Recurring Revenue.

- Security:

The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue and secondly the provisioning of monthly maintenance services, the Recurring Revenue.

- Cloud:

The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or providing of the service, the Non-Recurring Revenue and secondly the provisioning of monthly services, the Recurring Revenue.

In the 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. Upon recognition of contract assets or contract liabilities, the transactions that give rise to these assets or liabilities are assessed for the existence of a significant financing component. If the Group concludes that a significant financing component exists, the promised amount of consideration is adjusted for the effects of the time value of money if the timing of the payments agreed to by the parties to the contract provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. When adjusting the promised amount of consideration for a significant financing component, the Group uses the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception, adjusted to reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract. 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.

### 1.15 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;
- depreciation that relates to core network assets applied to deliver ICT services to customers; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

# Paratus Telecommunications (Proprietary) Limited

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.16 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.

### 1.17 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.

# Paratus Telecommunications (Proprietary) Limited

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company 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:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	The impact of the amendments is not material.
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The impact of the amendments is not material.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	The impact of the amendments is not material.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	The impact of the amendments is not material.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The impact of the amendments is not material.

#### 2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
• Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact

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## Notes to the Annual Financial Statements

### 3. Property, plant and equipment

	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Capital - Work in progress	24 098 281	-	24 098 281	135 801 182	-	135 801 182
Land	10 424 605	-	10 424 605	10 310 005	-	10 310 005
Data Center	126 603 372	(600 015)	126 003 357	-	-	-
Cable Landing Station	35 982 188	(157 687)	35 824 501	-	-	-
Infrastructure	455 481 442	(51 618 462)	403 862 980	341 682 782	(31 290 218)	310 392 564
Fiber passive equipment	58 300 667	(15 170 547)	43 130 120	57 862 844	(12 259 444)	45 603 400
Equiano Submarine Cable Branch	185 236 700	(6 174 557)	179 062 143	-	-	-
LTE network assets	104 318 555	(26 737 407)	77 581 148	44 690 585	(13 316 948)	31 373 637
Fiber active equipment	26 281 283	(14 582 091)	11 699 192	17 909 846	(10 433 083)	7 476 763
Core network assets	19 908 598	(12 361 058)	7 547 540	17 243 030	(8 265 478)	8 977 552
Furniture and fixtures	3 466 016	(1 543 385)	1 922 631	1 674 286	(974 690)	699 596
IT equipment	7 131 603	(5 083 715)	2 047 888	6 602 658	(3 410 192)	3 192 466
Office equipment	1 887 612	(809 025)	1 078 587	1 310 098	(520 085)	790 013
Motor vehicles	7 978 380	(4 881 099)	3 097 281	6 499 102	(3 593 763)	2 905 339
Core satellite equipment	3 121 688	(3 095 015)	26 673	3 113 755	(2 754 348)	359 407
Operating equipment	2 279 910	(1 465 735)	814 175	1 647 206	(971 297)	675 909
Customer equipment	51 375 656	(28 939 940)	22 435 716	28 900 239	(15 556 159)	13 344 080
<b>Total</b>	<b>1 123 876 556</b>	<b>(173 219 738)</b>	<b>950 656 818</b>	<b>675 247 618</b>	<b>(103 345 705)</b>	<b>571 901 913</b>

### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital - Work in progress	135 801 182	24 098 281	-	(135 801 182)	-	24 098 281
Land	10 310 005	114 600	-	-	-	10 424 605
Data Center	-	25 979 090	-	100 624 282	(600 015)	126 003 357
Cable landing Station	-	850 459	-	35 131 729	(157 687)	35 824 501
Infrastructure	310 392 564	113 802 610	(3 934)	-	(20 328 260)	403 862 980
Fiber Passive equipment	45 603 400	437 823	-	-	(2 911 103)	43 130 120
Equiano Submarine Cable Branch	-	185 236 700	-	-	(6 174 557)	179 062 143
LTE network assets	31 373 637	59 627 970	-	-	(13 420 459)	77 581 148
Fiber active equipment	7 476 763	8 371 437	-	-	(4 149 008)	11 699 192
Core network assets	8 977 552	1 420 228	-	1 079 753	(3 929 993)	7 547 540
Furniture and fixtures	699 596	1 791 188	(17 779)	45 171	(595 545)	1 922 631
IT equipment	3 192 466	1 785 032	(7 164)	(1 079 753)	(1 842 693)	2 047 888
Office equipment	790 013	577 514	-	-	(288 940)	1 078 587
Motor vehicles	2 905 339	1 479 278	-	-	(1 287 336)	3 097 281
Core satellite equipment	359 407	7 932	-	-	(340 666)	26 673
Operating equipment	675 909	632 704	-	-	(494 438)	814 175
Customer equipment	13 344 080	23 691 779	(3 730)	-	(14 596 413)	22 435 716
<b>Total</b>	<b>571 901 913</b>	<b>449 904 625</b>	<b>(32 607)</b>	<b>-</b>	<b>(71 117 113)</b>	<b>950 656 818</b>

# Paratus Telecommunications (Proprietary) Limited

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## Notes to the Annual Financial Statements

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Capital - Work in progress	27 507 212	108 293 970	-	-	135 801 182
Land	10 310 005	-	-	-	10 310 005
Infrastructure	203 029 040	122 028 334	(144 543)	(14 520 267)	310 392 564
Fiber passive equipment	48 496 542	-	-	(2 893 142)	45 603 400
LTE network assets	16 453 007	22 365 517	-	(7 444 887)	31 373 637
Fiber active equipment	5 029 592	5 750 794	-	(3 303 623)	7 476 763
Core network assets	10 774 445	2 864 108	-	(4 661 001)	8 977 552
Furniture and fixtures	701 570	491 800	-	(493 774)	699 596
IT equipment	3 386 675	1 765 956	(11 614)	(1 948 551)	3 192 466
Office equipment	358 293	613 276	-	(181 556)	790 013
Motor vehicles	2 601 317	1 509 316	-	(1 205 294)	2 905 339
Core satellite equipment	982 158	-	-	(622 751)	359 407
Operating equipment	645 200	588 126	-	(557 417)	675 909
Customer equipment	9 346 740	13 474 199	(6 468)	(9 470 391)	13 344 080
	<b>339 621 796</b>	<b>279 745 396</b>	<b>(162 625)</b>	<b>(47 302 654)</b>	<b>571 901 913</b>

#### Borrowing costs capitalised

Borrowing costs capitalised to qualifying assets	-	3 132 716
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	- %	22.45 %

#### Non-cash flow additions

Equiano Submarine Cable Branch	185 236 700	-
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Additions for the current year include N\$185 236 700 (USD11 000 000) from the Equiano Submarine Cable Branch, which was acquired in Lieu of services on existing infrastructure. This service contract resulted in a contract liability amounting to N\$151 557 300 (USD9 000 000) (refer note 14) and a portion which was not yet converted to services amounting to N\$33 679 400 (USD2 000 000). At 30 June 2023 the creditor amounted to N\$37 655 000 reflected under current liabilities, pertaining to the portion which was not converted to services yet (refer note 16).

#### Compensation received for losses on property, plant and equipment - included in operating profit

Infrastructure	-	143 389
Core network equipment	-	1 156
IT equipment	12 499	12 326
	<b>12 499</b>	<b>156 871</b>



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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 3. Property, plant and equipment (continued)

#### Details of properties

##### Portion 361 ( apportion of portion 26) of the farm Brakwater no. 48

- Land at cost	9 355 005	9 355 005
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Property consists of Portion 361 (a portion of portion 26 of the farm Brakwater no.48, in the Municipality of Windhoek, Registration Division "K", measuring 12,986 square metres. The Data Center building was constructed on the erf at a cost of N\$110 339 370 (excluding the internal fit-out). The Data Center was awarded ISO 9001 (quality management), ISO 27001 (information security), and PCI-DSS (Payment Card Industry Data Security Standards) certifications. The carrier neutral Data Center facility is Tier-III by design and offer various co-location services, from half-cabinets to multi-tenant rows and private cages. The Data Center campus has business continuity rooms with video conferencing and a fully equipped boardroom. The Data Center currently offer 120 racks with expansion plans in the future for an additional 120 racks when 75% capacity is reached in data hall 1.

##### Erf no. 10962 Swakopmund (a portion of erf 356)

- Land at cost	1 069 600	955 000
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Property consists of Erf 10962, in the Municipality of Swakopmund, Registration Division "G", measuring 1,000 square meters. The cable landing station building was constructed on this erf at a cost of N\$29 691 662 (excluding the internal fit-out).

### 4. Leases (company as lessee)

The company leases various properties. Rental contracts are typically made for fixed periods of 3 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so to produce a constant periodic rate of interest on the remaining balance of the liability each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate. The incremental borrowing rate is estimated to be the Namibian prime rate at the lease commencement date for each lease.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

Extension and termination options are included in the property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable by both parties., and consideration to this extent have been incorporated in the determination of the lease term.

# Paratus Telecommunications (Proprietary) Limited

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## Notes to the Annual Financial Statements

### 4. Leases (company as lessee) (continued)

Details pertaining to leasing arrangements, where the company is lessee are presented below:

	2023			2022		
	Cost or revaluation	Accumulated amortisation	Carrying value	Cost or revaluation	Accumulated amortisation	Carrying value
Right-of-use assets - Buildings	25 358 169	(17 634 252)	7 723 917	21 055 626	(13 543 312)	7 512 314

#### Reconciliation of right-of-use assets - 2023

	Opening balance	Additions	Remeasure-ment	Amortisation	Carrying amount
Right-of-use assets - Buildings	7 512 314	4 722 430	(419 887)	(4 090 940)	7 723 917

#### Reconciliation of right-of-use assets - 2022

	Opening balance	Remeasure-ment	Amortisation	Carrying amount
Right-of-use assets - Buildings	11 703 095	(22 801)	(4 167 980)	7 512 314

#### Other disclosures

Interest expense on lease liabilities	(606 429)	(955 511)
Expenses on short-term leases included in operating expenses	(784 521)	(638 907)
Total cash outflow from leases	(5 896 057)	(5 740 362)

#### Lease liabilities

##### Reconciliation of lease liabilities - 2023

	Opening balance	Additions	Remeasure-ment	Finance charges	Payments for the year	Closing balance
Buildings	(10 066 543)	(4 722 430)	419 887	(606 429)	5 896 057	(9 079 458)

##### Reconciliation of lease liabilities - 2022

	Opening balance	Remeasure-ment	Finance charges	Payments for the year	Closing balance
Buildings	(14 874 195)	22 801	(955 511)	5 740 362	(10 066 543)

The maturity analysis of lease liabilities is as follows:

Within one year	5 959 781	5 856 691
Two to five years	4 086 839	4 975 648
	10 046 620	10 832 339
Less finance charges component	(967 162)	(765 795)
	<b>9 079 458</b>	<b>10 066 544</b>

# Paratus Telecommunications (Proprietary) Limited

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## Notes to the Annual Financial Statements

### 4. Leases (company as lessee) (continued)

Split between current and non-current portions:

Non-current liabilities	3 626 721	4 784 353
Current liabilities	5 452 737	5 282 191
	<b>9 079 458</b>	<b>10 066 544</b>

### Exposure to liquidity risk

Refer to note 33 Financial instruments and risk management for the details of liquidity risk exposure and management.

### 5. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Paratus brand	19 266 200	(8 230 404)	11 035 796	19 266 200	(7 155 744)	12 110 456
Computer software	10 904 026	(5 622 089)	5 281 937	6 743 306	(3 228 091)	3 515 215
Goodwill	1 564 217	-	1 564 217	1 564 217	-	1 564 217
Customer base	2 701 782	(2 701 782)	-	2 701 782	(2 637 453)	64 329
<b>Total</b>	<b>34 436 225</b>	<b>(16 554 275)</b>	<b>17 881 950</b>	<b>30 275 505</b>	<b>(13 021 288)</b>	<b>17 254 217</b>

### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Paratus brand	12 110 456	-	(1 074 660)	11 035 796
Computer software	3 515 215	4 160 721	(2 393 999)	5 281 937
Goodwill	1 564 217	-	-	1 564 217
Customer base	64 329	-	(64 329)	-
	<b>17 254 217</b>	<b>4 160 721</b>	<b>(3 532 988)</b>	<b>17 881 950</b>

### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Paratus brand	13 185 116	-	(1 074 660)	12 110 456
Computer software	4 069 072	2 008 593	(2 562 450)	3 515 215
Goodwill	1 564 217	-	-	1 564 217
Customer base	450 298	-	(385 969)	64 329
	<b>19 268 703</b>	<b>2 008 593</b>	<b>(4 023 079)</b>	<b>17 254 217</b>

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

### 5. Intangible assets (continued)

#### Other information

##### Computer software

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

##### Paratus brand

Separately acquired brand is shown at cost less accumulated amortisation and impairment losses. The Paratus brand has a remaining useful life of 10.27 years. 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\$10 868 686 (2022: N\$8 362 401) on advertising and branding.

##### Goodwill and customer base

Goodwill and customer base, arose from the identifiable assets acquired in the acquisition of the Paratus Voice Telecommunications (Pty) Ltd (previously Vox Telecommunications (Pty) Ltd) business. The customer base was fully amortised during the current financial year. The operating segments that originated from the acquisition was Local Area Network and telephony, respectively. These segments resulted in good synergies with the business of Paratus Telecommunications (Pty) Ltd at the time of acquisition and these synergies still exist at year-end and forms an intertwined portion of the main business of the company.

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 of goodwill at year end.

### 6. Interests in subsidiaries

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

Name of company	Held by	% voting power 2023	% voting power 2022	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Paratus Voice Telecommunications (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	100	100
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
Bitstream Internet Solutions (Pty) Ltd	The company	52.00 %	52.00 %	52.00 %	52.00 %	2 080 000	2 080 000
						25 521 311	25 521 311

#### Application of consolidation exemption

The annual financial statements presented are not consolidated annual financial statements as the entity qualifies for the consolidation exemption in IFRS 10 Consolidated Financial Statements and is permitted by the Companies Act of Namibia.

The exemption is allowed provided that all of the following criteria are complied with:

- The entity is wholly owned or partially owned, where none of the other shareholder's object to the fact that consolidated annual financial statements are not prepared,
- The entity's debt or equity instruments are not traded in a public market,
- The entity did not file, and is not in the process of filing its annual financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market, and
- The entity's ultimate or intermediary parent produces consolidated annual financial statements available for public use which comply with International Financial Reporting Standards.

Paratus Namibia Holdings Limited, incorporated in Namibia, produces consolidated annual financial statements available for public use. These annual financial statements can be obtained at our registered address.

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Namibia Dollar	2023	2022 Restated *
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### 7. Loans to group companies

Subsidiaries	Basis of accounting		
Internet Technologies Namibia (Pty) Ltd The loan is unsecured, interest free and has no fixed terms of repayment, other than a 12 (twelve) month notice period of repayment.	Amortised cost	12 521	12 506
Paratus Property Two (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	14 654 419	15 745 207
Paratus Properties (Pty) Ltd This loan balance of N\$1 038 830 (2022: N\$412 364) bears interest at prime bank lending rate, whereby the remaining balance of N\$359 190 (2022: N\$359 190) is interest free. 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 is unsecured and has no fixed period of repayment, other than a 12 (twelve) month notice period for repayment.	Amortised cost	1 398 690	771 554
Paratus Voice Telecommunications (Pty) Ltd The loan is unsecured, interest free and has no fixed terms of repayment, other than a 12 (twelve) month notice period of repayment.	Amortised cost	111 233	111 233
		<b>16 176 863</b>	<b>16 640 500</b>
<b>Split between non-current and current portions</b>			
Non-current assets		16 053 109	16 640 500
Current assets		123 754	-
		<b>16 176 863</b>	<b>16 640 500</b>

### Exposure to credit risk

Refer to note 33 Financial instruments and risk management for the details of credit risk exposure and management.

### Exposure to currency risk

The company is not exposed to currency risk related to group loans receivable. There are no group company loans which are denominated in a foreign currency.

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

### Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts.

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## Notes to the Annual Financial Statements

Figures in Namibia Dollar	2023	2022 Restated *
<b>8. Inventories</b>		
Merchandise	24 005 608	27 306 515
Merchandise consist of the following items:		
- Cabling and cabinets;		
- Telephony;		
- Routers;		
- Customer premises equipment;		
- Core network equipment; and		
- Other small inventory items.		
<b>9. Trade and other receivables</b>		
<b>Financial instruments:</b>		
Trade receivables	27 915 860	25 220 888
Expected credit losses	(4 506 067)	(3 528 231)
Trade receivables at amortised cost	23 409 793	21 692 657
Deposits	677 452	661 302
Accrued income	27 364 513	-
Sundry debtors	190 361	1 627 266
<b>Non-financial instruments:</b>		
VAT	-	15 112 684
Prepayments	7 171 248	8 973 115
<b>Total trade and other receivables</b>	<b>58 813 367</b>	<b>48 067 024</b>
<b>Split between non-current and current portions</b>		
Current assets	58 813 367	48 067 024
<b>Financial instrument and non-financial instrument components of trade and other receivables</b>		
At amortised cost	51 642 119	23 981 225
Non-financial instruments	7 171 248	24 085 799
	<b>58 813 367</b>	<b>48 067 024</b>

### Trade and other receivables pledged as security

Total Trade and other receivables were pledged as security to First National Bank of Namibia Limited, for its overdraft facility. At year end the overdraft amounted to N\$ Nil (2022: N\$ 13 701 061) (refer note 11).

### Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company 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 company 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.

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Figures in Namibia Dollar

2023

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Restated \*

### 9. Trade and other receivables (continued)

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 company 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 company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period.

The company'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 disaggregating into further risk profiles.

The loss allowance provision is determined as follows:

	2023	2023	2022	2022
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
<b>Expected credit loss rate:</b>				
Current: 5% (2022: 5%)	14 001 420	696 897	13 874 189	693 709
31 - 90 days past due: 14% (2022: 14%)	5 051 829	707 256	5 413 442	757 882
More than 90 days past due: 35% (2022: 35%)	8 862 611	3 101 914	5 933 257	2 076 640
<b>Total</b>	<b>27 915 860</b>	<b>4 506 067</b>	<b>25 220 888</b>	<b>3 528 231</b>

### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance	(3 528 231)	(3 139 686)
Net provision raised on trade receivables	(963 094)	(358 162)
Amounts recovered	(14 742)	(30 383)
<b>Closing balance</b>	<b>(4 506 067)</b>	<b>(3 528 231)</b>

This disclosure was enhanced from the prior year in order to indicate the detail of the net impairment losses on financial asset for trade and other receivables.

### Exposure to currency risk

Refer to note 33 for details of currency risk management for trade receivables.

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2023

2022  
Restated \*

### 10. Investments at fair value

Investments held by the company which are measured at fair value, excluding derivatives are as follows:

#### Designated at fair value through profit or loss:

Money Market Funds	2 415 912	23 087
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#### Details of Money market funds:

##### Cirrus Capital Money Market Fund

Opening balance	23 087	132 044 684
Withdrawals	(146 500 000)	(149 650 000)
Deposits	147 000 000	15 000 000
Dividends	1 892 825	2 628 403
	<b>2 415 912</b>	<b>23 087</b>

#### Split between non-current and current portions

Current assets	2 415 912	23 087
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#### Fair value information

Refer to note 35 Fair value information for details of valuation policies and processes.

#### Risk exposure

The investments held by the company expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 33 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

### 11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	68 444	22 318
Bank balances	11 554 941	2 062 233
Company credit card facilities	(487)	(23 099)
Bank overdraft	-	(13 677 962)
	<b>11 622 898</b>	<b>(11 616 510)</b>
Current assets	11 623 385	2 084 551
Current liabilities	(487)	(13 701 061)
	<b>11 622 898</b>	<b>(11 616 510)</b>

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:

- Cession of all debtors

All excess cash not immediately required for operations is invested in a money market fund to maximise returns (refer note 10).



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Figures in Namibia Dollar	2023	2022 Restated *
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### 11. Cash and cash equivalents (continued)

Details of facilities available for future operating activities and commitments:

- The total amount of undrawn facilities available for future operating activities and commitments	30 000 000	30 000 000
- Contingent facility	10 000 000	10 000 000
- FOREX - forward exchange contracts	1 000 000	1 000 000
- Settlement facilities	160 000	160 000
- Fleet	200 000	-
- First credit facility	300 000	300 000
- Wesbank revolving facility	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 33 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

### 12. Share capital

#### Authorised

100 000 Ordinary shares of N\$5 each	500 000	500 000
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Describe any changes in authorised share capital e.g. Conversion to net present value shares.

#### Reconciliation of number of shares issued:

Reported as at 01 July	500	94 964
Purchase of its own shares by the company	-	(94 464)
	<u>500</u>	<u>500</u>

#### Issued

100 Ordinary shares of N\$5 each	500	500
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Unissued shares are under the control of the directors until the next AGM. No shares were issued for the year under review. All issued shares are fully paid up.

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Figures in Namibia Dollar	2023	2022 Restated *
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### 13. Loans from group companies

#### Holding company

Paratus Namibia Holdings Ltd	331 167 296	200 521 656
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The loan is primarily for capital projects within the company. N\$155 million is long-term and the remainder is classified as short term. Interest payments to be made to the note holders by the company on behalf of Paratus Namibia Holdings Ltd. Interest will be charged as per the Applicable Pricing Supplements for the Senior Unsecured Floating Rate Notes.

- The Three-year Unsecured Floating Rate Notes amounting to N\$175 000 000 are due on 18 June 2024 at no premium. These notes carry interest at the three-month ZAR-JIBAR-SAFEX rate plus 300 basis points.

- The Five-year Unsecured Floating Rate Notes amounting to N\$25 000 000 are due on 18 June 2026 at no premium. These notes carry interest at the three-month ZAR-JIBAR-SAFEX rate plus 325 basis points.

- The Three-year Unsecured Floating Rate Notes amounting to N\$30 000 000 are due on 16 September 2025 at no premium. These notes carry interest at the three-month ZAR-JIBAR-SAFEX rate plus 270 basis points.

- The Five-year Unsecured Floating Rate Notes amounting to N\$100 000 000 are due on 16 September 2027 at no premium. These notes carry interest at the three-month ZAR-JIBAR-SAFEX rate plus 325 basis points.

Repayment terms to be back-to-back with the Medium Term Note Programme's Applicable Pricing Supplement for the three years and five years notes issued by Paratus Namibia Holdings Limited.

Paratus Namibia Holdings Ltd	220 472 965	216 460 363
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The loan is a short-term loan.

Interest will be charged at a rate of 0% per annum. There are no fixed terms of repayment.

<b>551 640 261</b>	<b>416 982 019</b>
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#### Split between non-current and current portions

Non-current liabilities	155 000 000	200 000 000
Current liabilities	396 640 261	216 982 019
	<b>551 640 261</b>	<b>416 982 019</b>

Refer to note 29 Changes in liabilities arising from financing activities for details of the movement in loans from group companies during the reporting period.

#### Exposure to interest rate risk

Refer to note 33 Financial instruments and financial risk management for details of interest rate risk management for group loans receivable.

#### Fair value of group loans payable

The fair value of long term group loans payable approximates their carrying amounts.

# Paratus Telecommunications (Proprietary) Limited

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Namibia Dollar	2023	2022 Restated *
<b>14. Contract liabilities</b>		
<b>Summary of contract liabilities</b>		
Indefeasible-Right-of-Use - Trans Kalahari fiber route	102 915 610	105 524 545
Indefeasible-Right-of-Use - Equiano Submarine Cable	152 087 210	26 931 667
Various other short term contract liabilities	7 982 013	6 608 788
Indefeasible-Right-of-Use - Equiano spectrum / capacity	59 802 309	-
	<b>322 787 142</b>	<b>139 065 000</b>
<b>Reconciliation of contract liabilities</b>		
Opening balance	139 065 000	111 537 623
Revenue recognised on delivery of goods/services previously paid for - Indefeasible-Right-of-Use (Note 18)	(29 313 705)	(13 815 488)
Revenue recognised on delivery of goods/services previously paid for - other short-term (Note 18)	(16 318 182)	(10 127 202)
Payments received in advance of delivery of performance obligations - Indefeasible-Right-of-Use	182 157 100	26 931 667
Payments received in advance of delivery of performance obligations - other short-term	24 258 324	13 065 971
Interest charged (refer note 24)	22 938 605	11 472 429
	<b>322 787 142</b>	<b>139 065 000</b>
<b>Split between non-current and current portions</b>		
Non-current liabilities	302 105 035	129 847 276
Current liabilities	20 682 107	9 217 724
	<b>322 787 142</b>	<b>139 065 000</b>

Income received in advance mainly relates to revenue billed in advance for the company's ITC services. Non-current contract liabilities relate primarily to Indefeasible Right-of-Use ("IRU") contractual arrangements. Current liabilities include the short term portions of these identified IRU's and also include other advanced billings.

The company entered into the following IRU contractual arrangements:

### 1. Trans Kalahari Fiber Route IRU:

The funds received in advance for the Trans Kalahari Fiber Route IRU amounted to N\$108 497 301 and is amortised over a period of 20 years. The remaining period for this IRU is 15 years. Interest portion pertaining to this IRU amounts to N\$11 206 555 (2022: N\$11 472 429). The incremental borrowing rate used is 10.75%.

### 2. Equiano Submarine Cable IRU:

Non-cash consideration amounts to N\$151 557 300, pertaining to the services to be delivered on existing infrastructure provided in lieu of the Equiano Submarine Cable Branch (refer note 3) and is amortised over a period of 15 years. The remaining period for this IRU is 14.5 years. Interest portion pertaining to this IRU amounts to N\$7 455 783 (2022: Nil). The incremental borrowing rate used is 10.75%.

### 3. Equiano spectrum / capacity IRU:

The funds received in advance for the Equiano spectrum / capacity IRU amounted to N\$57 421 467, of which 30 599 800 was received during the current financial year, and is amortised over a period of 15 years. The remaining period for this IRU is 14.5 years. Interest portion pertaining to this IRU amounts to N\$4 276 267 (2022: N\$ Nil). The incremental borrowing rate used is 10.75%.

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Figures in Namibia Dollar

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### 15. Deferred tax

#### Deferred tax (liability) / assets

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(158 052 455)	(92 281 791)
Deferred tax asset	116 407 210	60 696 092
<b>Total net deferred tax liability</b>	<b>(41 645 245)</b>	<b>(31 585 699)</b>

#### Reconciliation of deferred tax asset / (liability)

At beginning of year	(31 585 699)	(16 612 858)
Deductible temporary difference movement on property, plant and equipment	(65 142 344)	(28 268 102)
Taxable temporary difference movement on intangible assets	36 625	523 781
(Deductible) / taxable temporary difference movement on right-of-use asset	(67 713)	1 341 050
Deductible temporary difference movement on prepaid expenses	(720 722)	(1 025 515)
Taxable temporary difference movement on provisions	238 251	233 563
Taxable temporary difference movement on provision for bad debts	234 681	22 134
Taxable temporary difference movement on contract liabilities	21 596 352	7 033 833
Deductible temporary difference movement on lease liability	(315 867)	(1 538 449)
Taxable / (deductible) temporary difference on unrealised foreign exchange gains / losses	1 394 663	(167 911)
Taxable / (deductible) temporary difference movement on deposits by customers	55 520	(2 126)
Tax loss available for set-off against future taxable income	32 631 008	6 874 901
	<b>(41 645 245)</b>	<b>(31 585 699)</b>

#### Comprising temporary differences relative to:

Property, plant and equipment	(149 189 181)	(84 046 838)
Intangible assets	(4 119 804)	(4 156 430)
Right-of-use assets	(2 471 654)	(2 403 940)
Prepaid expenditure	(2 271 815)	(1 551 093)
Provisions	2 167 957	1 929 706
Provision for bad debts	1 081 456	846 775
Contract liabilities	64 322 225	42 725 873
Lease liabilities	2 905 427	3 221 294
Unrealised foreign exchange gains/ (losses)	1 271 173	(123 490)
Deposits received by customers	71 913	16 393
Tax loss	44 587 058	11 956 051
	<b>(41 645 245)</b>	<b>(31 585 699)</b>

This disclosure has been enhanced from the prior year in order to indicate what the deferred tax balances comprises of.

#### Restatement

Some prior year figures have been restated, refer to note 32 for detailed explanation.

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## Notes to the Annual Financial Statements

Figures in Namibia Dollar	2023	2022 Restated *
<b>16. Trade and other payables</b>		
<b>Financial instruments:</b>		
Trade payables	97 764 550	32 717 801
Leave pay accrual	5 440 231	4 695 696
Salary accruals	3 359 053	3 147 973
Deposits received	224 729	51 229
<b>Non-financial instruments:</b>		
VAT <sup>1</sup>	9 790 188	-
	<b>116 578 751</b>	<b>40 612 699</b>
<b>Financial instrument and non-financial instrument components of trade and other payables</b>		
At amortised cost	106 788 563	40 612 699
Non-financial instruments	9 790 188	-
	<b>116 578 751</b>	<b>40 612 699</b>

<sup>1</sup> VAT receivable consists of outstanding refunds amounting to N\$2 215 168 (2022: N\$34 410) and deferred claims amounting to N\$9 807 661 (2022: N\$12 724 292).

### Other information

At 30 June 2023 an amount of N\$37 655 000 reflected under current liabilities, pertain to a portion of the Equiano Submarine Branch acquisition price, which was not converted to services yet (refer note 3). Once the fiber route running between Buitepos and Lobatse in Botswana is completed, the remaining liability of N\$37 655 000 will be converted to a service on this route and the liability will be settled. It is expected that the construction of this route will be completed by 30 November 2023 at a total cost of approximately N\$45 million. This route from Johannesburg running through Botswana and Namibia to the Equiano Sub-Sea Cable in Swakopmund and onwards toward Europe will provide the shortest route with the lowest latency to Europe and is therefore of strategic importance to Paratus for future revenue growth.

At 30 June 2023 trade and other payables include amounts of N\$10 096 371 and 14 179 687 for Fiber and LTE expansions respectively. The company's payment practice is to typically pay suppliers promptly, but has taken advantage of extended payment terms for these two suppliers relating to Fiber and LTE expansions at year-end.

### Exposure to currency risk

Refer to note 33 Financial instruments and financial risk management for details of currency risk management for trade payables.

### Exposure to liquidity risk

Refer to note 33 Financial instruments and financial risk management for further details of liquidity risk exposure and management.

### Fair value of trade and other payables

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

# Paratus Telecommunications (Proprietary) Limited

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

### 17. Provisions

#### Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Provision: CRAN regulatory service levy	2 115 441	-	(1 496 886)	618 555
Provision: Audit fees	783 000	951 000	(768 000)	966 000
Provision: Salaries	10 505 249	8 368 736	(9 879 166)	8 994 819
	<b>13 403 690</b>	<b>9 319 736</b>	<b>(12 144 052)</b>	<b>10 579 374</b>

#### Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Provision: CRAN regulatory service levy	1 866 935	248 506	-	2 115 441
Provision: Audit fees	339 300	870 500	(426 800)	783 000
Provision: Salaries	6 524 752	12 117 376	(8 136 879)	10 505 249
	<b>8 730 987</b>	<b>13 236 382</b>	<b>(8 563 679)</b>	<b>13 403 690</b>

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 for the year-end audit.

Salary provisions include provision for bonuses to the amount of N\$8 152 106 (2022: N\$9 662 536); and provision for severance pay to the amount of N\$842 713 (2022: N\$842 713). 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.

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Figures in Namibia Dollar	2023	2022 Restated *
<b>18. Revenue</b>		
<b>Disaggregation of revenue from contracts with customers</b>		
Revenue from contracts with customers is generated from the provision of Information and Communication Technology (ICT) services to customers. The company operates in the ICT industry, with its main operating segments being consumer business and enterprise business.		
The company disaggregates revenue from customers as follows:		
<b>Timing of revenue recognition</b>		
<b>At a point in time</b>		
Connectivity	17 510 027	15 293 919
Local Area Network	17 212 527	28 006 194
Cloud	381 982	164 979
Voice	300 218	-
Security	5 549	18 047
	<b>35 410 303</b>	<b>43 483 139</b>
<b>Over time</b>		
Connectivity	334 221 459	284 856 480
Local Area Network	11 579 280	11 535 750
Revenue recognised on delivery of goods/services previously paid for - Indefeasible-Right-of-Use (Note 14)	29 313 705	13 815 488
Revenue recognised on delivery of goods/services previously paid for - other short-term (Note 14)	16 318 182	10 127 202
Cloud	23 829 815	16 895 544
Voice	16 134 305	16 340 640
Security	35 211	35 211
Discount allowed	(3 196 932)	(1 871 302)
	<b>428 235 025</b>	<b>351 735 013</b>
<b>Total revenue from contracts with customers</b>	<b>463 645 328</b>	<b>395 218 152</b>
<b>19. Cost of sales</b>		
Rendering of services	157 505 387	145 324 245
Depreciation	66 608 161	43 081 650
Adjustments to inventory	-	491 920
Inventory purchase price variance	1 361 077	280 111
Discount received	(107 961)	(26 908)
	<b>225 366 664</b>	<b>189 151 018</b>
<b>20. Other operating income</b>		
Administration and management fees received	358 223	185 343
Sundry income	1 085 865	748 275
	<b>1 444 088</b>	<b>933 618</b>

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## Notes to the Annual Financial Statements

Figures in Namibia Dollar		2023	2022 Restated *
<b>21. Other operating losses</b>			
<b>Losses on disposals, scrappings and settlements</b>			
Property, plant and equipment	3	(20 110)	(5 755)
<b>Foreign exchange (losses) / gains</b>			
Net foreign exchange (losses) / gains		(1 337 456)	458
<b>Total other operating losses</b>		<b>(1 357 566)</b>	<b>(5 297)</b>
<b>22. Operating profit</b>			
Operating profit for the year is stated after charging (crediting) the following, amongst others:			
<b>Auditor's remuneration - external</b>			
Audit fees		951 000	870 500
Other consultation services		101 205	301 151
Training		2 261	4 130
		<b>1 054 466</b>	<b>1 175 781</b>
<b>Auditor's remuneration - internal</b>		<b>436 000</b>	<b>132 000</b>
<b>Remuneration, other than to employees</b>			
Consulting and professional services		2 769 223	3 581 706
Secretarial services		322 513	366 293
		<b>3 091 736</b>	<b>3 947 999</b>
<b>Employee costs</b>			
As at 30 June 2023 the company had an average of not more than 210 permanent employees (2022: 199 ). The total cost of employment of all employees, including executive directors, was as follows:			
Executive committee - salaries, bonuses and other benefits		8 676 234	3 856 433
Executive directors - salaries, bonuses and other benefits		4 551 606	4 713 835
Salaried staff - salaries, wages, bonuses and other benefits		73 451 201	74 250 417
Casual wages		739 576	304 334
<b>Total employee costs</b>		<b>87 418 617</b>	<b>83 125 019</b>
<b>Leases</b>			
Premises		784 521	638 907
<b>Depreciation and amortisation</b>			
Depreciation of property, plant and equipment		71 117 113	47 302 654
Depreciation of right-of-use assets		4 090 939	4 167 980
Amortisation of intangible assets		3 532 988	4 023 079
<b>Total depreciation and amortisation</b>		<b>78 741 040</b>	<b>55 493 713</b>
Less: Depreciation included in cost of sales		(66 608 161)	(43 081 650)
<b>Total depreciation and amortisation expensed</b>		<b>12 132 879</b>	<b>12 412 063</b>
<b>Net impairment losses on financial asset</b>			
Trade and other receivables		977 836	388 546



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Figures in Namibia Dollar

2023

2022  
Restated \*

### 22. Operating profit (continued)

#### Expenses by nature

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

Advertising and branding	10 868 686	8 362 401
Auditor's remuneration - external	1 054 466	1 175 781
Auditor's remuneration - internal audit	436 000	132 000
Bad debts	15 765	537 921
Cost of sales - depreciation	66 608 161	43 081 650
Cost of sales - excluding depreciation	159 033 535	146 069 367
Depreciation, amortisation and impairment	12 132 879	12 412 063
Employee costs	87 418 617	83 125 019
Insurance	3 462 524	3 280 370
Leases charges	784 521	638 907
License fees	10 196 425	8 198 198
Motor vehicle expenses	3 021 959	1 947 298
Net impairment losses on financial asset	977 836	388 546
Non-executive directors - committee fees	1 046 475	902 546
Other expenses <sup>2</sup>	9 753 484	9 636 399
Remuneration, other than to employees	3 091 736	3 947 999
Repairs and maintenance	3 386 968	2 372 442
Staff welfare	3 697 807	3 359 287
Training	1 346 482	453 850
Travel - local	1 711 529	1 158 331
Travel - overseas	739 642	569 657
	<b>380 785 497</b>	<b>331 750 032</b>

<sup>2</sup> Other expenses pertain to 10% or less of total operating expenses, and has not been split out in more detail.

#### Analysis of expenses by nature

Cost of sales	225 366 664	189 151 018
Net impairment losses on financial asset	977 836	388 546
Other operating expenses	154 440 997	142 210 468
	<b>380 785 497</b>	<b>331 750 032</b>

This disclosure was enhanced from the prior year in order to disclose the information in more detail by providing a more extensive break-down of expenses by nature, for a better understanding by the users of the annual financial statements.

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## Notes to the Annual Financial Statements

Figures in Namibia Dollar	2023	2022 Restated *
<b>23. Investment income</b>		
<b>Dividend income</b>		
<b>Equity instruments at fair value through profit or loss:</b>		
Unlisted investments - Local	1 892 825	2 628 403
<b>Interest income</b>		
<b>Investments in financial assets:</b>		
Bank	36 193	3 790
Finance lease receivables	-	125
Other financial assets	-	3 782
<b>Loans to group companies:</b>		
Related parties	1 613 900	43 951
<b>Total interest income</b>	<b>1 650 093</b>	<b>51 648</b>
<b>Total investment income</b>	<b>3 542 918</b>	<b>2 680 051</b>
<b>24. Finance costs</b>		
Contract liabilities (refer note 14)	22 938 605	11 472 429
Bank overdraft	490 628	30 163
Related parties	29 181 644	13 951 587
Lease liabilities	606 429	955 511
<b>Total finance costs <sup>3</sup></b>	<b>53 217 306</b>	<b>26 409 690</b>
Less: Capitalised to qualifying assets	-	(3 132 716)
<b>Total finance costs expensed</b>	<b>53 217 306</b>	<b>23 276 974</b>
<sup>3</sup> Total finance costs include non-cash flow items. Details of finance costs pertaining to cash flows can be split out as follows:		
Interest paid on bank overdraft	490 628	30 163
Interest on related parties loans	28 536 004	10 775 491
Repayment on lease liabilities financing component	606 429	955 511
	<b>29 633 061</b>	<b>11 761 165</b>

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## Notes to the Annual Financial Statements

Figures in Namibia Dollar	2023	2022 Restated *
<b>25. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Unutilised withholding tax credits - recognised in current tax	598 724	1 737 772
<b>Deferred</b>		
Property, plant and equipment	65 142 344	28 268 102
Intangible assets	(36 625)	(523 781)
Prepaid expenses	720 722	1 025 515
Unrealised foreign gains / (losses)	(1 394 663)	167 911
Provisions	(238 251)	(233 563)
Expected credit losses	(234 681)	(22 134)
Contract liabilities	(25 286 905)	(7 033 833)
Right-of-use assets	67 713	(1 341 050)
Lease liabilities	315 867	1 538 449
Deposits by customers	(55 520)	2 126
Tax loss	(28 940 454)	(6 874 901)
	<b>10 059 547</b>	<b>14 972 841</b>
	<b>10 658 271</b>	<b>16 710 613</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Profit before taxation	33 271 965	43 799 518
Tax at the applicable tax rate of 32% (2022: 32%)	10 647 029	14 015 846
<b>Tax effect of adjustments on taxable income</b>		
Dividends received	(605 704)	(841 088)
Capital profit on sale of assets	(560)	-
Prior year adjustment	(11 690)	(1 071)
Fines and penalties	(1 214)	2 051
Donations	31 686	22 176
Exempt income - contract liability	-	(2 646 029)
Expense not deductible - contract liability	-	3 671 177
Prior year adjustment - contract liability	-	749 779
Unutilised withholding tax credits - forfeited	598 724	1 737 772
	<b>10 658 271</b>	<b>16 710 613</b>
Effective taxation rate	32 %	38 %

No provision has been made for 2023 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is N\$ 139 334 556 (2022: N\$ 37 362 658).

### Restatement

Some prior year figures have been restated, refer to note 32 for detailed explanation.

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## Notes to the Annual Financial Statements

Figures in Namibia Dollar	2023	2022 Restated *
<b>26. Cash generated from operations</b>		
Profit before taxation	33 271 965	43 799 518
<b>Adjustments for non-cash items:</b>		
Depreciation on property, plant and equipment	71 117 113	47 302 655
Amortisation on intangible assets	3 532 988	4 023 079
Amortisation on right-of-use assets	4 090 939	4 167 980
Losses on sale of assets and liabilities	20 110	5 755
Unrealised losses on exchange differences	4 261 763	(338 370)
Movements in provisions	(2 824 316)	4 672 703
Dividend income	(1 892 825)	(2 628 403)
Interest received - group company loans	(1 613 900)	(43 951)
Revenue - contract liability	(29 313 705)	(13 815 488)
Finance costs - contract liability	22 938 605	11 472 429
<b>Adjust for items which are presented separately:</b>		
Interest income	(36 193)	(7 697)
Finance costs - group company loan	29 181 644	10 818 871
Finance costs - lease liability	606 429	955 511
Finance costs - other	490 628	30 163
<b>Changes in working capital:</b>		
(Increase) decrease in inventories	3 300 907	(8 551 328)
(Increase) decrease in trade and other receivables	3 034 940	(9 278 717)
(Increase) decrease in prepayments	1 801 867	(1 246 949)
Increase (decrease) in trade and other payables	22 731 081	7 695 635
Increase (decrease) in contract liabilities	38 539 942	29 870 437
	<b>203 239 982</b>	<b>128 903 833</b>
<b>27. Tax paid</b>		
Balance at beginning of the year	1 972 681	3 509 125
Current tax recognised in profit or loss	(598 724)	(1 737 772)
Balance at end of the year	(1 972 681)	(1 972 681)
	<b>(598 724)</b>	<b>(201 328)</b>
<b>28. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not yet incurred:</b>		
• Property, plant and equipment	-	13 000 000
Not yet contracted for and authorised by directors	137 802 395	280 300 000

This committed capital expenditure relates to infrastructure roll-out plans throughout Namibia and will be financed by a combination of own cash resources and proceeds from the bond programme.

## Paratus Telecommunications (Proprietary) Limited

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### Notes to the Annual Financial Statements

#### 29. Changes in liabilities arising from financing activities

##### Reconciliation of liabilities arising from financing activities - 2023

	Opening balance	Interest accrued	Additions / remeasure- ments	Dividends	Cash inflows	Cash outflows	Closing balance
Lease liabilities	10 066 544	606 429	4 302 542	-	-	(5 896 057)	9 079 458
Loans from group companies	416 982 019	29 181 644	-	11 000 000	134 650 000	(40 173 402)	551 640 261
<b>Total liabilities from financing activities</b>	<b>427 048 563</b>	<b>29 788 073</b>	<b>4 302 542</b>	<b>11 000 000</b>	<b>134 650 000</b>	<b>(46 069 459)</b>	<b>560 719 719</b>

##### Reconciliation of liabilities arising from financing activities - 2022

	Opening balance	Interest accrued	Additions / remeasure- ments	Shares buy back	Dividends	Cash inflows	Cash outflows	Closing balance
Lease liabilities	14 874 195	955 511	(22 801)	-	-	-	(5 740 361)	10 066 544
Loans from group companies	236 751 567	13 951 588	-	148 087 071	9 000 000	23 100 000	(13 908 207)	416 982 019
<b>Total liabilities from financing activities</b>	<b>251 625 762</b>	<b>14 907 099</b>	<b>(22 801)</b>	<b>148 087 071</b>	<b>9 000 000</b>	<b>23 100 000</b>	<b>(19 648 568)</b>	<b>427 048 563</b>

Disclosure of the reconciliation of liabilities arising from financing activities have been updated from prior year. The update was done to disclose the information on a more granular level for better understanding by the users of the financial statements. The impact on the amounts as disclosed is immaterial.

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## Notes to the Annual Financial Statements

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### 30. Related parties

#### Relationships

Holding company	Paratus Namibia Holdings Limited
Subsidiaries	Refer to note 6
Related entities (common shareholders)	Paratus Group Holdings Ltd - Mauritius Paratus Telecommunications Ltd - Mauritius Internet Technologies Ltd - Mauritius Sat Space Africa Ltd - Mauritius Paratus Telecommunications Ltd - Zambia Paratus Telecommunications (Pty) Ltd - Botswana Croc 684 (Pty) Ltd t/a Broadband Botswana Internet - Botswana Paratus Telecommunications (Pty) Ltd - South Africa Maxwell Technologies (Pty) Ltd - South Africa Paratus Telecom S.A. - Mozambique Canocopy (Pty) Ltd - Namibia Finatic Technologies (Pty) Ltd - Namibia Internet Technologies Angola S.A. - Angola Fiber Access Services Technologies Congo S.A. - Congo
Executive directors	S.L.V. Erasmus A. Hall B.R.J. Harmse S.I. de Bruin
Alternate directors	R.P.K. Mendelsohn (alternate director to B.R.J. Harmse) G.P.J. Duvenhage (alternate director to A. Hall)
Non-executive directors	M.R. Mostert H.B. Gerdes J.N.N. Shikongo R.R. Graig
Members of key management	D.J. Malan G.E. Cloete S. Frank-Schultz
Chairman of the Audit, Risk and Compliance Committee	H. Jansen van Vuuren

#### Related party terms and conditions:

- The transactions with related parties have been made on normal terms and in the ordinary course of business;
- There have been no guarantees received nor provided for any related party receivables or payables;
- For the terms and conditions for loans to related parties, refer to note 7; and
- For the terms and conditions for loans from related parties, refer to note 13.

#### Related party balances

##### Loan accounts - Owing (to) by related parties

Paratus Namibia Holdings Ltd	(551 640 261)	(416 982 019)
Paratus Properties (Pty) Ltd	1 398 690	771 554
Paratus Property Two (Pty) Ltd	14 654 419	15 745 207
Paratus Voice Telecommunications (Pty) Ltd	111 233	111 233
Internet Technologies Namibia (Pty) Ltd	12 521	12 506

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## Notes to the Annual Financial Statements

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### 30. Related parties (continued)

#### Amounts included in trade receivable regarding related parties

Paratus Telecommunications Ltd - Zambia	561 539	197 166
Internet technologies Angola S.A. - Angola	2 251 115	191 143
Canocopy (Pty) Ltd - Namibia	68 032	120 275
Paratus Telecommunications (Pty) Ltd - Botswana	334 729	-
Paratus Telecommunications Ltd - Mauritius	1 090 874	-
Paratus Telecom S.A. - Mozambique	56 685	13 165
Maxwell Technologies (Pty) Ltd - South Africa	-	320 466
Sat Space Africa Ltd - Mauritius	-	2 865 117
Bitstream Internet Solutions (Pty) Ltd	64 403	-

#### Amounts included in trade payables regarding related parties

Canocopy (Pty) Ltd - Namibia	(121 573)	(35 541)
Maxwell Technologies (Pty) Ltd - South Africa	(1 129 349)	(471 993)
Paratus Telecommunications (Pty) Ltd - Botswana	(4 226 021)	(353 363)

#### Related party transactions

##### Interest received from related parties

Canocopy (Pty) Ltd - Namibia	-	(3 782)
Paratus Properties (Pty) Ltd - Namibia	(74 215)	(43 951)
Paratus Property Two (Pty) Ltd - Namibia	(1 539 685)	-

##### Revenue received from related parties

Canocopy (Pty) Ltd - Namibia	(813 430)	(735 392)
Maxwell Technologies (Pty) Ltd - South Africa	(569 238)	(706 143)
Internet Technologies Angola S.A. - Angola	(6 082 151)	(1 287 813)
Paratus Telecommunications Ltd - Zambia	(1 145 376)	(330 248)
Paratus Telecommunications (Pty) Ltd - Botswana	(1 069 017)	(321 510)
Paratus Telecommunications Ltd - Mauritius	(22 409 726)	(9 533 080)
Paratus Telecom S.A. - Mozambique	(64 024)	(13 165)
Bitstream Internet Solutions (Pty) Ltd - Namibia	(8 279 893)	-

##### Purchases from related parties

Paratus Telecommunications Ltd - Zambia	-	84 040
Maxwell Technologies (Pty) Ltd - South Africa	5 999 886	5 571 847
Paratus Telecommunications (Pty) Ltd - Botswana	25 111 599	782 095
Paratus Telecommunications Ltd - Mauritius	23 513 919	20 289 067
Canocopy (Pty) Ltd - Namibia	1 166 358	586 514

##### Rent paid to related parties

Paratus Property Two (Pty) Ltd - Namibia	3 853 984	3 853 984
Paratus Properties (Pty) Ltd - Namibia	636 793	636 793

##### Management fees received from related parties

Paratus Property Two (Pty) Ltd - Namibia	(165 000)	(160 000)
Paratus Properties (Pty) Ltd - Namibia	(165 000)	-

##### Interest paid to related parties

Paratus Namibia Holdings Ltd - Namibia	29 181 644	-
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##### Dividends paid to related parties

Paratus Namibia Holdings Ltd - Namibia	11 000 000	9 000 000
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##### Compensation to directors and other key management

Short-term employee benefits	13 227 840	13 779 770
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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 31. Directors' emoluments

#### Executive

##### 2023

Directors' emoluments	Earnings - salaries and other benefits	Bonuses and performance related payments	Total
Services as director or prescribed officer			
Directors	3 908 074	643 532	4 551 606
	<b>3 908 074</b>	<b>643 532</b>	<b>4 551 606</b>

##### 2022

Directors' emoluments	Earnings - salaries and other benefits	Bonuses and performance related payments	Total
Services as director or prescribed officer			
Directors	6 051 737	935 592	6 987 329
	<b>6 051 737</b>	<b>935 592</b>	<b>6 987 329</b>

#### Non-executive

##### 2023

Directors' emoluments	Committee fees	Total
Services as director or prescribed officer		
Directors	1 046 475	1 046 475
	<b>1 046 475</b>	<b>1 046 475</b>

##### 2022

Directors' emoluments	Committee fees	Total
Services as director or prescribed officer		
Directors	902 546	902 546
	<b>902 546</b>	<b>902 546</b>



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## Notes to the Annual Financial Statements

### 32. Restatement

#### 1. Financing component on contract liabilities

In the current year the Company identified that the significant financing component of the Botswana Fiber Network contract with a 20 year duration was not previously accounted for in line with IFRS 15. The contractual cash flows were received up front and the performance obligation is satisfied over a 20 year period and therefore a significant financing component arose which has to be accounted for. The correction was performed in the current financial year and the comparatives have been restated to reflect the adjustment.

The correction of this error amounts to a change in the statement of financial position and statement of profit or loss and other comprehensive income.

#### Statement of financial position

	30 June 2022			01 July 2021		
	Previously reported	Restatement	Restated	Previously reported	Restatement	Restated
<b>Equity</b>						
Retained income	66 255 972	(13 389 072)	52 866 900	44 213 700	(9 435 704)	34 777 996
<b>Non-current liabilities</b>						
Contract liabilities	109 829 938	20 017 338	129 847 276	88 444 920	17 079 624	105 524 544
Deferred taxation	35 276 251	(3 690 552)	31 585 699	21 053 189	(4 440 331)	16 612 858
<b>Current liabilities</b>						
Contract liabilities	12 155 438	(2 937 714)	9 217 724	9 216 668	(3 203 589)	6 013 079

#### Statement of profit or loss and other comprehensive income

	2022		
	Previously reported	Restatement	Restated
Revenue	386 949 313	8 268 839	395 218 152
Finance cost	(11 804 545)	(11 472 429)	(23 276 974)
Taxation	(15 960 834)	(749 779)	(16 710 613)

#### 2. Reclassification on the statement of profit or loss and other comprehensive income

In the prior year bad debts recovered and the net impairment losses on financial asset were incorrectly presented as part of the other operating income and operating expenses line items in the statement of profit or loss and other comprehensive income. During the current year the group corrected the presentation by presenting the movement in the credit loss allowance and bad debts recovered as a single line item on the statement of profit or loss and other comprehensive income as required. This resulted in a restatement of the prior year figures.

#### Statement of profit or loss and other comprehensive income

	2022		
	Previously reported	Restatement	Restated
Other operating income	964 001	(30 383)	933 618
Net impairment losses on financial assets	-	(388 546)	(388 546)
Other operating expenses	(142 629 397)	418 929	(142 210 468)

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## Notes to the Annual Financial Statements

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### 32. Restatement (continued)

#### 3. Statement of cash flows restatements

Certain items were reclassified during the current year under review in accordance with the disclosure requirements of IAS 7, the impact on the statement of cash flows is summarised below:

#### Statement of cash flows

	2022		
	Previously reported	Restatement	Restated
<b>Cash flows from operating activities</b>			
Finance cost	(10 805 654)	(955 511)	(11 761 165)
Net cash generated from operating activities	117 948 499	(955 511)	116 992 988
<b>Cash flows from financing activities</b>			
Payment on lease liabilities	(5 740 361)	5 740 361	-
Repayment on lease liabilities - principal amount	-	(4 784 850)	(4 784 850)
Net cash generated from financing activities	20 944 448	955 511	21 899 959

#### Note:

The payments on lease liabilities were previously incorrectly shown as the total cash outflows relating to lease liabilities (presenting both the principal and interest portions in as a single line item). IFRS 16 requires the company to present cash payments relating to the principal and interest portions of the lease liability separately in statement of cash flows. In order to present interest paid consistently in the statement of cash flows, cash payments relating to interest on lease liabilities were moved from the financing activities section to the operating activities section of the statement of cash flows.

# Paratus Telecommunications (Proprietary) Limited

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

### 33. Financial instruments and risk management

#### Categories of financial instruments

#### Categories of financial assets

#### 2023

	Notes	Fair value through profit or loss - Designated	Amortised cost	Total
Loans to group companies	7	-	16 176 863	16 176 863
Investments at fair value	10	2 415 912	-	2 415 912
Trade and other receivables	9	-	51 642 119	51 642 119
Cash and cash equivalents	11	-	11 623 385	11 623 385
		<b>2 415 912</b>	<b>79 442 367</b>	<b>81 858 279</b>

#### 2022

	Notes	Fair value through profit or loss - Designated	Amortised cost	Total
Loans to group companies	7	-	16 640 500	16 640 500
Investments at fair value	10	23 087	-	23 087
Trade and other receivables	9	-	23 981 225	23 981 225
Cash and cash equivalents	11	-	2 084 551	2 084 551
		<b>23 087</b>	<b>42 706 276</b>	<b>42 729 363</b>

#### Categories of financial liabilities

#### 2023

	Notes	Amortised cost	Total
Trade and other payables	16	106 788 563	106 788 563
Loans from group companies	13	551 640 261	551 640 261
Lease liabilities	4	9 079 458	9 079 458
Bank overdraft	11	487	487
		<b>667 508 769</b>	<b>667 508 769</b>

#### 2022

	Notes	Amortised cost	Total
Trade and other payables	16	40 612 699	40 612 699
Loans from group companies	13	416 982 019	416 982 019
Lease liabilities	4	10 066 544	10 066 544
Bank overdraft	11	13 701 061	13 701 061
		<b>481 362 323</b>	<b>481 362 323</b>

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## Notes to the Annual Financial Statements

### 33. Financial instruments and risk management (continued)

#### Pre tax gains and losses on financial instruments

#### Gains and losses on financial assets

#### 2023

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total
<b>Recognised in profit or loss:</b>				
Interest income	23	-	1 650 093	1 650 093
Dividend income	23	1 892 825	-	1 892 825
Net impairment losses on financial assets	22	-	(977 836)	(977 836)
<b>Net gains (losses)</b>		<b>1 892 825</b>	<b>672 257</b>	<b>2 565 082</b>

#### 2022

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total
<b>Recognised in profit or loss:</b>				
Interest income	23	-	51 648	51 648
Dividend income	23	2 628 403	-	2 628 403
Net impairment losses on financial assets	22	-	(388 546)	(388 546)
<b>Net gains (losses)</b>		<b>2 628 403</b>	<b>(336 898)</b>	<b>2 291 505</b>

#### Gains and losses on financial liabilities

#### 2023

	Notes	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance costs	24	(30 278 701)	(30 278 701)
<b>Net gains (losses)</b>		<b>(30 278 701)</b>	<b>(30 278 701)</b>

#### 2022

	Notes	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance costs	24	(11 804 545)	(11 804 545)

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### 33. Financial instruments and risk management (continued)

#### Capital risk management

The company'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 company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company 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 company 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 company 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 company's maximum gearing ratio may not exceed 150%.

Another method used is the net debt to EBITDA ratio. The ratio is calculated as net borrowings (interest bearing borrowings less cash) divided by EBITDA. The ratio should not exceed 3.5 times.

EBITDA-to-interest cover ratio. The ratio is calculated as EBITDA divided by interest payments. The ratio should not be less than 2.5 times.

The company adopted the following capital management policies:

- Investment screening goes through a four-stage process;
- The need to raise capital in the debt and equity market is assessed with each investment opportunity;
- Proposed investment must deliver pre-defined return on investment for the investors;
- Solvency, interest cover and liquidity requirements must be met; and
- The company further ensure that it can meet its expected capital and financing needs at all times, having regards to the business plans, forecasts and any strategic initiatives.

The company have both qualitative and quantitative risk management procedures to monitor the risk and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

2023 Total assets : Total liabilities 1 : 1

2022 Total assets : Total liabilities 1 : 1

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

Loans from group companies (Interest bearing)	13	331 167 296	200 521 656
Lease liabilities	4	9 079 458	10 066 544
<b>Total borrowings</b>		<b>340 246 754</b>	<b>210 588 200</b>
Cash and cash equivalents	11	(11 623 385)	(2 084 551)
Bank overdraft	11	487	13 701 061
Unit Trusts (Investments at fair value)	10	(2 415 912)	(23 087)
<b>Net borrowings</b>		<b>326 207 944</b>	<b>222 181 623</b>
Equity		60 790 541	52 867 401
Loans from group companies (Interest free)		220 472 965	216 460 363
<b>Total adjusted equity</b>		<b>281 263 506</b>	<b>269 327 764</b>
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		163 580 218	122 518 557

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### 33. Financial instruments and risk management (continued)

#### Covenant ratio's

Debt / Equity ratio	121 %	78 %
Net interest bearing debt / EBITDA (Not more than 3.5 times) exclude contract liability	1.99	1.81
EBITDA-to-interest cover ratio (Not less than 2.5 times) exclude contract liability interest	5.40	10.38

The capital structure and the related ratio's have been updated from the prior year to comply with the company's specific covenant ratio's. Trade and other payables, contract liabilities and provisions were previously incorrectly included in the calculation of the capital structure and ratio's.

#### Financial risk management

##### Overview

The company 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 company's risk management policies are established to identify and analyse the risks faced by the company, 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 company's activities.

The company 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 company.

##### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The valuation of the relevant financial instrument takes into account the effect of credit risk on fair value by including an appropriate adjustment for the risk taken.

The company is exposed to credit risk on loans receivable (at amortised cost), trade and other receivables and cash and cash equivalents. Refer to note 1.6 for considerations relating to expected credit losses on these classes of these financial assets.

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 company 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 company measure 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. Refer to note 9 for detailed information on the ageing of trade receivables.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well established financial institutions with high credit ratings and by keeping cash on hand to a relatively low level.

Cash and cash equivalents	Short-term	Long-term	Outlook	Credit rating agency
Bank Windhoek Limited	A1+(NA)	AA(NA)	Stable	Global
Standard bank Limited (South Africa)	F1+(ZA)	AA+(ZA)	Stable	Fitch
First National Bank Limited	AA+(NA)	A1+(NA)	Stable	Global
Nedbank Limited (South Africa)	A1+(ZA)	AA(ZA)	Stable	Global

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

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### 33. Financial instruments and risk management (continued)

In order to calculate credit loss allowance for loans receivable, management determine whether the loss allowances should be calculated on a 12 month or on 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 year. Thus the basis if the credit loss allowance for a specific financial asset could change year on year.

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

		2023			2022		
		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	16 176 863	-	16 176 863	16 640 500	-	16 640 500
Investments at fair value through profit or loss	10	2 415 912	-	2 415 912	23 087	-	23 087
Trade and other receivables	9	56 148 186	(4 506 067)	51 642 119	27 509 456	(3 528 231)	23 981 225
Cash and cash equivalents	11	11 623 385	-	11 623 385	2 084 551	-	2 084 551
		<b>86 364 346</b>	<b>(4 506 067)</b>	<b>81 858 279</b>	<b>46 257 594</b>	<b>(3 528 231)</b>	<b>42 729 363</b>

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.

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### 33. Financial instruments and risk management (continued)

#### Liquidity risk

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

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. This include strict inventory management, accounts receivable collection efforts, and accounts payable management. 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.

The current liabilities exceed current assets by N\$450 979 010 (30 June 2022: N\$219 745 526). The main reasons for this pertains to the following:

- The amount of N\$37.65 million payable to Google at year-end is to be converted to a service on the BKF route, once construction is completed. No cash flow therefore required to settle this liability;
- The N\$175 million bond maturing during June 2024, which is currently reflected under current liabilities, is to be rolled over at a possible lower interest rate. It is therefore not the intention to settle this bond at maturity; and
- No cash flow is required to settle the N\$21.6 million contract liability. This is to be settled during the next 12 months through services on current Paratus infrastructure.

The table below summarises the maturity profile of the company's financial liabilities at year-end based on undiscounted contractual amounts:

#### Obligations and contractual cash flows - 2023

		Less than 1 year	2 to 5 years	Total contractual cash flows	Carrying amount
<b>Non-current liabilities</b>					
Loans from group companies	13	-	155 000 000	155 000 000	155 000 000
Lease liabilities	4	-	4 086 839	4 086 839	3 626 721
<b>Current liabilities</b>					
Trade and other payables	16	106 788 563	-	106 788 563	106 788 563
Loans from group companies	13	396 640 261	-	396 640 261	396 640 261
Lease liabilities	4	5 959 781	-	5 959 781	5 452 737
Bank overdraft	11	487	-	487	487
		<b>509 389 092</b>	<b>159 086 839</b>	<b>668 475 931</b>	<b>667 508 769</b>

#### Obligations and contractual cash flows - 2022

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Loans from group companies	13	-	200 000 000	200 000 000	200 000 000
Lease liabilities	4	-	4 975 648	4 975 648	4 784 353
<b>Current liabilities</b>					
Trade and other payables	16	40 612 699	-	40 612 699	36 618 746
Loans from group companies	13	216 982 019	-	216 982 019	216 982 019



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Figures in Namibia Dollar			2023	2022 Restated *
<b>33. Financial instruments and risk management (continued)</b>				
Lease liabilities	4	5 856 691	-	5 856 691
Bank overdraft	11	13 701 061	-	13 700 648
		<b>277 152 470</b>	<b>204 975 648</b>	<b>482 128 118</b>
				<b>477 367 957</b>

### Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts 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	9	346 830	315 732
Cash and cash equivalents	11	17 177	113 737

##### Current liabilities:

Trade and other payables	16	(2 325 266)	(255 532)
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#### Net US Dollar exposure

<b>(1 961 259)</b>	<b>173 937</b>
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### Exchange rates

The following closing exchange rates were applied at reporting date:

#### Namibia Dollar per unit of foreign currency:

US Dollar	18.728	16.284
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### Foreign currency sensitivity analysis

The following information presents the sensitivity of the company 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.

At 30 June 2023, if the Namibian Dollar exchange rate had been 5% (2022: 5%) 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\$ 1 846 280 (2022: N\$ 141 615).

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### 33. Financial instruments and risk management (continued)

#### 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 company is comprised of different instruments, which bear interest at the Namibian prime linked interest rates and the ZAR JIBAR-SAFEX interest rate. Interest rates on all borrowings compare favourably with those rates available in the market.

The company 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	
		2023	2022	2023	2022
<b>Assets</b>					
Loans to group companies	7	11.85 %	8.60 %	16 176 863	16 640 500
Investments at fair value	10	8.40 %	5.52 %	2 415 912	23 087
				<b>18 592 775</b>	<b>16 663 587</b>
<b>Liabilities</b>					
Loans from group companies (Interest bearing)	13	10.72 %	7.60 %	(331 167 296)	(200 521 656)
Bank overdraft	11	11.85 %	8.87 %	(487)	(13 701 065)
				<b>(331 167 783)</b>	<b>(214 222 721)</b>

#### 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.

At 30 June 2023, if the interest rate had been 1% per annum (2022: 1%) 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\$3 125 750 (2022: N\$1 975 591).

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## Notes to the Annual Financial Statements

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### 33. Financial instruments and risk management (continued)

#### Price risk

The company 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.

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

#### 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.

At 30 June 2023, if the price index on the investment at fair value had been 1% per annum (2022: 1%) 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\$178 701 (2022: N\$231).

### 34. Events after the reporting period

#### Dividends declared

On 19 September 2023 the directors declared a dividend of N\$6 000 000 to the ordinary shareholder of the company.

#### Other events

The directors are not aware of any material subsequent events after the reporting period that will have a significant impact on the annual financial statements.

### 35. 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 company 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.

Level 3: Unobservable inputs for the asset or liability.

#### Levels of fair value measurements

##### Level 2

#### Recurring fair value measurements

Assets	Notes		
<b>Financial assets mandatorily at fair value through profit or loss</b>	10		
Money Market Funds		2 415 912	23 087
<b>Total</b>		<b>2 415 912</b>	<b>23 087</b>

Level 2 price of the Money Market Fund was the trading price at the end of each reporting period.

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## Detailed Income Statement

Figures in Namibia Dollar	Notes	2023	2022 Restated *
<b>Revenue</b>			
At a point in time		35 410 303	43 483 138
Over time		428 235 025	351 735 014
	18	<b>463 645 328</b>	<b>395 218 152</b>
<b>Cost of sales</b>			
Opening stock		(16 899 341)	(10 590 396)
Purchases		(153 573 893)	(152 405 221)
Depreciation included in cost of sales		(66 608 161)	(43 081 650)
Closing stock		11 606 770	16 899 341
Discount received		107 961	26 908
	19	<b>(225 366 664)</b>	<b>(189 151 018)</b>
<b>Gross profit</b>		<b>238 278 664</b>	<b>206 067 134</b>
<b>Other operating income</b>			
Administration and management fees received		358 223	185 343
Sundry income		1 085 865	748 275
	20	<b>1 444 088</b>	<b>933 618</b>
<b>Other operating gains / (losses)</b>			
Gains / (losses) on disposal of assets or settlement of liabilities		(20 110)	(5 755)
Foreign exchange gains / (losses)		(1 337 456)	458
	21	<b>(1 357 566)</b>	<b>(5 297)</b>
Net impairment losses on financial asset	22	(977 836)	(388 546)
<b>Expenses (Refer to page 68)</b>		<b>(154 440 997)</b>	<b>(142 210 468)</b>
<b>Operating profit</b>	22	<b>82 946 353</b>	<b>64 396 441</b>
Investment income	23	3 542 918	2 680 051
Finance costs	24	(53 217 306)	(23 276 974)
<b>Profit before taxation</b>		<b>33 271 965</b>	<b>43 799 518</b>
Taxation	25	(10 658 271)	(16 710 613)
<b>Profit for the year</b>		<b>22 613 694</b>	<b>27 088 905</b>

\* See Note 32

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## Detailed Income Statement

Figures in Namibia Dollar	Note(s)	2023	2022 Restated *
<b>Other operating expenses</b>			
Advertising		(10 868 686)	(8 362 401)
Amortisation		(3 532 988)	(4 023 079)
Auditor's remuneration - external audit	22	(951 000)	(870 500)
Bad debts		(15 765)	(537 921)
Bank charges		(1 085 899)	(1 159 642)
Cleaning		(374 068)	(318 322)
Computer expenses		(74 941)	(81 627)
Consulting fees		(2 714 579)	(2 837 586)
Legal fees		(591 849)	(1 177 271)
Depreciation		(8 599 891)	(8 388 984)
Donations		(99 022)	(69 300)
Employee costs		(87 418 617)	(83 125 019)
Entertainment		(1 116 334)	(1 874 784)
General expenses		(240 799)	(94 380)
Directors fees		(1 046 475)	(902 546)
Sponsorship		(558 687)	(459 210)
Storage fees		(202 356)	(104 763)
Fines and penalties		3 793	(6 410)
Insurance		(3 462 524)	(3 280 370)
IT expenses		(12 443 557)	(10 318 565)
Lease rentals on operating lease - Short-term		(784 521)	(638 907)
Motor vehicle expenses		(3 021 959)	(1 947 298)
Municipal expenses		(423 564)	(392 256)
Recruitment fees		-	(17 999)
Postage		(935 981)	(450 878)
Printing and stationery		(893 010)	(767 684)
Staff uniforms		(282 470)	(215 459)
Repairs and maintenance		(3 386 968)	(2 372 442)
Secretarial fees		(322 513)	(366 293)
Security		(177 474)	(83 116)
Staff welfare		(3 697 807)	(3 359 287)
Subscriptions		(173 445)	(236 140)
Telephone and fax		(1 147 127)	(1 184 061)
Training		(1 348 743)	(457 980)
Travel - local		(1 711 529)	(1 158 331)
Travel - overseas		(739 642)	(569 657)
		<b>(154 440 997)</b>	<b>(142 210 468)</b>

\* See Note 32

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