



PARATUS

Paratus Namibia Holdings Ltd

(previously Nimbus Infrastructure Ltd)

(Incorporated in the Republic of Namibia)

(Registration number 2017/0558) ("Paratus" or "the company")

(NSX Share code: PHN) (ISIN code: NA 000A2DTQ42)

www.nimbus.africa

UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 31 August 2019

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 August 2019

		31 August 2019	31 August 2018	28 February 2019
	Notes	Unaudited N\$	Unaudited N\$	Audited N\$
Revenue - dividends received	2.3	3 477 718	957 385	4 581 201
Operating expenses		(1 825 260)	(1 064 604)	(2 194 822)
Operating profit / (loss)		1 652 458	(107 219)	2 386 379
Share of associate	2.2	2 479 351	3 057 882	4 595 414
Interest paid		(1)	(1)	(1)
Interest received		-	-	-
Profit before taxation		4 131 808	2 950 662	6 981 792
Taxation		-	-	-
Profit for the period		4 131 808	2 950 662	6 981 792
Other comprehensive income		-	-	-
Total comprehensive income for the period	2.1	4 131 808	2 950 662	6 981 792
Basic earnings per share (cents)	2.1	14.39	17.45	30.67
Headline earnings per share (cents)	2.1	14.39	17.45	30.67
Dividends per share (cents)	2.1	Nil	Nil	Nil

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 August 2019

		31 August 2019	31 August 2018	28 February 2019
	Notes	Unaudited N\$	Unaudited N\$	Audited N\$
ASSETS				
Non-current assets				
Investment in associate	2.2	223 795 261	193 668 932	195 206 465
Current assets				
Trade and other receivables		231 750	-	-
Investments at fair value	2.3	80 500 034	102 360 712	104 784 142
Cash and cash equivalents		259 846	53 572	186 325
		80 991 630	102 414 284	104 970 467
TOTAL ASSETS		304 786 891	296 083 216	300 176 932
EQUITY AND LIABILITIES				
Capital and other reserves		303 680 794	296 072 856	300 103 986
Current liabilities				
Trade and other payables	2.4	1 106 097	10 360	72 946
TOTAL EQUITY AND LIABILITIES		304 786 891	296 083 216	300 176 932

CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 31 August 2019

		31 August 2019	31 August 2018	28 February 2019
		Unaudited N\$	Unaudited N\$	Audited N\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from / (utilised by) operating activities		2 453 859	(171 650)	2 384 533
Cash used in operations		(1 023 858)	(1 129 034)	(2 196 667)
Interest paid		(1)	(1)	(1)
Interest received		-	-	-
Dividends received		3 477 718	957 385	4 581 201
Cash flows used in investing activities		(1 825 338)	(101 449 473)	(103 872 903)
Cash flows (used in) from financing activities		(555 000)	101 572 481	101 572 481
Net cash and cash equivalents movement for the period		73 521	(48 642)	84 111
Cash and cash equivalents at the beginning of the period		186 325	102 214	102 214
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		259 846	53 572	186 325

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August 2019

	Share Capital N\$	Share Premium N\$	Total Share Capital N\$	Distributable Reserves N\$	Total Equity N\$
Audited balance at 28 February 2018	103 634	101 530 407	101 634 041	713 972	102 348 013
Share capital raised	183 473	-	183 473	-	183 473
Share premium	-	190 590 708	190 590 708	-	190 590 708
Total comprehensive income	-	-	-	2 950 662	2 950 662
Total changes	183 473	190 590 708	190 774 181	2 950 662	193 724 843
Unaudited balance at 31 August 2018	287 107	292 121 115	292 408 222	3 664 634	296 072 856
Total comprehensive income	-	-	-	4 031 130	4 031 130
Total changes	-	-	-	4 031 130	4 031 130
Audited balance at 28 February 2019	287 107	292 121 115	292 408 222	7 695 764	300 103 986
Share capital raised	-	-	-	-	-
Share premium ¹	-	(555 000)	(555 000)	-	(555 000)
Total comprehensive income	-	-	-	4 131 808	4 131 808
Total changes	-	(555 000)	(555 000)	4 131 808	3 576 808
Unaudited balance at 31 August 2019	287 107	291 566 115	291 853 222	11 827 572	303 680 794

¹ Transaction costs relating to the share swap transaction, deducted from equity in accordance with IAS 32.

Notes

Basis of preparation

The announcement has been prepared in accordance with the NSX Listing Requirements and the requirements of the Companies Act of Namibia. The accounting policies applied in the preparation of this announcement is in accordance with IFRS and are consistent with those applied in the previous annual financial statements.

1. OTHER INFORMATION

	31 August 2019	31 August 2018	28 February 2019
	Unaudited	Unaudited	Audited
Number of shares in issue	28 710 629	28 710 692	28 710 692
Net asset value per share (cents per share)	1 061.58	1 031.23	1 045.27
Listed market price per share (cents per share)	1 030.00	1 100.00	1 100.00
Premium to net asset value	(2.97%)	6.67%	5.24%
Capital commitments (including approved but not contracted)	N\$ Nil	N\$ Nil	N\$ Nil

2. NOTES TO THE FINANCIAL RESULTS

2.1 Basic and Headline earnings per share

	31 August 2019	31 August 2018	28 February 2019
	Unaudited	Unaudited	Audited
Shares in issue			
Total number of shares in issue	28 710 692	28 710 692	28 710 692
Weighted number of shares in issue	28 710 692	16 913 450	22 763 589
Basic earnings per share (cents)	14.39	17.45	30.67
Headline earnings per share (cents)	14.39	17.45	30.67
Dividends per share (cents)	Nil	Nil	Nil

The weighted average number of shares in issue as at 31 August 2019 is 28 710 692 and is equal to the total number of shares in issue (31 August 2018: 16 913 450). The weighted earnings and headline earnings per share for the period are calculated as follows:

	31 August 2019	31 August 2018	28 February 2019
	Unaudited	Unaudited	Audited
Basic earnings (Profit for the period)	N\$4 131 807	N\$2 950 662	N\$6 981 792
Headline earnings (no adjustments required)	N\$4 131 807	N\$2 950 662	N\$6 981 792
Basic earnings per share (cents)	14.39	17.45	30.67
Headline earnings per share (cents)	14.39	17.45	30.67

2.2 Investment in associate

The total shareholding of Paratus in Paratus Telecommunications (Pty) Ltd ("Paratus Namibia") is 51.38% (31 August 2018: 51.38%).

Associates are entities in which the company has significant influence but does not control or jointly control the entity. The company includes the results of associates in its financial statements using the equity accounting method from the date of acquisition.

	N\$
Audited Investment value as at 28 February 2018	98 639 039
Investment in associate at cost - 1 June 2018	89 201 700
Costs capitalised to investment	2 770 311
Share of after-tax profits for the period to 31 August 2018	3 057 882
Share of after-tax profits for the period to 28 Feb 2019	1 537 532
Investment in associate at cost - 1 July 2019	25 691 826
Costs capitalised to investment	417 620
Share of after-tax profits for the period to 31 August 2019	2 479 351
Unaudited Investment value as at 31 August 2019	223 795 261

2. NOTES TO THE FINANCIAL RESULTS (continued)

2.2 Investment in associate (continued)

On 3 July 2019 Paratus Namibia concluded a rights issue. In terms of the rights issue the aggregate amount raised by Paratus Namibia amounted to N\$ 50 million, which was contributed as share capital in Paratus Namibia, by Paratus and Paratus Group Holdings Ltd ("Paratus Group") pro rata to their respective shareholdings in Paratus Namibia. The subscription price was N\$1 053.03, consisting of a par value of N\$5 and a premium of N\$1 048.03 per ordinary share for both Paratus and Paratus Group. Paratus subscribed for 24 398 ordinary shares in Paratus Namibia, for a consideration of N\$25.7 million, which resulted in no change in the effective percentage interest in the company.

The capital raised in Paratus Namibia will be utilised towards the capital expenditure budget of N\$114 million for the current financial year with N\$56.5 million earmarked for the fiber to the x (FTTx) roll out and N\$24.4 million for LTE network assets.

The Paratus Namibia year-end coincides with the Paratus year-end. The most recent unaudited financial results of Paratus Namibia was used in applying the equity method of accounting. No dividends were declared or paid by Paratus Namibia during the period under review.

The summarised financial information of the associate (Paratus Namibia) is as follows:

Summarised Consolidated Statement of Comprehensive Income

for the six months ended 31 August 2019

	31 August 2019	31 August 2018	28 February 2019
	Unaudited N\$	Unaudited N\$	Audited N\$
Revenue	148 840 155	138 748 734	283 676 902
Cost of sales	(75 481 619)	(70 446 513)	(148 944 729)
Gross Profit	73 358 536	68 302 221	134 732 173
GP%	49.3%	49.2%	47.5%
Other operating (losses) / gains	(213 996)	4 026 326	5 638 560
Operating expenses	(61 657 741)	(57 171 816)	(117 131 623)
Investment income	615 270	241 696	2 211 164
Finance costs	(5 205 075)	(5 607 076)	(10 844 071)
Taxation	(2 071 821)	(2 486 644)	(3 932 489)
Profit for the period²	4 825 173	7 304 707	10 673 714
Other comprehensive income	-	-	-
Total comprehensive income	4 825 173	7 304 707	10 673 714
EBITDA	28 531 677	31 584 710	51 611 453

² The decrease in profit for the period is mainly attributable to the inclusion of a N\$2.3 million bonus provision to staff, a downward fair value adjustment of N\$0.9 million on the Paratus listed shares, a lower foreign exchange gain of N\$1 million and an increase of N\$0.5 million in the bad debts provision due to the implementation of IFRS 9. As at the end of August 2019 Paratus Namibia was still on track to achieve its revenue and profit targets for the year.

Summarised Consolidated Statement of Financial Position

as at 31 August 2019

	31 August 2019	31 August 2018	28 February 2019
	Unaudited N\$	Unaudited N\$	Audited N\$

ASSETS			
Non-current assets	258 478 548	228 012 898	231 884 963
Current assets	112 838 728	76 965 058	70 657 497
Total assets	371 317 276	304 977 956	302 542 433

LIABILITIES

LIABILITIES			
Non-current liabilities ³	168 877 274	165 782 594	157 748 271
Current liabilities	51 196 785	44 143 701	46 104 094
Total liabilities	220 074 059	209 926 295	204 852 365
Total net assets	151 243 217	95 051 661	97 690 068

³ Non-current liabilities includes revenue received in advance amounting to N\$84.9 million (31 August 2018: N\$76.8 million), which is disclosed as a contract liability in terms of IFRS 15 (Revenue from contracts with customers).

2.3 Other investments

Other financial assets of N\$80.5 million (31 August 2018: N\$102.4 million) consists of an investment in a Money Market Fund, which earned dividends of N\$3.5 million (31 August 2018: N\$957 386). The dividends received are included under revenue - dividends received.

Other financial assets are classified as level 2 financial instruments. Level 2 financial instruments are valued at prices relative to prices in the market.

2.4 Trade and other payables

Trade and other payables consist mainly of professional fees relating to the share swap transaction approved by the shareholders on 25 September 2019 (refer to note 3).

3. DIRECTORS' COMMENTARY

3.1 Transactional overview

On 3 July 2019 Paratus Namibia concluded a rights issue in which Paratus participated pro rata to its shareholding in Paratus Namibia (refer to note 2.2).

On 25 September 2019 the shareholders approved the implementation of the proposed share swap transaction, as a Category 1 transaction together with an issue of new shares as consideration, in terms of the NSX Listing requirements. In terms of the proposed swap, Paratus will acquire in accordance with the swap Agreement 46 168 ordinary shares in Paratus Namibia, resulting in an increased effective shareholding of Paratus from 51.38% to 100% of the total issued ordinary shares in Paratus Namibia. The swap consideration is to be settled through the issue of 20 012 431 new ordinary Paratus Shares to be allotted to Paratus Group at a pre-determined and agreed upon price of N\$10.50 each for a total consideration of N\$210 130 525.50. The effective date will be upon fulfilment of the conditions precedent which include CRAN approval in terms of section 35 (1) of the Communications Act and written confirmation that the swap does not amount to a contravention of Section 46 (1) of the Communications Act. The estimated expenses relating to the swap transaction amounts to N\$3.15 million (excluding VAT, if applicable).

On 25 September 2019 the shareholders also approved the name change from Nimbus Infrastructure Limited to Paratus Namibia Holdings Limited and the change of the financial year-end of Paratus from the last day of February to the last day of June of each year.

3.2 Prospects

By taking Paratus Namibia from a 51.4% subsidiary to a wholly owned subsidiary, as per the transaction approved by the shareholders on 25 September 2019, the directors are of the opinion that the following synergies are unlocked:

- Exposure to Paratus Namibia's diversified revenue streams is fully cemented, including future revenues that can be generated from strategic assets like TKF, FTTX roll out in major Namibian cities and Paratus Namibia's 4G LTE network (Mobile LTE);
- The remaining conflicts of interest that exist where an investment is suitable to both Paratus Namibia and Paratus is eliminated, as the see-through economic interest for Paratus shareholders remains unchanged, regardless of whether such opportunities are pursued by Paratus Namibia or by Paratus;
- Access to capital for Paratus Namibia is simplified through the 100% shareholding, enabling Paratus Namibia to aggressively pursue its infrastructure roll out; and
- The duplication of governance structures and corresponding duplicated costs are eliminated by combining the Board of directors of Paratus and Paratus Namibia, as well as the relevant committees of the boards' consolidation into one fully aligned governance structure.

3.3 Changes to the Board

Messrs A Hall and B R J Harmse were appointed as executive directors to the Board. In accordance with Paratus's Articles of Association, one third of non-executive directors are subject to retirement by rotation. Messrs S H Birch and I B Amuenje were subject to retirement at the Annual General Meeting. Mr S H Birch was re-elected as a non-executive director and I B Amuenje did not make himself available for re-election. His decision follows the pursuance of other interests, which may result in a possible conflict of interest.

The Board would like to convey our thanks and appreciation to Mr I B Amuenje for his invaluable contribution and dedication towards the establishment of Paratus.

3.4 Contingent liabilities

As at the date of approval of the interim financial results, the Board was not aware of any contingent liabilities.

3.5 Dividends declared

No dividends have been declared or paid during the period under review (31 August 2018: N\$ Nil).

3.6 Appreciation

The Board would like to thank the management team and service providers for their continued support and dedication. Finally, we would like to thank our shareholders for their support and association with Paratus.

By order of the Board

H B Gerdes - Chairman of the Board
19 November 2019

REGISTERED OFFICE
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