BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

ANNUAL REPORT 2016

Daphne Matlhakala

It is with great pleasure that I welcome you, our new shareholders, to the BTCL investor base. The year 2015/2016 was a milestone for BTCL.

BTCL officially became a public company following a hugely successful Initial Public Offering ("IPO"), which saw more than 50,000 (fifty thousand) Batswana and Batswana owned companies buy a stake in BTCL. This is now your company.

PAGE 06

Anthony Masunga

It is an honour to write to you as the Acting Managing Director of BTCL. I would like to acknowledge the contribution and leadership of the former Managing Director, Paul Taylor, who presided over the entire financial year under review.

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INTRODUCTION TO BTCL

BOTSWANA TELECOMMUNICATIONS CORPORATION (BTC) WAS ESTABLISHED IN 1980 TO PROVIDE, DEVELOP, OPERATE AND MANAGE BOTSWANA'S NATIONAL AND INTERNATIONAL TELECOMMUNICATIONS SERVICES.

From the rudimentary Corporation that only provided one form of telecommunication services in the early 80s, BTCL has now evolved to become one of the leading providers of telephony, both fixed and mobile, as well as national and international internet, data services, virtual private networks and customer equipment to residential, government and business customers. For services other than customer equipment, BTCL now operates in both the wholesale and the retail markets.

FINANCIAL HIGHLIGHTS

Despite challenging economic and operating conditions, BTCL managed to achieve limited success in its business and operating results. We mitigated some of these challenges by adopting pro-active and concerted actions.

REVENUE

0.4%

Revenue continued to rise, despite economic and market challenges to **Pula 1485.8 million.**

MOBILE

12%

Mobile revenue continued to increase at an impresive rate with corresponding growth in the market share.

OPERATING CASHFLOW

25.3%

Operating cashflow too continued to show impressive results despite decline in performance.

COST STRUCTURE

10.4%

Despite changing its business model, BTCL managed to retain the costs escalation within acceptable limits.

MARGIN TRENDS

Gross margins remained at above **60 per cent** level despite re-alignment in the cost structure.

Operating and net margins, however, declined following impairment charges.

DIVIDEND

5 thebe per share

FREE CASH FLOW

up to pula 28.8 mil

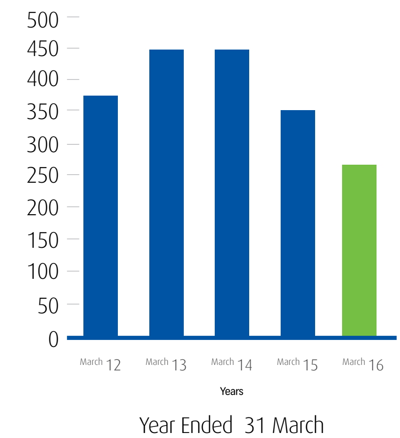
Despite, lower trading results, the entire capex was financed from internally generated cashflows. Our ability to fund future capex remains strong.

SHAREHOLDERS EQUITY

Our balance sheet remain strong without any debt. This together with the established cash resources put the Company in an unprecedented position to finance any future expansion.

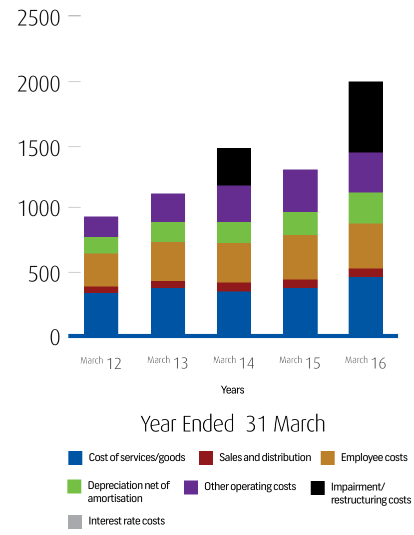
EBIDTA - Net Operating Cash Flow (Earnings Before Interest Depreciation and Taxation

(Pula million)

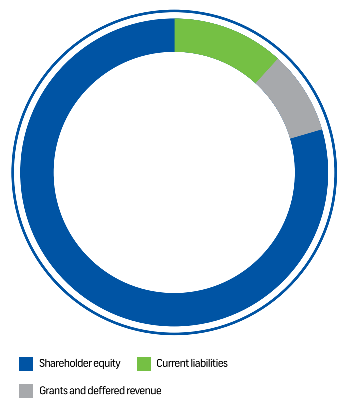


Cost Structure

(Pula million)



Capital Structure



STRATEGIC HIGHLIGHTS

The revenue continued to rise, albeit, marginally. Mobile sector continued to grow at **12.0 per cent** and now accounts for **32.5 per cent** of the overall revenue. We hold a significant market share of the mobile market and poised to grow even further with the implementation of the 4G/LTE network.

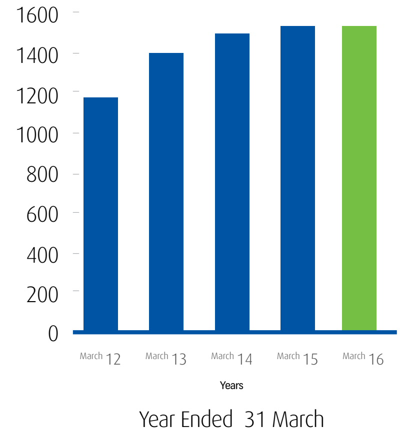
Profit levels are expected to return back to positive territory in the near future.

Against the year just ended, BTCL Board approved a dividend payout of **5 thebe per share** (5 per cent yield on the initial IPO price).

Our partnership with Vodafone was cemented and we expect to achieve significant advantages in the future.

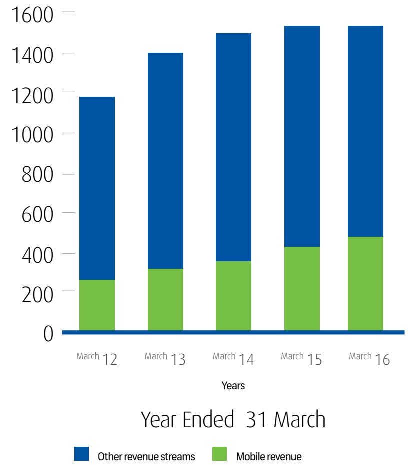
Revenue

(Pula million)



Revenue (Mobile Revenue as part of Total Revenue)

(Pula million)



FINANCIAL HIGHLIGHTS

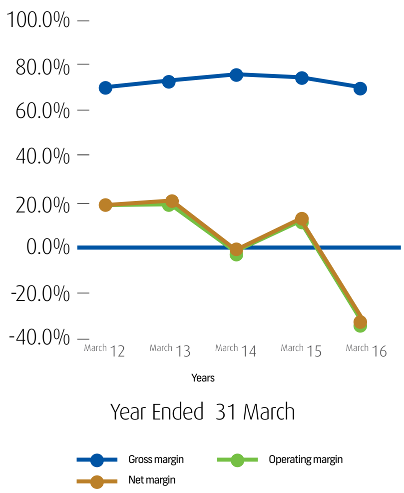
BTCL profit for the year came under presure due to an exception impairment adjustment of **Pula 522.4 million** against its network assets.

Despite the trading results, BTCL continued to generate significant operating cashflows despite stagnant non-mobile revenue streams. The capital expenditure at **Pula 254.6 million** was entirely financed by internally generated cashflows.

The capital structure remained strong with eighty per cent of the total financing coming from shareholders equity. Post IPO (after the financial year-end), the structure has improved further. BTCL is a debt free enterprise. The strong balance sheet facilitates springboarding future investments in networks.

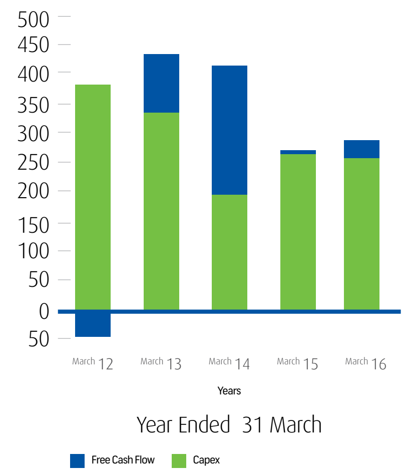
Margins Trend (Gross, Operating and Net Margins)

(Pula million)



Free Cash Flow

(Pula million)



OUR PERFORMANCE

Accountability and Regulation PAGE 8

We are now accountable to more than 50,000 shareholders who parted with their hard earned capital and placed their trust in BTCL

The Strategy Going Forward PAGE 11

Our strategy going forward is to become a customer centric organisation, the delivery of which is embodied in our four strategic pillars

1

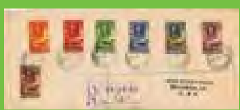
TIMELINE 1870 - 1980

1890

A telegraphic line connecting Mafekeng and Shoshong was commissioned.

1897: The line terminated at Tuli.

1957



Bechuanaland took over the running of postal and telegraphs system from Union of South Africa and Southern Rhodesia. 800 km of new line was installed bringing Tuli Block and Moshupa into the system.

1975

Botswana's telephone system had less than 5,000 direct access lines. 1979: Botswana Government invited Cable and Wireless Limited of London to manage the telecommunications system in Botswana. Cable and Wireless signed a thirteen year management agreement.

1980

BTC was formed through an Act of Parliament from the then Department of Post and Telecommunications Department. At the time of incorporation BTC had 15 electro mechanical exchanges (mostly Strowger Equipment) and an analogue microwave linking Francistown to Lobatse via Gaborone. Staff complement 836.

BTCL's is a story of growth, progress and advancement.

The year under review was one of great transformation and change, as BTCL entered a new chapter in its story, welcoming over fifty thousand new shareholders.

CHAIRPERSON'S REPORT

It is with great pleasure that I welcome you, our new shareholders, to the BTCL investor base. The year 2015/16 was a milestone for BTCL.

Botswana Telecommunications Corporation Limited (BTCL) officially became a public company following a hugely successful Initial Public Offering ("IPO"), which saw more than 50,000 (fifty thousand) Batswana and Batswana owned companies buy a stake in BTCL. This is now your company. The transition from a parastatal culminated in the listing of the company on the Botswana Stock Exchange ("BSE") on 8th April 2016.

BTCL is the first parastatal to be privatised under the Botswana Privatisation Policy. This would not have been possible without the support of my fellow Board members, BTCL management and its employees, the Government of Botswana, our Regulators, advisors, and most importantly you, who are now the new owners of this National heritage. Re a leboga.

Daphne Matlakala
Chairperson of BTCL

NUMBER OF SHAREHOLDERS WHO INVESTED IN THE BTCL SHARES

>50,000

Accountability and Regulation

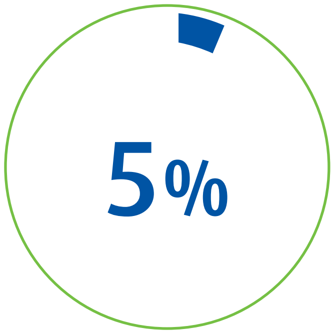
The transition has also ushered us into a new era in terms of regulation and accountability. We are now accountable to the more than 50,000 shareholders who parted with their hard earned capital and placed their trust in BTCL. We do not take this responsibility lightly, and we will do everything in our power to comply and deliver on the promise we made in the Prospectus.

In addition to compliance with the Botswana Communications Regulatory Authority (BOCRA) regulations, we now have to adhere to Botswana Stock Exchange (BSE) Listings Requirements. The requirements, among other, things deal with equal treatment of shareholders, shareholder rights, information disclosures, and corporate governance

The BTCL Board of Directors takes its role of providing guidance, leadership, strategic oversight, and being the overall custodian of the Company’s corporate governance seriously. This is why we are working hard to ensure that our Board has the requisite skills-set to provide the necessary guidance, leadership and oversight to BTCL management as they work to deliver on the Company’s strategy, and enhance shareholder value.

In addition, the Board is bound by its fiduciary duty to always act in good faith and in the best interests of the Company, a sacred duty which it will always honour.

Performance



DIVIDEND YIELD

GROWTH IN REVENUE

REPORTED LOSS

BTCL REGISTERED A LOSS OF

Pula 371 million

PROFIT BEFORE TAX

EXCLUDING THE IMPAIRMENT CHARGE, THE COMPANY REGISTERED A PROFIT BEFORE TAX OF

Pula 54 million

Performance-wise, 2015/16 was a challenging year for the Company. Despite the Company delivering a steady set of results, registering 0.4% growth in revenue, it registered a loss of Pula 371million due to asset impairment.

It is imperative to put the reported loss into perspective. This is not an operational loss; it is a loss resultant from an impairment charge, i.e. an adjustment of the value of the Company's asset base to align it to its value generating ability. At year end, the carrying value of the Company's assets was higher than its value generating ability.

The Company disclosed the need to make this adjustment in the Prospectus; the adjustment was estimated at Pula 306 million for the year, but the actual adjustment at year end was Pula 522 million, resulting in a much higher than expected loss of Pula 371 million compared to the projected loss of Pula 128 million.

Excluding the impairment charge, the Company registered a profit before tax of Pula 54 million. The adjustment was necessary to position the Company for profitability in the future because by making the adjustment now means future profits will not be hit by higher levels of depreciation or significant levels of impairments.

Despite the reported loss, the Board recommended a dividend of 5 thebe per share; representing a dividend yield of 5% on the Company's listing price of Pula 1.00, over 3 months since listing. BTCL is able to pay dividends on the back of cash generated for the year 2015/16 and accumulated profits from previous years. The Company's cash position is very strong, allowing for focused, revenue generating investment going forward.

Risk and Safety

The Board recognises the importance of risk and safety to the Company's performance, sustainability, and ability to deliver on its strategy. To embed safety, risk management and sustainability processes into the daily operations, BTCL introduced an updated Safety, Health, Environment, Community (SHEC) systems and processes, including quantitative risk assessment reviews for major hazards across the Company.

The initiative raised awareness of risk and safety issues within the Company, and for the year 2015/16 BTCL did not record any serious work related accidents, injuries or sickness.

Chairperson's Report
continued

Employees

The Board appreciates the role of employees in delivering the Company's mandate and strategy. The past year has seen the Company undertake a skills gap and skills alignment assessments to make sure it has the right people doing the right jobs at any point in time. As indicated in the Prospectus, BTCL implemented a Performance Management System ("PMS"), which aims to establish a performance based culture through robust measurement of business targets across all divisions.

BTCL has a robust structure led by a highly skilled capable executive team this team is dedicated to meeting and addressing challenges and to position the company as the leading telecommunications service provider in Botswana.

We are on course to fill vacant executive level positions and I can assure you that this is being done according to the Company's approved recruitment procedures, which are transparent. We also continue to conduct the annual employees' satisfaction survey, which helps to gauge if the Company and its employees' expectations are aligned, and whether measures put in place to align them are bearing fruit.

Customers

Customers are the backbone of our success, hence BTCL is increasingly focusing on improving customer satisfaction levels. Though more still needs to be done, recent surveys indicate that there has been considerable improvements in customer satisfaction levels in our retail stores, which are the main service contact points for most of our customers.

To improve our customer satisfaction levels, the Company is working on being more customer centric, and improving quality of service levels. In this regard, the Company has introduced a structured employee training programme to ensure that BTCL customers' experience is always a positive one, resulting in repeat business. Retaining existing business is one of the company's strategic goals.

The Company has also made significant investments in technology to enhance mobile and broadband networks by increasing network capacity and optimising existing network to ensure quick service delivery in terms of turnaround times for new installations and fault resolutions. The network expansion has also created capacity for additional customers, increased coverage and improved quality of service.

BTCL has upgraded its broadband network which has brought stability to the Internet service (ADSL) and is currently deploying new routers in the network for scalability and high availability.

Community

BTCL recognises and embraces its responsibility to contribute to the socioeconomic development of Botswana. In this regard, I am particularly proud of the work of our Foundation, the BTCL Foundation, which continues to plough part of BTCL profits back into communities to meet needs of worthy projects that will impact the community if not the Nation.

The primary focus areas for the Foundation are health and education; followed by sports development, arts and culture, environment and poverty as secondary focus areas.

BTCL through its Corporate Social Responsibility initiatives, supports several projects in the form of donations and sponsorships. For the year under review, BTCL donated over Pula 2.3 million to various charitable organisations. For example, last year, the BTCL Foundation sponsored the World Telecommunications Information and Services Day Commemorations held in Ghanzi. The purpose of the day was to promote policies encouraging the use of ICTs especially within youth and disadvantaged communities. The Foundation donated among other things twenty (20) computers to schools in Ghanzi. The Company will also continue to support Government ICT initiatives. Some of the beneficiaries include the Paralympic Association of Botswana, Francistown Runners club, Realeboga Association of Tonota for the disabled, SOS Children's Village, House of Hope Trust, and Kopano Rehabilitation Foundation, to name a few.

In partnership with Office of the President, the BTCL Foundation refurbished Mokgenene Village Development Committee (VDC) houses to the value of Pula 200,000.00 and contributed to Pula 100,000.00 towards the Matsha Senior Secondary School Accident Fund.

A New Path

Following the listing on the BSE, the company has officially embarked on a new path, with new opportunities and new challenges. We are ready to seize these opportunities, and face these challenges with the same bravado with which we faced previous challenges. It is in seizing opportunities and facing challenges that we have become the resilient and adaptable company that we are today. Beyond our history and experience, we have a road map for traversing this new path, which is encompassed in our strategy going forward.

Funds donated by BTCL to various charitable organisations for the year under review.

Pula 2.3 million

The Strategy Going Forward

Our strategy for 2016 going forward is to become a customer centric organisation, the delivery of which is embodied in our four strategic pillars:

1. Providing the best customer experience in Botswana
2. Aligning and focusing resources on higher value opportunities
3. Implementing a high performance culture
4. Creating and leveraging relationships with Key Partners (Policy Makers, Regulatory Bodies, Suppliers and other Strategic Partners, etc.) to ensure the Company's strategic goals are achieved.

We have established clear lines of accountability for the implementation of our strategy from Board level down. This coupled with our core values of Teamwork, Ownership, Delivery, Simple, Pride and Fun, will ensure we become "Simply the Best" and consequently enable us to return value to all our stakeholders.

Special Thanks to the Outgoing MD

Since the end of the financial year, we saw the departure of Managing Director, Mr Paul Taylor. Mr. Taylor served with distinction and was influential in developing the architecture of the transformation strategy and the privatisation process. On behalf of the Management and the Board I would like to express our most profound and heartfelt gratitude to him for leading the Company through turbulent times.

Mr. Anthony Masunga, who has vast experience in the telecommunications industry with roles ranging from strategy formulation, programme management, product development and business planning, has been appointed to act as Managing Director, whilst arrangements are ongoing to find a substantive Managing Director. It is expected that the Managing Director position would be filled before the end of the financial year.

Future Outlook

BTCL expects its operating environment for the year 2016/17 to be challenging as a result of subdued local and international economic conditions, the impact of the new licensing regime, Over-the-top (OTT) services and network separation. As a result, competition will be intense and prices, particularly for mobile calls, will come under pressure.

Despite these challenges, BTCL expects its revenue to increase, anchored by mobile revenue growth. We expect our primary growth drivers for the next two years to be mobile and data services

The implementation of 4G is expected to catalyse the growth in broadband/data services.

We expect our operating margins to improve and net margins to return to positive territory next year on the backdrop of an aggressive cost reduction programme, robust plan to reduce asset impairment and optimal use of available assets.

Our long-term outlook is positive, the Company is well-resourced and adequately capitalised to remain profitable and deliver long-term value to its shareholders.

Conclusion

We are optimistic about our ability to sustain BTCL's role as the foremost provider of telecommunications services connecting consumers, businesses and Government agencies in Botswana and beyond. We are guided by best practice standards at all times, and committed delivering value to all shareholders.

Finally, I look forward to welcoming you, new Shareholders, to our first public Annual General Meeting.

Yours sincerely,

Daphne Matlakala
Chairperson of BTCL

BOARD OF DIRECTORS

DAPHNE MOTLAGOMANG MATLAKALA

BA Law (University of Botswana and Swaziland), Bachelor of Laws LLB (University of New South Wales, Australia), and Master of Laws LLM (Legislative Drafting) (Edinburgh University, Scotland)

DATE OF APPOINTMENT
Appointed to Board April 2012, appointed Chairperson July 2014

NATIONALITY
Motswana

DIRECTORSHIPS
- Malebeswa Matlakala Legal Consultants
  Business: Law firm providing legal services
  Position: Partner
- Tsela Alliance (Proprietary) Limited
  Business: Investments in immovable property
  Position: Director
- Provenance Holdings (Proprietary) Limited
  Business: Dormant
  Position: Director

Daphne is in private practice. Before that, she was Secretary for Legislative Drafting, as well as Deputy Attorney-General in the Attorney General's Chambers of the Republic of Botswana. During the span of her career, she has developed expertise in, among others, legislative drafting, statute law revision, regulatory matters, international environmental law matters, international water law, public procurement and commercial law.

GERALD NTHEBOLAN

B.Sc (Hons) (Computer Science) (Leicester Polytechnic), and MBA (General) (De Montfort University)

DATE OF APPOINTMENT
Appointed to Board August 2013, re-appointed July 2014, appointed Deputy Board Chairman in July 2014

NATIONALITY
Motswana

DIRECTORSHIPS
- Key Enterprise (Proprietary) Limited
  Business: Dormant
  Position: Director

Gerald is currently the Head of Information Management of Debswana Diamond Company Limited, having held this position from 2007. Prior to this, Gerald fulfilled various positions at Debswana Diamond Company (Proprietary) Limited from 1993 to 2006 and also worked in the Botswana Ministry of Works, Transport and Communication between 1992 and 1993.

ALAN PHEMELO BOSHWAEN

BA (Industrial Relations and Economics) (University of Kent at Canterbury, UK) and MBA (University of Cape Town, RSA)

DATE OF APPOINTMENT
Appointed to Board September 2010, re-appointed September 2013

NATIONALITY
Motswana

DIRECTORSHIPS
- Foxwarren (Proprietary) Limited
  Business: Investment in immovable property
- Bosh Properties (Pty) Ltd
  Business: Dormant
- Botswana Innovation Hub (Pty) Ltd
  Business: Development of science and technology sectors within Botswana
  Position: Chief Executive Officer
- Letshego Financial Services Company Limited
  Business: Financial services

Alan is the Chief Executive Officer of Botswana Innovation Hub (Proprietary) Limited. He is Chairman of the Advisory Board of the University of Botswana's Faculty of Business. Alan has held several senior management positions with various public and private companies over the past 28 years, including Botswana International Financial Services Centre and Barclays Bank of Botswana Limited. His work experience also includes having held the position of Senior Account Relationship Manager at Standard Chartered Bank Botswana Limited and Industrial Relations Officer at De Beers Botswana Limited.

SERTY LEBURU

B. Comm (University of Botswana), Chartered Management Accountant with the Chartered Institute of Management Accountants (UK)

DATE OF APPOINTMENT
Appointed to Board April 2009, re-appointed July 2014, appointed Deputy Board Chairman in July 2014

NATIONALITY
Motswana

DIRECTORSHIPS
- The Touch Holdings (Proprietary) Limited
  Business: Lodging & Recreation
- House of Glam (Proprietary) Limited t/a Camelot Spa
  Business: Leisure & Lifestyle
- Sponsor a Child Trust
  Business:Trust providing for the underprivileged especially children
  Position: Trustee & Treasurer
- Ba-Isago University College
  Business: University Education
  Position: Board Member

Serty is currently Executive Director Botswana Accountancy College. Serty was previously Deputy Chief Executive Officer at Botswana Housing Corporation (BHC), a job she held for almost 3 years. Before joining BHC she was with Standard Chartered Bank for 5 years. At Standard Chartered Bank, she held numerous positions including Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and Chief Operations Officer. Serty has also worked for one of the biggest mining companies in the world, Debswana Diamond Company (Proprietary) Limited, for more than 17 years in varied capacities: as a technical expert, a manager and a leader in the business. Her years of diversified experience, exposure and qualifications allow her to be able to lead, direct, advise and contribute, technically and strategically, to achieve the required goals in any commercial and non-commercial business environment.

Chairperson
Board Member
Independent Member
Executive Member

PROFESSOR REJOICE TSHEKO

B.Sc in Agricultural Engineering (McGill University) and PhD in Agricultural Engineering from the University of Newcastle Upon-Tyne

DATE OF APPOINTMENT
Appointed to Board August 2013, re-appointed July 2014, appointed Deputy Board Chairman in July 2014

NATIONALITY
Motswana

DIRECTORSHIPS
- Aldebo Investment(Proprietary) Limited t/a McGills
  Business: Construction & Retail of Fencing and Water Engineering Materials

Rejoice is currently an Associate Professor in the Department of Agricultural Engineering and Land Planning. He was the Head of Department from 2001 to 2007. He has been a member of the BCA Governing Council and also a member of the WaterSA editorial board (WaterSA is published by the Water Research Commission in RSA). Rejoice's research interest is in digital image processing and remote sensing. His research laboratory receives data through a multi-service dissemination system based on standard Digital Video Broadcast (DVB) and many years of experience dealing with space technology.

CHOICE PITSO

BA (Soc Sciences) (University of Botswana), MSc (Human Resource Management) (University of Manchester)

DATE OF APPOINTMENT
Appointed to Board April 2012 to December 2013, re-appointed July 2014

NATIONALITY
Motswana

Choice is Human Resources Manager at Metropolitan Botswana Limited. Choice has over 15 years cross industry experience as the Head of Human Resources in various organisations including Laurelton Diamonds, Botswana Agricultural Marketing Board and Debswana Mining Company. She specialises in the resolution of organisation design issues resulting in successful delivery of organisational restructuring and staff downsising projects.

KAELO BIKI RADIRA

LLB (University of Botswana)

COMPANY SECRETARY

NATIONALITY
Motswana

Kaelo, an attorney by profession, has been in the corporate world for over 16 years. He has served as a Board Secretary for 15 years in both the banking and telecommunications industries. Prior to BTCL, Kaelo held various executive management roles including leading the credit risk and legal functions of National Development Bank. Kaelo's current role as Company Secretary of BTCL encompasses the following functions: legal, regulatory and competition, corporate communication, investor relations and enterprise risk management portfolios. Furthermore, Kaelo's responsibilities include the development and implementation of policies and strategies to manage BTCL's legal and regulatory affairs, ensuring compliance with regulatory requirements and licence conditions. Kaelo also advises the BTCL Board on legal and regulatory issues.

MANAGING DIRECTOR'S STATEMENT

It is an honour to write to you as the Acting Managing Director of BTCL. Firstly, I would like to acknowledge the contribution and leadership of the former Managing Director, who presided over the entire financial year under review.

The year 2015/16 was a demanding one for Botswana Telecommunications Corporation Limited ("BTCL" or "The Company"), as the company readied itself to officially transition from a parastatal to a public company by way of an Initial Public Offer ("IPO"). The IPO was successfully concluded and the company listed on the Botswana Stock Exchange ("BSE") on the 8th April 2016.

Anthony Masunga
Managing Director (Acting)

INCREASE IN COSTS

Total operational costs increased by

10.6%

to Pula 1.49 billion from Pula 1.35 billion during the year.

STRONG LIQUIDITY

The Company continues to remain cash positive with strong liquidity indicators; current ratio is at

4.2 times

INCREASE IN REVENUE

A 0.4% INCREASE IN REVENUE TO

Pula 1.512 billion

Financial Performance Overview

The Company reported a loss of Pula 371 million for the year as a result of a Pula 522 million impairment charge. Excluding the impairment, the company registered an operating profit before tax of Pula 54 million.

Revenue increased 0.4% to Pula 1.512 billion from Pula 1.506 billion in the previous year. The growth in revenue for the year was driven by a 12% increase in mobile revenue and 62% increase in Customer Premises Equipment.

Total costs increased by 10.6% to Pula 1.49 billion from Pula 1.35 billion in the previous year. The increase in costs was due to accelerated depreciation of network assets and an increase in mobile handset subsidy.

Managing Director's Statement
continued

The Company continues to remain cash positive with strong liquidity indicators; current ratio is at 4.2, cash and cash equivalents increased by Pula 33 million during the year from Pula 366 million in 2015 to Pula 390 million in 2016. A further Pula 250 million injection from the IPO was received after year end. The Company's cash position is therefore sufficient to finance future operating requirements, anticipated capital expenditure and dividend payments.

Dividends

The Board of Directors declared a dividend of 5 thebe per share for the year, a 5% dividend yield on listing price. The company is developing a dividend policy to be approved by the Board, the goal is to pay as much of the profit for the year after satisfying the Corporation's operating requirements.

BTCL has been able to pay dividends on the back of significant accumulated profits from previous years, and the company has no debt. This puts the Company in a strong position for growth going forward.

Market Performance

BTCL remains the only provider of both fixed and mobile telecommunication services in the country. The Company's fixed voice business has remained stable despite the prevalent use of mobile telecommunication services. There are currently more than 161,000 fixed voice lines in the country, 44% of which are business and the rest residential. Most of the revenue from this line of business is from corporates, compared to residential lines which are highly subsidised and offered at below cost. National mobile penetration level is more than 100%. BTCL through its mobile network provider beMOBILE as a third entrant into the market already has 17% in terms of market share. Currently BTCL's Average Revenue Per User (ARPU) for mobile is estimated at Pula 89.00 against the industry standard of Pula 78.00. BTCL continues its efforts to increase its market share despite a competitive market environment.

Customer retention

The Company has put in place customer retention and loyalty programmes to reduce the churn rate which averages 8%. These include;

1. Improvement of customer touch points
2. Network quality enhancement
3. Call centre upgrade
4. Improvement of key account management process for high value clients
5. Diversifying and enriching product portfolio(e.g. beFREE+ and other targeted incentives)

Network Expansion and Infrastructure Development

We currently have fifty-six (56) 2G sites and eighty-one (81) 3G sites across the country. Plans are in place to roll out an additional forty-one (41) 2G and seventy (70) 3G sites next year.

A Pula 90 Million investment is planned for 105 sites for 4G/LTE Mobile roll out and further 3G roll-out to semi-urban areas during the 2016/17 financial year. Currently eight (8) 4G sites have been commissioned in Gaborone and a limited number of users have been migrated to 4G services, on a soft-launch basis, pending a full commercial launch. The 4G network will enable our customers to experience fast broadband and mobile data offerings.

Further investments and upgrades to facilitate high speed broadband access are on-going in support of Government National Broadband Strategy and implementation of the Maitlamo ICT policy.

We continue to enhance our mobile network coverage whilst solidifying the existing fixed line customer base with a focus on improved customer experience. To that effect the Company this year made significant investments in technology to the value of Pula 278 million. Our investment into optimizing our network is intended to increase its speed and capability and to ensure we can obtain the maximum potential performance from a network that is reliable and available all the time.

There are currently more than
161,000 fixed voice lines
in the country, 44% of which are business and the rest residential.

A Pula 90 Million investment is planned for 4G/LTE Mobile roll out and further 3G roll-out to semi-urban areas during the 2016/17 fiscal year.

Performance Against Targets

The Company's performance for the year 2015/16 against key performance indicators is shown below.

Objectives	Baseline Performance	2015/16 Target Performance	2015/16 Actual	Remedies for target performance short fall going forward
Mobile Market Share by Revenue	14%	18%	15%	Targeted marketing and customer retention initiatives
Revenues from Data	19%	20%	20%	
Data Revenues from FMC Products & Services	4%	5%	4%	Targeted promotions and network revamp
Deliver Shareholder Value	Return on Capital Employed (ROCE) =14%	7%	6%	Optimal use of assets and cost reduction
	Profit after Tax (PAT) = Pula 134 million	Pula 150 million	(Pula 1 million)	Profit declined on once-off extraordinary items which are not expected in the next financial year.
Build and Improve customer satisfaction Index	66.40%	70%	64%	Focus on improving customer experience through training, improved processes and product offering.
Improved Operational Efficiency Reduced Infrastructure Costs	Network & Systems Operating Cost as a % of Revenues = 17%	9%	16%	Reprioritisation of systems/automation programme
Improve employee engagement	Employee Engagement Index 2014/15 = 3.1	2015/16 = 3.3	2.87	Realign organisation structure and culture to revised corporate strategy and talent management projects.

Managing Director's Statement
continued

Transformation and Strategy

Transformation

The asset separation exercise following the establishment of Botswana Fibre Networks (BoFiNet) changed BTCL's business model. In preparation for the new operating environment, a regulatory regime that worked to stimulate the ICT landscape, an impending privatisation, and strong traditional and non-traditional competition, the company had to change the way it does business and adopt a transformational posture.

The vehicle for the transformation was aptly labelled the "Accelerating Change" Programme; a business transformation programme designed to ensure BTCL will meet its strategic objectives in an ever-changing, fast-moving business environment. The programme focused on addressing processes, systems, and organisation and inculcation of a high performance culture. As a result of this programme, a new fixed-mobile convergent organisational structure was implemented, bringing the BTCL family under one roof; replacing the previous three business units (namely beMOBILE, BTC, and Botsnet). This rationalization improved organizational efficiency and also had the effect of controlling costs. The BTCL cost structure is expected to improve over the coming years, with cost savings coming from rationalisation of the IT estate, networks, improved supply chain, internal processes and optimisation of capital expenditure.

Strategy

The Company undertook an exercise to assess its products, services, and processes in the context of the new business enviroment. Extensive stakeholder engagement was undertaken to ensure that the revised strategy met the needs of the market.

I am happy to announce that BTCL has refocused its strategy for 2016 onwards with the goal of becoming a customer centric organisation. We are working very hard to improve customer trust and our customer's experiences. To achieve this we are focusing on listening and responding to our customers. Company wise we are entrenching a high performance customer centric culture whilst delivering improved operational efficiencies and effectiveness.

To deliver on its strategy, BTCL has identified five key objectives, and plans to achieve them as follows:

1 Improvement of customer service	2 Mobile business growth	3 Data and broadband growth	4 Cost optimisation	5 Return on assets
• Launch Converged Brand • Roll out customer experience strategy	• Launch 4G/LTE based services • Enrich our product portfolio	• Improvement of our fixed broadband network • Leverage network partners	• Introduce a cost reduction plan to reduce costs	• Introduce an asset optimisation plan (real estate, decommission old equipment, etc.)

It is also worth noting that we now offer all BTCL products and services from one (single) point of contact at any of our service centres countrywide. As we pursue our journey to offer a seamless exprience to our customers, plans are at an advanced stage to offer fully converged billing and provisioning for all BTCL related services and products.

Other Developments

Partnerships

The partnership agreement which was signed last year between BTCL and Vodafone of the United Kingdom is expected to yield results in the short to long term. Some of the expected benefits include technology sharing, procurement, knowledge sharing, product launching and an opportunity to develop and train BTCL staff through secondments to Vodafone among others. Some of the benefits from the partnership thus far include:

1. Significant procurement savings due to economies of scale on bulk purchasing from international companies.
2. By connecting its network to the Vodafone global network, BTCL roaming footprint now reaches over 130 countries allowing BTCL customers to enjoy better quality service and greater reach the world over.
3. BTCL is now interconnected with Vodafone for international voice traffic with savings expected in the financial year 2016/17.
4. Vodafone is assisting BTCL with preparations for a full 4G launch in Quarter 3 of 2016/17.
5. Vodafone is assisting BTCL with the design and delivery of a new generation of retail outlets that will support the new BTCL brand launch.

BTCL has continued to engage with BoFiNet as one its largest suppliers with the aim of cultivating a mutually beneficial relationship which will result in improved service efficiencies, enhanced BTCL customer experience and reduce service costs to the end user. BTCL has since seen a notable improvement in service delivery turnaround times and some costs saving. The Company expects more costs saving as it continues to explore ways to further leverage on the BoFiNet fibre network assets.

Local Regulatory Environment

1. **Unified Licensing Framework**
   The regulator has introduced a new licensing framework for the Botswana market and the migration process to the new structure is expected to commence from September 2015 until February 2017. The risk to the business is that competition may intensify with more niche players such as mobile virtual network operators (MVNOs) and tower management services coming into the market.

2. **Development of Cost Models and Pricing Framework**
   BOCRA commissioned a study for the Development of Cost Models and Pricing Framework for ICT Services in Botswana. The framework will further provide clarity and direction on pricing for certain products in the market.

3. **Implications of Over-the-top (OTT) Services**
   BOCRA is also conducting a study on the extent of implications of Over-the-top (OTT) services on the business operations of all operators. The study is a "fact finding" exercise on how to best address the proliferation of OTTs, and the results shall provide direction to the market.

Future Prospects

The Company has a solid strategy going forward underpinned by a history of consistently returning great value to shareholders. BTCL projects to post positive sets of results from a combination of revenue growth and robust cost management strategies.

The Company's fixed and wholesale revenue are expected to stabilise following the slowing down of the recent huge price decreases. Mobile and broadband (fixed and mobile) data services are expected to continue to anchor growth in the short-to-long term. The Company has embraced the need to stringently manage costs, as revenue growth continues to come under pressure, so as to sustain profitability levels.

We have streamlined our customer touchpoints, back and front office systems and processes to enhance operational efficiencies with which we serve the customers.

Furthermore BTCL structures and fundamentals are robust. BTCL is now more agile than any time before to deal with the challenges ahead.

Stakeholders should take solace in the fact that as a consistently profitable company BTCL will continue to implement its growth strategy as well as capitalise on its unique positioning in the market to deliver long-term value to shareholders.

Conclusion

We operate in a competitive and challenging market environment, but for us it is an opportunity to use technology in innovative ways, and to build on our platforms to create value for all our stakeholders.

Thank you to our employees, executive team and our Board for the very significant role they have played in BTCL's transformational journey thus far.

Anthony Masunga
Managing Director (Acting)

EXECUTIVE MANAGEMENT

ANTHONY MASUNGA

Managing Director (Acting)

Anthony has been in the IT and telecommunications industry for over 18 years. He has worked in various portfolios and programmes where his roles ranged from business leadership, commercial leadership, business strategy development, programme management, product development, technology innovation and strategy development, to business planning. As Managing Director (Acting), Anthony is responsible for supporting the delivery of the BTCL business strategy within a framework agreed by the BTCL Board and ensuring creation and delivery of shareholder value.

BOITUMELO MASOKO

General Manager: Sales

Boitumelo's key role is to contribute to the delivery of the Shareholder value for BTCL through revenue generation by driving acquisition of high value customers and retention of the Retail customers. The retail business which she heads contributes over 70% of the BTCL total revenue. She manages a strong team of Account Managers, Sales Engineers and Bid Specialists, BTCL stores front line staff who provide sales and customer care to retail customer including Government, Corporates, SME and SOHO customers for mobile and fixed products and services. Boitumelo is also responsible for production and distribution of the BTCL telephone directory.

GOITSEONE TSHIAMISO

General Manager: Customer Care (Acting)

Goitseone's role as General Manager Customer care is to provide professional customer care inputs to the creation and maintenance of a BTCL strategy. This aims to create and deliver shareholder value, direct BTCL's customer activities within an agreed framework, meeting targets for return on investment, profitability and customer satisfaction. The division comprises Post Sales Services, Billing & Collections Management, Contact Centre and Integrated Channel Management.

PILOT YANE

General Manager: Marketing (Acting)

Pilot is currently charged with accelerating the transformation of BTCL's marketing function into a customer focused, innovative and effective delivery engine that supports revenue generation and the existing customer satisfaction efforts of BTCL. He is currently leading the BTCL rebranding exercise that is meant to usher in a single BTCL brand that will drive the Fixed Mobile Convergence vision of the Company.

MOKGETHI NYATSENG

General Manager: Wholesale

Mokgethi's role as General Manager Wholesale includes leading a team of senior managers in creating a viable BTCL Wholesale business strategy which delivers customer satisfaction, and creating and maintaining a comprehensive business strategy for BTCL Wholesale that will contribute to the delivery of shareholder value for BTCL.

THABO NKALA

General Manager: Technology

As General Manager Technology, Thabo's role includes designing, acquiring, adapting and implementing appropriate network and IT related technologies to support the strategic business objectives of BTCL. He is also responsible for developing policies and directives that enable the efficient and effective Technology divisional operations. Thabo directs BTCL's technical operations within the framework of an agreed business strategy to meet operational targets for service quality and reliability, customer satisfaction and financial performance through 7 departments. These include: Technology Planning, Network Build, Core Network Operations, Access Network Operations, Network Performance, IT Services and Mobile Network Operations.

Executive Management
continued

CHRISTOPHER DISWAI

General Manager: Strategy

In his current role as General Manager Strategy, Christopher is responsible for leading the overall BTCL strategic planning and delivery function. He is responsible for driving efficiency and performance improvement through the development of robust strategic, corporate and business plans. This includes the delivery of the ongoing Accelerating Change programme. BTCL's Strategy Division consists of Business and Commercial Strategy, Service and Technology Strategy, Knowledge Management, and the Corporate Programme Management Office.

MASEGO PIGEON NDWAPI

General Manager: Human Resources (Acting)

Prior to this appointment Masego was Head of Department - HR Strategy and Policy responsible for the provision of professional advice and inputs to the creation and maintenance of a BTCL HR strategy that will deliver shareholder value, as well as developing a framework of policies which clearly defines all human resources management and organisation development management interventions within BTCL. During this period, she acted as Group General Manager Corporate Affairs and successfully led the organisational readiness project, a major change initiative that was a precursor to the BTCL fixed mobile convergence structure deployment.

ABEL BOGATSU

General Manager: Finance

As General Manager Finance, Abel's duties includes providing professional finance inputs to the creation and maintenance of the BTCL business strategy, to direct BTCL's financial management within the framework of an agreed business strategy and to meet operational targets for return on investment, profitability and customer satisfaction. Abel's current role incorporates finance controller, treasury and cash management, budget planning and analysis, asset management, revenue assurance and fraud management.

SAME READ KGOSIEMANG

General Manager: Internal Audit

Same is a Chartered Management Accountant and has held various senior management positions at Water Utilities Corporation, Local Enterprise Authority and now at BTCL. He has acquired a wealth of experience in the fields of Internal Audit, Risk Management, Finance, Human Resources, IT and SHE.

As General Manager Internal Audit, Same's key role is to ensure that BTCL achieves its strategic objectives through independent and objective assurance and consulting activities carried out by the internal audit department, which evaluates and improves the effectiveness of risk management, control and governance processes.

KAELO RADIRA

Company Secretary

Kaelo's current role as Company Secretary of BTCL encompasses the functions of legal, regulatory and competition, corporate communication, investor relations and enterprise risk management portfolios. Furthermore, Kaelo's responsibilities include the development and implementation of policies and strategies to manage BTCL's legal and regulatory affairs, ensuring compliance with regulatory requirements and licence conditions. Kaelo also advises the BTCL Board on legal and regulatory issues.

OUR STRATEGY AND BUSINESS REVIEW

BTCL is a licensed PTO with the authority to offer services connected to public telecommunications. Presently, BTCL is one of Botswana's leading providers of information and communications technologies offering a wide range of services across its mobile and fixed networks.

The strategic direction mapped by BTCL takes a clear-eyed view of the prevailing ICT landscape and intends to leverage its position in the market as a home-grown organisation, and as the only fixed and mobile line operator in the country.

TIMELINE 1870 - 1980

1981

The Earth Station was commissioned in 1980 connecting Botswana to overseas directly. A new Telex exchange was also commissioned. BTC makes a loss of Pula 5.2 million.

1986: Installation of automatic Public Payphones commissioned. A new link to South Africa was also commissioned.

1987: MDP I completed, bringing digital technology to Botswana for the first time. International Direct Dialing was introduced. Telephone access lines grow to 11,700.

1988: Corporation records first year of profit – Pula 5.5 million. Telephone access lines increase to 14,600.

1989: BTC wipes out all previous losses. Declares and pays a dividend to the Government of Botswana.

1990: First ever dividend of Pula 3.5 million paid to Government of Botswana. Access lines jumps to 23,000.

1991: Main Development Programme linking Maun, Kasane and Ghanzi to the main communications network completed. Ghanzi receives the first automatic telephone service for the first time.

We are confident in where we want to go and how we will get there.

BTCL is guided by a firmly entrenched strategy, in line with the Vision of the business. Great strides continue to be made in line with the strategy as we work to deliver on our mandate.

1991

BTCL BUSINESS STORY - What BTCL stands for

OUR VALUES

TEAMWORK	We are one team; the success of one is the success of all.
SIMPLE	We are easy to do business with. We take complicated things and make them easy to understand and act upon.
OWNERSHIP	We take responsibility. It is our problem to solve until someone else on the team accepts it as theirs. We respect deadlines and ensure that our customer whether internal or external, is aware we are "on their case".
DELIVERY	We get things done. Within the bounds of reasonable risk and relevant governance, we take action on our own initiative and use our knowledge, skills and judgment to resolve challenges.
PRIDE	We take pride in what we do, who we work with, and who we work for.
FUN	We have fun... a happy team makes for happy customers.

OUR MISSION

We delight our customers...

...by providing world-class communication, information and content services.

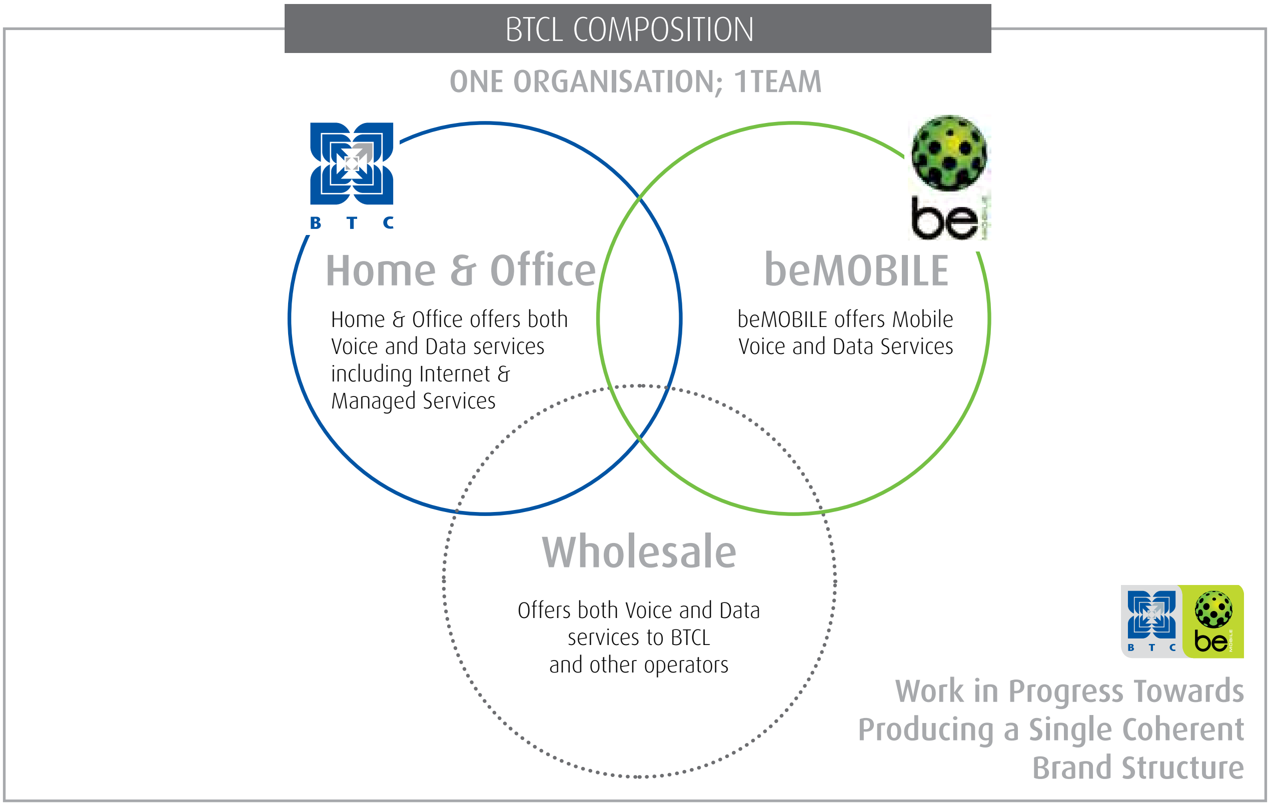
OUR VISION

Simply the Best...

Business Review
continued

Current Operations

BTCL is a licensed PTO with the authority to offer services connected to public telecommunications. Presently BTCL is one of Botswana's leading providers of information and communications technologies, offering a wide range of services across its mobile and fixed networks. These services include voice telephony, data services, virtual private networks, national and international directory services, and customer premises equipment to residential, Government and business customers. Furthermore, BTCL offers wholesale services to other retailers and carriers.



Competitive Advantages of BTCL

BTCL has the following strengths and competencies:

1. Strong brand recognition and perception
2. Lowest mobile tariff
3. Widest mobile footprint and coverage
4. Leading fixed line operations consisting of extensive copper networks
5. Strategic partnership with Vodafone
6. Skilled workforce
7. Sound financial discipline and management
8. Stable stakeholder relations

Against this, it is mindful of the difficulties and challenges it faces mainly the increased competition in a relatively small market.

SOME OF THE KEY ISSUES WE FACED AND HOW WE ARE RESPONDING

Where Does BTCL Want to Go and How Does it Intend to Get There

The strategic direction mapped by BTCL takes a clear-eyed view of the prevailing ICT landscape and intends to leverage its position in the market as a home-grown organization, and as the only fixed and mobile line operator in the country. Furthermore, with the market place as saturated as it is, BTCL plans to differentiate its value proposition, by putting the customer at the centre of its operations. Moreover, to deliver value, partnerships that contribute to BTCL taking a significant leap forward, will be exploited.

KEY ISSUE	RESPONSE
Customer Service Culture BTCL is struggling with customer service in most of aspects like go to market, issues resolutions, order management, Quality of Service etc. This is mostly because of the big structure, long processes and/or slow decision making.	The strategies put in place were High Performance Culture (HPC) and Change Management. The HPC Strategy aims to establish an ideal culture in the transformation of BTCL's to a "High Performance Organisation". The Change Management Strategy, on the other hand, strengthens change management competency within BTCL, and prepares the organisation to effectively manage the myriad of changes that are released into the system. This helps the organisation realise the benefits of the changes, and achieve its long term strategic goals.
Brand Management BTCL has been operating its businesses with different brands. The mobile has its own brand (beMobile) and the fixed side has its own brand also which is BTCL. This has been confusing to our customers and even internal employees.	The Brand Strategy was developed during the 2015/16 financial year and is at implementation stage. The new brand will not only position BTCL to stand out above the competition but will also bring BTCL's competitive positioning to life, as a market leader in the telecommunications space. Currently, BTCL is operating both fixed-line and mobile networks. This separation has affected BTCL's ability of offer fixed-mobile convergent products. Consequently, fixed-line services and wireless services are offered through separate channels. BTCL aims to realise a Fixed Mobile Convergence (FMC) network, where both fixed and wireless services will be accessible through one channel, and the rationalisation of the billing platform, will allow customers to receive one bill for all services consumed with BTCL. This includes a number of services delivered through mobile or fixed-line devices, whether it is a fax machine, mobile phone, a personal digital assistant or a handheld gaming device, etc.

Business Review
continued

Some of the key issues we faced and how we are responding (continued)

KEY ISSUE	RESPONSE
Process Automation Because our systems are not integrated most of our processes are at high level and this has made it difficult to automate most of our processes.	Following a review of the strategy in the third quarter of 2015/16, a simplified and succinct version of the strategy is being implemented. The strategy focuses BTCL's operational efforts on "customer centricity" - 'whatever we do, we do to benefit the customer'. BTCL is operating a fixed telephony networks as well as a mobile phone networks and has decided to adopt and implement a Fixed-Mobile Convergence (FMC) strategy. BTCL will maximise market share as households and companies increase their spending and new customers take up the new products thereby reducing churn. Convergence of client-related operations - customer-related processes (marketing, sales, activation and provisioning, and customer care) has already been achieved. Once convergence of the back - end services - such as integration in, for example, networks, systems, platforms, and content rights has happened, BTCL will work towards consolidating the customer bases by moving clients from fixed only bundles and mobile only contracts to FMC packages.
Technology Upgrading Consumers and businesses are more demanding, expecting always-on services everywhere, forcing operators to boost network capacity and connectivity. Industries are becoming increasingly digitised, demanding new services like mobile payment platforms and cloud computing. Fixed & Mobile Technologies also continue to increase in capability with FTTx & GFAST, LTE and 5G technologies, etc.	Our quest towards improving customer satisfaction starts with improved customer experience when using our network and systems. The mobile network expansion project is in progress. The project is aimed at introducing 100 x Fourth Generation 4G/4LTE sites, by November 2016, and a further 22 sites, composing a combination of 3G and 4G technologies by March 2017. These latest technologies shall further help drive our data reach even further; leveraging the high growth trends of smart device usage. Upgrade of our fixed data network (ADSL) is being progressed, following an extensive audit of the network. Already some of the recommendations from the assessment are being implemented. This is a long term programme, delivered in phases, which is aimed to be complete by end of 2017/18.

KEY STRATEGIES ADOPTED BY BTCL IN 2015/16

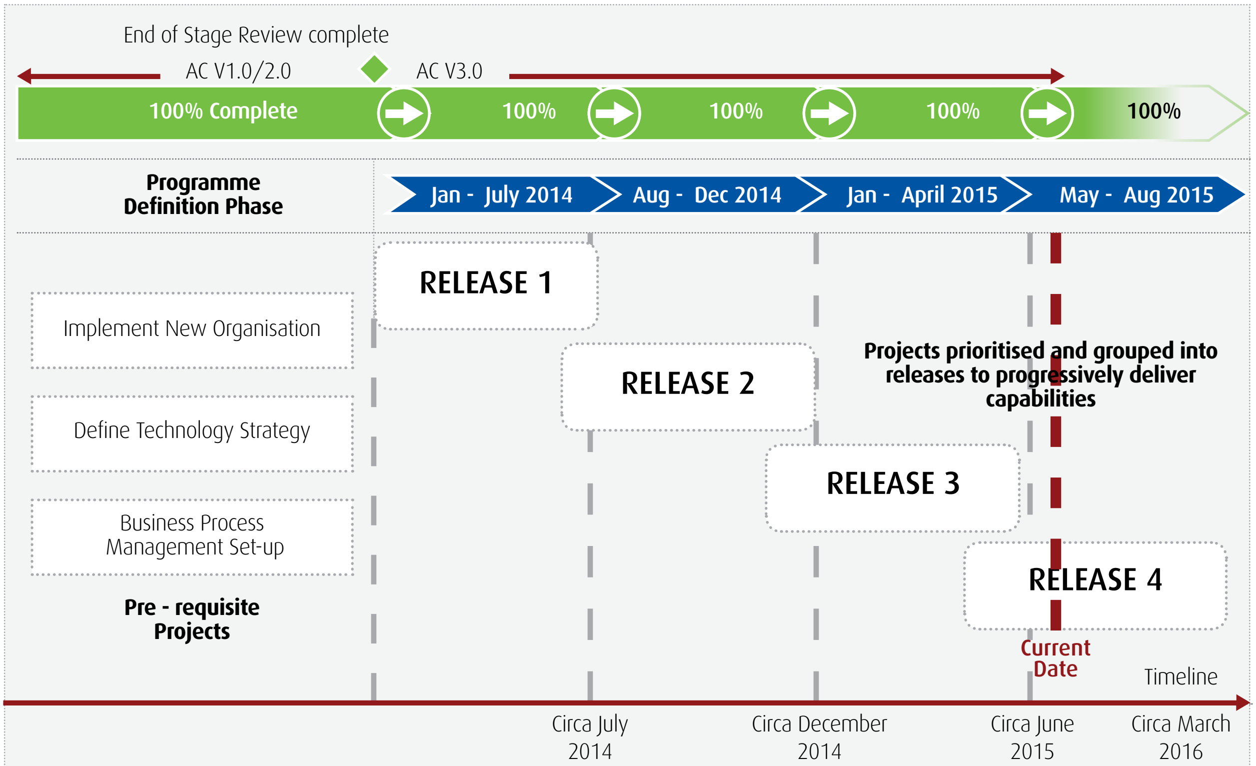
Strategic Partnership

BTCL has a strategic partnership with Vodafone. The partnership will help BTCL in the areas of innovation, procurement, carrier services and roaming. In the second year, the partnership will continue to deliver on existing programmes and also expand the scope to other areas like financial reporting, cost management, customer value management, strengthen integration between Finance and Procurement and deliver BTCL much awaited LTE project. Vodafone has continued to share vast amounts of knowledge with BTCL staff through benchmarking and conferencing to interact and share strategies and experiences with a view towards building a stronger operation in our market.

Accelerating Change (AC)

The Accelerating Change initiative is a business transformation programme that has focused BTCL's transformation efforts over the last three years. The scope of the transformation is large and covers organisational change, system implementation and process re-engineering. The AC programme is closely aligned with the BTCL strategic objectives and is pivotal in its future success; driving fixed mobile convergence.

The Programme has a roadmap that covers project activities required in each of the business verticals. These are work streams with a General Manager sponsor and a programme / project team working with the teams to ensure delivery of the required outcomes. The scale and scope of the programme touches many parts of the business, so a phased approach has had to be adopted to support the implementation.



Business Review
continued

RELEASE 4 DELIVERABLES AND UPDATES UNDER ACCELERATING CHANGE PROGRAMME

The key activities that are covered under the programmes are summarised below.

INTRODUCING DEMAND MANAGEMENT SYSTEM

BTCL successfully introduced a new tool called the Demand Management System. This is a system used to capture business demands from employees. The project was born from being one of the Accelerating Change projects focused on achieving automation of processes. The objective of the project was to develop an operating model and a supporting system that allows technology to register demands, prioritise them and assign relevant projects and personnel enabling them to track the implementation process. The benefits of the system include formalised coordination between different business units and faster implementation of network initiatives, he explained.

SUBEX

Revenue and fraud leakage reporting; new managed service to reduce costs and leakage.

SYSPRO DEPLOYMENT

Deployment of S7 delivering improved reporting to finance, logistics and warehouse. Asset registry improving operations and management, making us a healthier efficient company.

SALES FORCE

Approval to procure sales force opportunity management system, improving the customer experience.

SOFT EXPERT BUSINESS PROCESS MANAGEMENT

Process automation on key sales journeys & processes automated and 93 people trained

HIPERFORMANCE CULTURE

Training of project managers and managers on the importance of change management principles and building it into plans for successful implementation.

The asset audit has been completed so Finance are now preparing for the asset disposal auction.

In release 3: We launched the Enhanced Training Capability using an e –learning product called Cornerstone, We launched the Enhanced Training Capability using an e – learning product called Cornerstone. The team helping us to implement the solution is company called Kaello, experts in e-Learning and talent Management. The system will deliver cost effective training to BTCL employees, allowing access to more training to help empower and develop the workforce. We have trained internal administrators to create training material that can be delivered over the network, allowing users to do training when then want to do it. The savings to the business are immense, reducing time and costs running traditional classroom led training.

Implementing IBM single sign on solution for improved efficiency and security on the BTCL systems estate.

ANALYSIS

Analysis from staff and customers has been shared with executives and HODs and the agency is formulating the BTCL brand.

BTCL REBRANDING

Analysis from staff and customers has been shared with executives and HODs and the agency is formulating the BTCL brand.

VODAPHONE

The Vodafone partnership has identified procurement opportunities that will optimise costs and drive more value

THE ENHANCED TRAINING CAPABILITY

(e-Learning, Learning Management system)

The internal content that is available now is: Product awareness and Technical training, to improve our customer satisfaction. We also have Microsoft EXCEL training modules, with more to follow. Some of the other content we will be delivering is Microsoft Office Word, PowerPoint and Visio, as well as in-house material on regulatory matters. One major piece of content is Project Awareness which we are looking to integrate to improve our project management skills base

GOING FORWARD - THE STRATEGY

The BTCL Strategy 2016 onwards is to become a more customer centric organisation by:

- Providing superior customer experience;
- Aligning and focusing resources on higher value opportunities;
- Transforming into a high performance culture organisation; and
- Creating and leveraging relationships with key partners to ensure the Company's strategic goals are achieved.

Superior Customer Experience

BTCL recognises that it is essential to raise our current customer satisfaction levels. This will help us retain our existing customers and provide a compelling reason for new customers to join us.

Our quest towards improving customer satisfaction starts with improved customer experience when using our network and systems. The mobile network expansion project is in progress. The project is aimed at introducing 100 x Fourth Generation 4G/4LTE sites, by November 2016 and a further 22 sites, composing a combination of 3G and 4G technologies by March 2017. These latest technologies shall further help drive our data reach even further, leveraging the high growth trends of smart device usage.

Upgrade of our fixed data network (ADSL) is being progressed, following an extensive audit of the network. Some of the recommendations from the assessment are already being implemented. This is a long term programme, delivered in phases, which is aimed to be complete by end of 2017/18.

We are currently implementing a new converged billing platform, aimed at improving services, packaging of our products and services and of course bill delivery to our customers. This shall also ensure elimination of multiple bills for customers consuming multiple products from BTCL. The BTCL brand is being consolidated from the current two (beMOBILE and BTCL), into one unified brand and logos. We aim to go to market with one consolidated brand, by the end of the calendar year.

Business Review
continued

Going Forward - The Strategy (continued)

High Value Opportunities

In order for BTCL to maximise its return to stakeholders, it needs to prioritise its resources on a few higher value opportunities, to ensure it can execute and meet its financial objectives

We continue to invest in our Wholesale business, focusing on strengthening our Voice and Data offerings. Through leveraging our partnership with Vodafone, we continue to grow our Wholesale business. Today, we transit our international voice through the Vodafone Carrier Services network, with other international carrier services planned for launch before year end.

We are also working on enhancing our roaming footprint and customer experience, particularly with other Vodafone operator and partner networks. With the commissioning of the new converged billing system in June 2017, we will then be in a position to go to market with smartly bundled combinations of high-speed mobile and fixed Voice and Data services.

Impairment has negatively impacted the financial position of the Company in the past years. Part of our strategic focus is in increased focus on optimising and sweating the current asset base, to improve the financial performance ratios.

This is being done through a combination of initiatives, including the disposal of those assets not returning optimal value.

A High Performance Culture

As market conditions change, BTCL has recognised it needs to focus on building a high performance culture where speed, execution and results are measured and rewarded.

The High Performance Culture (HPC) programme initiated in 2014/15 to instil a sense of urgency, ownership and an accountability culture within the organisation is entering its third phase of delivery. The HPC programme is central towards improving our service delivery and customer focus, both internal and external. The HPC strategy is in place. Training on change management around programme and project delivery has been delivered to over 100 employees and is now being sustained. The current phase is focusing on rolling out the HPC behaviours.

Key Relationships and Partnerships

BTCL will continue playing an active role, working with Government and the Regulator, to shape the future of the telecoms industry and market in Botswana.

BTCL will leverage the experience and capabilities of key partners to create the best customer experience. Under the terms of the partner market agreement, Vodafone and BTCL cooperate in the development and marketing of certain services, under brand endorsement arrangements. Vodafone's partner market strategy enables it to implement its global reach strategy in new territories, without the need for equity investment.

BTCL WHOLESALE

WHO WE ARE

BTCL wholesale one of the leading wholesaler in Botswana. Formally created in 2008 to serve the reseller segment in the telecommunications market, BTCL has over 16 years' experience and prides itself with in-depth knowledge of the wholesale market, both locally and internationally.

OUR PEOPLE

With a small staff complement of 25, our success lies in our ability to intimately work together, play together and always be ready to serve as one team.

Backed up by the BTCL support teams, various experts in the telecommunication and ICT fields, BTCLW team offers state of the art, fit for purpose solutions to better serve our customers and partners.

OUR WHOLESALE BUSINESS

What we do

- We serve those who serve consumers
- We have built strategic partnerships with international service providers to offer the best ICT products and services
- Voice, broadband and data connectivity is what we specialise in, providing opportunities for the people we serve and you, as the end customers, to access and connect

Who we serve

- BTCLW provides a platform for resellers to offer end customers innovative and profitable solutions that meet their needs
- With our effective equal communication policy, we aim to treat all our wholesale customers equally and fairly

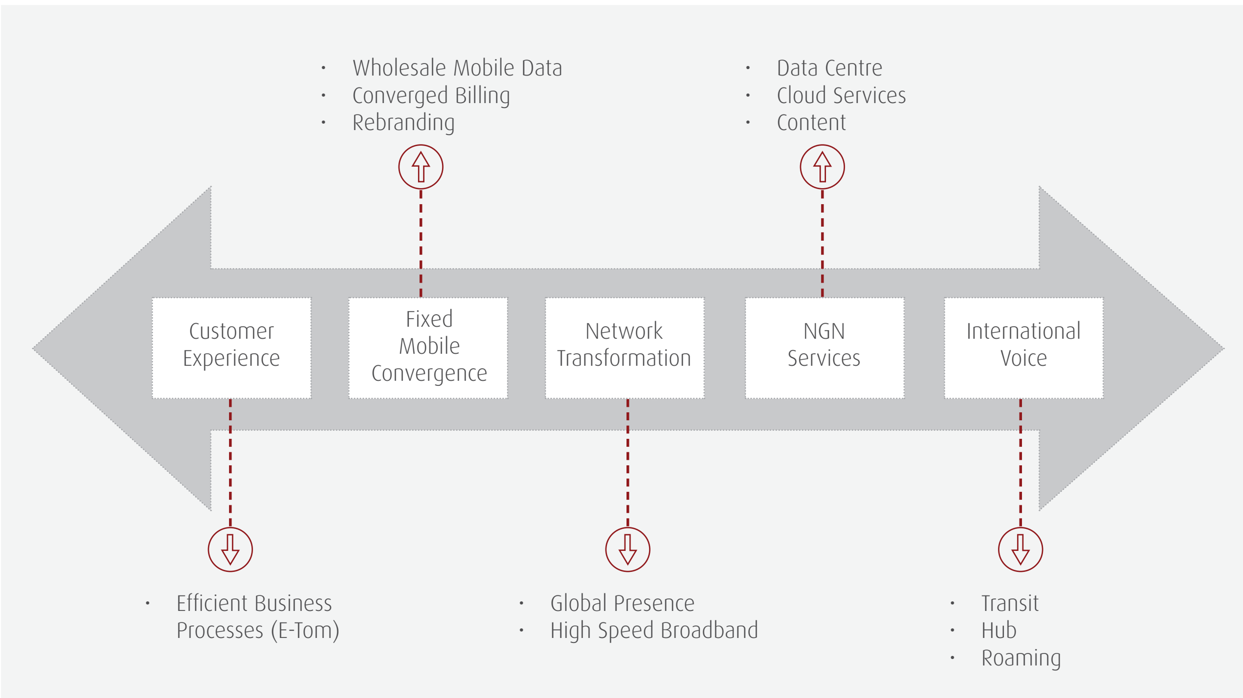
Our Intent

Moving from the old technology driven to the new customer driven BTCLW, our intent is to:

- Be easy to do business with
- Be flexible in our solutions
- Provide sustainable solutions
- Ensure convenience an agility
- Give greater coverage through our extensive network and partners

Sponsorship & Social Responsibility

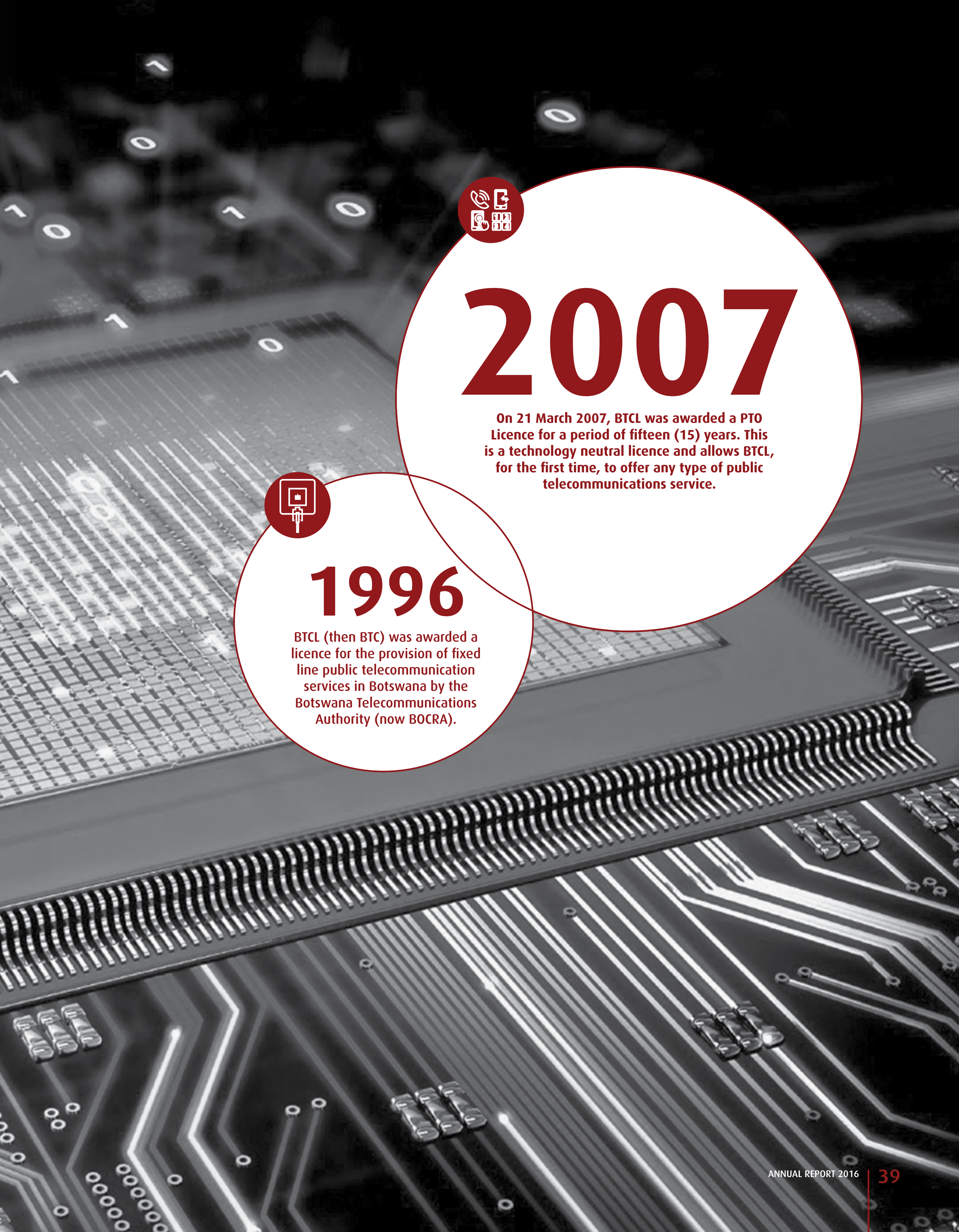
- For the past 4 years, we have taken an active lead at AfricaCom as a partner, positioning BTCLW amongst 300+ operators to continue to be the preferred wholesaler in Southern Africa
- We were one of the main sponsors at Global Expo, providing free Internet and conducting youth empowerment programmes
- We have signed a Memorandum of Understanding with Botswana Innovation Hub to provide a platform for young entrepreneurs in the ICT industry



BTCL AND REGULATORY COMPLIANCE

BTCL is committed to compliance and regulation

BTCL is committed to full compliance with the regulatory framework under which it operates. BTCL has a fully fletched Regulatory and Competition Affairs Office mandated to harmonise regulatory procedures, secure and ensure compliance with all its obligations set by the various licences it holds and Regulatory Authorities responsible. BTCL has established procedures to comply with the regulatory requirements. Regulatory risks are rigorously and systematically controlled at each of the BTCL business units.



2007

On 21 March 2007, BTCL was awarded a PTO Licence for a period of fifteen (15) years. This is a technology neutral licence and allows BTCL, for the first time, to offer any type of public telecommunications service.

1996

BTCL (then BTC) was awarded a licence for the provision of fixed line public telecommunication services in Botswana by the Botswana Telecommunications Authority (now BOCRA).

BTCL and Regulatory Compliance
continued

BTCL's compliance to various legislations and regulations are discussed below.

Telecommunications Sector

The business activities of BTCL are mainly regulated by the Botswana Communications Regulatory Authority (BOCRA). BOCRA was established by the Communications Regulatory Authority Act of 2012. BOCRA, the converged Regulator, came into being on 1 April 2013 and regulates the telecommunications, broadcasting, postal services and ICT sectors. Previously, some of these services were regulated by the then Botswana Telecommunications Authority (BTA). BOCRA has set terms and conditions that should be adhered to for the improvement of service provision within Botswana.

BOCRA, among others things, is expected to develop and implement regulations to create a level playing field, promote competition, enhance availability of wider range of services and, above all, ensure that customers' interests are protected and upheld. Such regulations take the form of Licence Conditions and Directives issued by BOCRA from time to time to all telecommunications operators and service providers in Botswana. Under the Communications Regulatory Authority Act, BOCRA has complete authority to licence all telecommunications operators.

In furtherance of its objective of liberalising the market, to offer better and affordable services to consumers and users of services, BOCRA has sanctioned a new licensing framework to which license holders should migrate before February 2017.

BTCL Licence

In 1996, BTCL (then BTC) was awarded a licence for the provision of fixed line public telecommunication services in Botswana by the Botswana Communications Regulatory Authority. On 21 March 2007, BTCL was awarded a PTO Licence for a period of fifteen (15) years. This is a technology neutral licence which allowed BTCL, for the first time, to offer any type of public telecommunications service. The implementation of the PTO Licence transformed and liberalised the telecommunications sector in Botswana, and created new opportunities for BTCL. It permitted the provision of a telecommunications service, whether wired or wireless, and supply and delivery of various telecommunications services.

The current BTCL PTO Licence will remain in force until migration/conversion to the new framework has been completed.

Licence Fees

BTCL is expected to pay licence fees which currently include the following:

- A universal access and service levy of 1% of annual gross turnover of BTCL;
- An annual fee for the operation of the licenced system, escalated by the average Consumer Price Index (CPI) on a yearly basis; now at P2,248,625 for 2015/2016);
- An annual fee for the provision of the licenced services, escalated by the average CPI on a yearly basis, currently at P318,553 for 2015/2016);
- A turnover related fee equal to 3% of annual net turnover of BTCL payable quarterly in arrears; and
- Spectrum fees, inclusive of 4G/LTE of Pula 2 412 197 for 2015/16.

LEVY OF THE OPERATORS ANNUAL GROSS REVENUES

1%

goes into a Universal Access and Service Fund.

Universal Service and Access Obligations

BOCRA during January 2014 announced the imposition of the Universal Service and Access Levy contributions by select Service Providers effective 01 April 2014. The Levy has been set at one percent (1%) of the Operators annual gross revenues and shall go into a Universal Access and Service Fund (UASF).

The Fund is managed and hosted by BOCRA and the implementation strategy and plan have been shared with contributors in various consultative forums.

BTCL's Other Regulatory Obligations

While acknowledging BOCRA as the main Regulator, there are several other Authorities that impact and affect how BTCL services are offered to its consumers.

Legislation	Regulatory Body	Applicable Area of regulation
Competition Act 2009	Competition Authority of Botswana (CAB)	To ensure fair and equitable competition within Botswana's economic arena.
Botswana Stock Exchange Act and Listing Rules	Botswana Stock Exchange (BSE)	As a listed entity, BTCL is expected to comply with the rules and regulations pertaining to its listing.
Companies Act 2007	Companies and Intellectual Properties Regulatory Authority (CIPRA)	To regulate matters relating to BTCL as a public limited company.
Income Tax and Value Added Tax Acts	Botswana Unified Revenue Services	To ensure compliance with income taxes and value added taxes rules.
Gambling Act 2012	Gambling Authority	To ensure correct adherence to the enforcement rules affecting competitions and promotional materials.

BTCL fully commits its responsibility to regulations in Botswana and will continually improve its processes to ensure a smooth transition of its operations under a converged regulatory framework

SUSTAINABILITY

1

TIMELINE 1992 - 1999

1992

A data packet switching network (called Botspac) introduced. Access lines increases to 32,000.

1993

Fibre optic networks planned linking Jwaneng to Ramokwebana with extensions to Orapa via Serowe.

1995: Access lines increases to 53,000. MDP III completed. Botswana boasts about 3,900 kilometres of digital microwave.

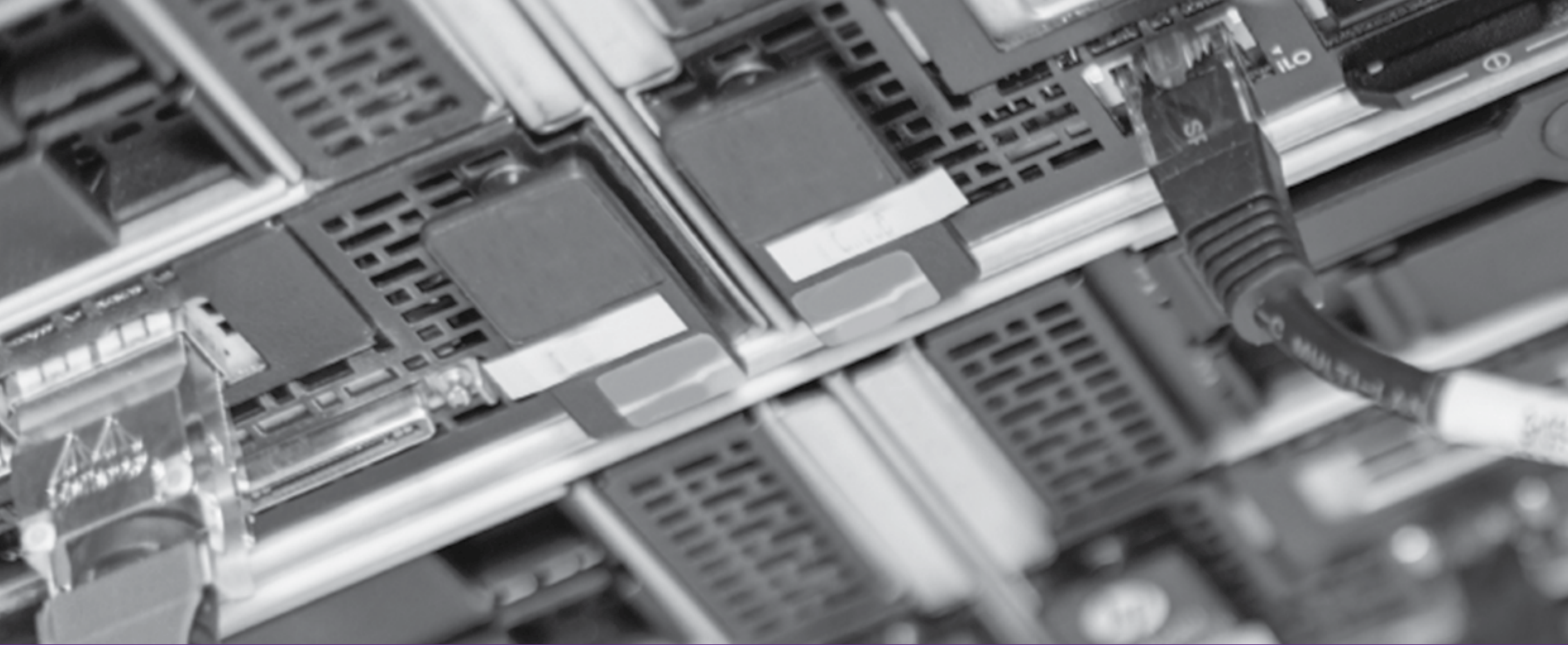
1999

BTC records an all time high profit of Pula 75.0 million. BTC enters into interconnect and backhaul network agreement with mobile operators.

Sustainability and sustainable business practice paramount to our future growth.

As we continue to play an increasingly important role in our communities and our country, we dedicate increasing effort and investment into ensuring we are a sustainable business. This is as regards our people, our profits and our planet.

999



SUSTAINABILITY REPORT

We know that our business is an integral part of the communities in which we operate and that our long-term success is based on continued good services we provide to a wide range of businesses, individuals, groups and institutions. We also know that in order for us to thrive the communities in which we operate also must thrive.

As stakeholders want us to report on matters that are important to them and us, in this streamlined CSR reporting, we focus on our performance with respect to all material issues including our overall accountability to the society, our effort to foster improved customer and societal engagement, our achievement thus far within the business place and the future plans to build momentum for sustainable initiatives in the societies we work.

Moreover, Batswana have high expectations of us in terms of responsible behaviour. Customers expect goods and services to reflect socially and environmentally responsible business behavior including affordable and competitive prices. Aspiring investors and future shareholders will be searching for enhanced financial performance in the Company that integrates the social and environmental considerations and it's risks and opportunities.

We, at BTCL, believe that we have all the above attributes to become one of the most recognised socially responsible corporate citizens in Botswana.


The Business in Society
Shareholders
Customers
Financial Analysts
Marketplace
MARKETPLACE
WORKPLACE
Unions
Employees
QUALITY OF MANAGEMENT
ENVIRONMENT
COMMUNITY
NGOs
Government
Local Communities
Impact on Society

Sustainability Report
continued

BTCL LIVED VISION 2016
– Looking forward to its contribution to Vision 2036

BTCL embarked on a number of sustainable projects towards attainment of Vision 2016. With Vision 2016 almost to its end, we review BTCL's contribution here.

We feel our contribution to 2016 has been impressive – through continued and relentless telecommunications products and services and initiatives that can speak to the pillars of a Prosperous, Innovative, Healthy Compassionate and Educated nation.Whilst we have significantly contributed towards Vision 2016, we are already embarking on our contribution towards Vision 2036. As we move towards a knowledge based society, they not only help boost digital inclusiveness but also through ICT services increase the efficiency and provide access to new markets. This creates new opportunities. Being a knowledgeable citizen is being an empowered one – communication is an integral part of that.

Towards A Prosperous, Educated, Informed Nation

ICT is a socio-economic enabler. By bringing such services to Batswana, BTCL has not only ensured that Batswana keep in touch, but created employment as well. As a leading provider of ICT, the Company, in partnership with the Botswana Government, embarked on the Nteletsa Rural Infrastructure Project to bring services to previously marginalised communities.

Over one hundred and fifty (150) Kitsong Centers/telecentres, have been set up as part of the Nteletsa project, in previously under developed regions. The Centres provide Data and Voice services to the village communities in the form of Internet access, payphones, charging of mobile phones, selling of beMOBILE airtime and beMOBILE SIM cards. They are equipped with photocopiers, printers, faxes and payphones. The Kitsong Centres are run and operated by locals, providing much needed employment.

MARCH 2016

BTCL IPO campaign and roadshow
BTCL and its stakeholders embarked on a nationwide tour to educate Batswana and encourage all to buy BTCL shares. The result was over 50,000 new shareholders joined the BSE as BTCL Shareholders.

BTCL IPO

Ya Rona Rotlhe !!!

Local Empowerment

BTCL also continues to empower local business as the Company procurement policy favours local suppliers thus further driving prosperity for our citizens and our nation

Compassionate Citizen

BTCL prides itself on being a good corporate citizen that ploughs profits back into the community. The Company continues to be responsive to the needs of the communities in which it operates. BTCL has donated millions of Pula to different charitable causes across Botswana through engagement in high quality, cost effective, sustainable, need-based community activities through short and long term partnerships.

Healthy Nation

Those who are healthy are more productive and live longer lives. BTCL's view is that that a healthy, knowledgeable and skilled citizenary not only determines the growth and economic success of a country, but helps build a stronger open society. BTCL has helped the major hospitals, clinics and health posts to be connected to each other and to the Ministry responsible for health via various connectivity solutions.

Sustainability Report
continued

LEADERSHIP COMMITMENT
– The choices we make

We, at BTCL, believe that an efficient and dependable telecommunications system in Botswana is essential for the sustained economic success and human progress of this country. ICT brings direct and indirect benefit to the communities.

We are optimistic when it comes to developing a sustainable future for our Company and indeed for the industry and Botswana. We, as one of the major ICT players, wholeheartedly believe that we hold the power to deliver to our country a shared promise to our children and the generations that follow us. Delivering on that promise will not be easy. We see to it that we run our businesses in a sustainable manner that enables us and the future generation to prosper in this country. BTCL's Vision, Values and Mission amplify our quest to shape the Company for it to become an integral part of the communities in which we will continue to serve for years to come.

OUR MISSION

We delight our customers...

...by providing world-class communication, information and content services.

OUR VISION

Simply the best...

our values

TEAMWORK
We are one team; the success of one is the success of all.

SIMPLE
We are easy to do business with. We take complicated things and make them easy to understand and act upon.

OWNERSHIP
We take responsibility. It is our problem to solve until someone else on the team accepts it as theirs. We respect deadlines and ensure that our customer whether internal or external is aware we are "on their case."

DELIVERY
We get things done. Within the bounds of reasonable risk and relevant governance, we take action on our own initiative and use our knowledge skills and judgment to resolve challenges.

PRIDE
We take pride in what we do, who we work with and who we work for.

FUN
We have fun... A happy team makes for happy customers.

SUSTAINABLE BUSINESS PRACTICES
– Living up to our commitments

At BTCL, we subscribe to the norm that a commitment to ethical conduct in governance provides the foundation for us to earn the various stakeholders trust. We also believe, businesses play a pivotal role both in the efficient use of natural capital and in the wealth creation of a society. Hence, the management of Community Social Responsibility (CSR) is important for us, especially with respect to our markets, corporate reputation, brands and the broad engagement of stakeholders.

Creating a Different Kind of Company

BTCL's technology provides infrastructure for enabling environmental improvements throughout the Botswana economy. Through mindful application of the advances offered by industry technology, we work hard to promote balanced and sustainable ICT development in Botswana. The aim is to achieve a technically and ecologically sustainable country, region and a world for future generations.

State-of-the-art Technology to Botswana

BTCL's aim is to bring state-of-the-art technology where possible at affordable prices with an aim of achieving a balance between economy, ecology and society. In the telecommunications world of today, it is important to be a provider of the latest and most innovative technological solution to all customers in keeping with the latest world standards.

Infrastructure Investments

BTCL's main line of business requires substantial investment in telecommunications infrastructure. Over the years, BTCL has invested billions of Pula. The BTCL asset base (original cost) of the Company's telecommunications network currently stands in excess of P3.5 billion.

Network Coverage

In fixed and mobile communications, we already cover a population base over 90%. Rural Telecommunications Development

Botswana has a small population that is spread across a vast country. Where it is feasible BTCL utilises its resources to provide services to remote villages that have a population of 250 or more. So far, BTCL, under the Nteletsa Project, has connected over 300 villages around the country at a cost in excess of P300 million. These projects were a partnership between the Government of Botswana and BTCL, where the Government funds the capital cost, whilst BTCL maintains the infrastructure on an ongoing basis.

Sustainability Report
continued

GIVING BACK TO THE COMMUNITY

Ensuring empowerment and continuous connectivity

BTCL rallied behind Botswana's semi-finalist, Eunice Ntobedzi (EmPowered), in the final round of the 2015 Global Innovation through Science Technology (GIST), Tech – I Competition. BTCL procured a Samsung Galaxy tab gadget and data bundles of Pula P1, 500.00 to enable Eunice's continuous connectivity during the competition.

Supporting Small and Medium Size Enterprises and Service Providers

BTCL procurement policy encourages local manufacturers and service providers through a well-defined and documented local preference scheme, where price preferences are given based on the level of local value addition and citizen participations.

We encourage citizen empowerment, where we employ a preference scheme in purchasing goods and supplies. By buying local goods and services, we promote an efficient supply industry.

Economic Performance - Value Creation

BTCL's aim is to create value for its shareholders, customers and employees. BTCL's revenue (adjusted) from sale of goods and services for the year was Pula 1,486.7 million. BTCL's value addition has grown from Pula 676.4 million in 2014/15 to Pula 710.0 million in 2015/16. Of the value created during the year, Pula 373.4 million was paid to staff as salary costs. BTCL employs 944 staff all over the country whilst creating indirect employment opportunities to a much larger community. The Regulator (BOCRA) received Pula 46.9 million in the form of licence fees.

VALUE ADDED STATEMENT

	2016 P mill	2015 P mill	2014 P mill	2013 P mill	2012 P mill
Sale of goods and services	**1,486,748**	**1,495,244**	**1,463,931**	**1,384,222**	**1,173,909**
Interest income	**26,451**	**26,066**	**25,144**	**18,451**	**13,415**
Bought out cost of services	(803,161)	(738,087)	(648,932)	(603,034)	(511,002)
Value created (added)	**710,038**	**783,223**	**840,143**	**799,639**	**676,322**
Employee cost	(373,454)	(360,344)	(626,374)	(302,628)	(262,937)
Depreciation	(757,600)	(177,673)	(175,112)	(181,684)	(150,729)
Licence fees	(46,931)	(44,636)	(35,429)	(31,220)	(25,610)
Earnings Before Interest and Tax (EBIT)	**(467,947)**	**200,570**	**3,228**	**284,107**	**237,046**
Interest	-	-	(208)	(184)	(184)
Earnings before taxation	**(467,947)**	**200,570**	**3,020**	**283,923**	**236,862**
Dividend	-	-	-	(70,981)	(59,216)
Taxation	97,127	(53,814)	(2,880)	(10,277)	-
Retained earnings	**(370,820)**	**146,756**	**140**	**202,665**	**177,647**
Employees	944	943	932	962	942
Revenue per employee	1,574	1,585	1,571	1,439	1,246
Value created per employee	752	831	901	831	718

Sustainability Report
continued

CUSTOMER FOCUSED
– A better experience

Best and Fair Business Practice

Connecting with our customers is an important part of our business process. BTCL is committed to the best and fair in business practices to achieve customers' total trust. Wherever we do business, we see ourselves as member of the local society, and as a good corporate citizen we actively contribute to the communities and their environments. BTCL is mindful of the prices it charges to its customers and strives to strike a balance between its affordability to customers whilst remaining profitable. Every interaction our team members have with our customers is an opportunity to listen, gather feedback and determine whether our products and services are delivering the value that customers perceive.

Product Responsibility

BTCL basic products and services (including voice telephony both fixed and mobile and Internet) are available in most population centres across Botswana. BTCL also participates in a number of Trade Fairs in Botswana as part of its customer and society educational campaigns. Once the availability of network and the creditworthiness of a customer is assessed positively, there are no further barriers for obtaining basic communications services.

Building Customer Confidence

BTCL continues to benchmark itself against the world's best telecommunications operators to create a culture within the Company that is world class, customer focused and acceptable quality.

Customer Care and After-Sales Service

As a brand that is responsive and provides innovative and unique products, customer care is at the forefront of our delivering service, to that end, it is our desire to deliver services that depict our brand values. With the use of the BTCL customer care centres, we are able to service clients right across the country with BTCL and beMOBILE products and services. With a fully resourced and 24hr call centre, servicing our clients, we are able to at all times provide a unique and helping service experience to our customer.

Pricing

Tariff for BTCL main products are included in the BTCL Telephone Directory. A detailed tariff guide is available from BTCL service centres nationwide, or from the BTCL website at www.btc.bw. Changes in tariffs are regularly published in the media. BTCL's charges are mostly usage related and hence easily understood. BTCL's tariffs take into account the affordability of customer groups that it service. There are special packages for old age pensioners, whilst low income communities are, where possible, covered via mobile phones and payphones.

Customer Complaints

Customer complaints are received via the 24 hour call centres or at any one of the BTCL offices. Such complaints can range from service delivery to service level, billing queries, misuses and abuses. There is a procedure in use for registering and resolving complaints. Most customer complaints are resolved within 72 hours of receipt. There is also an escalation process for unhappy customers who need further investigations such as abuse of phones, vandalism, etc.

Distribution Network

One of the cornerstones of the BTCL products is visibility and accessibility in most parts of the country. The procedure for obtaining any products or services areas are set out in the Botswana Telephone Directory or from BTCL's website at www.btc.bw.

On the direct distribution front, BTCL has outlets countrywide. beMOBILE branded stores in major urban centres proudly service mobile customers. As we expand our network, the distribution channel would continue to grow commensurate with our coverage.

Customer Information Sharing

Our aim is to offer our customers the best technological solutions at affordable prices. We hold a number of seminars, product launches, and information sharing forums such as Trade Fairs and Expos, etc. These gatherings give us an opportunity to understand the customer requirements, emerging technological trends, level of customer satisfaction and dissatisfaction, and give us insights into areas where we need further improvements.

BTCL INTERACTS WITH SME CUSTOMERS

BTCL through the Sales Division, created an opportunity for all SME customers to interact with BTCL Executives and account managers to be able to voice their concerns on services rendered by BTCL and also give credit for sterling service.

The team used this opportunity to educate customers on all its Telco services and products, showcasing products at a customer event is one form of enlightening customers in order to stimulate interest amongst customers.

Some of the activities that took place at the session included lifestyle coaching, where BTCL assisted our SME customers on how to enhance their business and grow in turn purchasing more from BTCL as well as showcasing BTCL products. At the end of the session, customers were pampered with shoulder massages, manicures and pedicures.

CUSTOMER SERVICE PRINCIPLES

CUSTOMER SERVICE PRINCIPLES

CUSTOMER FOCUSED	CONFIDENTIALITY	QUALITY
Customer service excellence is our number one priority and focus	We shall keep customer information confidential at all time	Our aim is to provide professional, courteous,timely and accurate service to every customer in a fair, consistent and accessible manner

ACCOUNTABILITY	EMPATHY	EFFECTIVENESS
We shall be accountable to each customer and will use customer feedback to improve our performance	We promise to be always helpful,be acknowledgeable with our processes,products and services,and work as a team to provide high standards of customer service	We shall demonstrate an understanding of the customers point of view and feelings about a given situation

ITLOLE SERVICE STANDARDS - R.A.T.E.R

RESPONSIVENESS	ASSURANCE	TANGIBLES	EMPATHY	RELIABILITY
We acknowledge our customers by responding in a reasonable amount of time	We are confident and assertive in our role of service ambassadors	Presentable service enviroment and professional look.	We take ownership of our customers needs and become part of the solution.	We provide service and feedback at any given time.

SERVICE VALUES

TEAMWORK	FUN	DELIVERY
We are 1Team,the success of one is the success of all.	We have fun....A happy team makes for happy customers	We get things done. Within the bounds of reasonable risk and relevant governance, we take action on our own initiative and use our knowledge skills and judgement to resolve challenges.

OWNERSHIP	PRIDE	SIMPLE
We take responsibility. Its our problem to solve until someone else on the team accepts it as theirs. We respect deadlines and ensure that our customer whether internal or external is aware we are on their case.	We take pride in what we do, who we work with and who we work for.	We are easy to do business with. We take complicated things and make them easy to understand and act upon.

ENGAGING OUR PEOPLE
– A team with a difference

Employee Engagement

BTCL strictly adheres to a code of ethical business conduct. All employment contracts, approximately 944, are governed by an elaborate Conditions of Employment which prohibits any corrupt behaviour, accepting substantial gifts and money laundering. Through our e-learning initiatives, we improve our employees learning opportunities by focusing on upskilling and leadership development to enable employees to lead inside as well as outside the organisation. Volunteerism recognses employee contributions to the community and improves their recognition and quality of life in those respectable communities.

Employee Empowerment

Empowering employees to engage in ethical business practices whilst living their personal values is the key to employee satisfaction. Employee engagement is about strengthening the sprit and capturing the hearts and minds of the team, improves the overall Company performance. We believe that the success of our business is inextricably linked to the success of our employees.

BTCL adheres to all human rights legislations and upholds all human rights practices enshrined in the Botswana Labour legislations. Specifically, BTCL's minimum age for recruitment of permanent staff is eighteen (18) years.

Employment Policy and Employee Involvement

At the core of BTCL's success lies, undoubtedly, the employees. They have the most impact in the Company through building and operating the most incredible teams. Employees remain our focus resource, as BTCL employees are integral to the success of the business. As a result, BTCL pursues employment practices which are designed to attract, retain and develop this talent to ensure that it retains its strong market position with motivated and satisfied employees.

The Executive Management in conjunction with the Human Resources, Remuneration and Nomination Committee takes responsibility for employment matters and has established suitable policies and guidelines. Where possible, the Company seeks to benchmark against industry best practice.

Employee Volunteerism

BTCL encourages employees to donate their private time, talents and resources to deserving local non-profit organisations to support in the initiatives. Generally, these are done through BTCL sponsored projects.

MAKGADIKGADI 106KM WALK

August 2015

The Annual Makgadikgadi event is held during the President's Day holidays each year. BTCL this year registered a strong team of twenty one delegates: eighteen walkers and three on support basis. Makgadikgadi walk is unique in that all those who participated in walks have experienced an inexplicable awesome feeling regarding the beauty of the pan that radiates right from sun rise until sun set as all walkers start the walk as early as 0600hrs in the morning.

The most interesting thing about this walk is that it embraces aspects of Vision 2016 such as teamwork, unity, caring attitude and exposes some unhidden talents that some individuals might not be aware of. BTCL continues to demonstrate Corporate Social Responsibility through such events thus marketing BTCL as a brand and creating more awareness to other corporates involved in the event.

Sustainability Report
continued

Rewards and Remunerations

The Executive Management, in conjunction with the Human Resources, Remuneration and Nomination Committee, continuously reviews the reward and incentive schemes. The Performance Appraisal System has already been implemented with a 360 degree feedback from peers and subordinates. The output from the Performance Appraisal System is used as input for training the employees and the reward system.

With almost forty (40) per cent female employ in the Company, BTCL is an equal opportunity employer. BTCL encourages female employees to attain higher positions of responsibility with equal access.

BTCL is an equal opportunity employer. Its rewards structure is competitive and matches the market. Temporary and casual employees are remunerated at amounts similar to permanent staff but without benefits such as housing allowance, transport concessions, pensions benefit, medical insurance etc. There are no differences in salary rewards between male and female counterpart for jobs with similar responsibilities. BTCL upholds equal reward and opportunity schemes.

Training and Development

BTCL's priority is to develop a comprehensive needs based training programme. To this end, it has implemented an e-learning programme, accessible to all staff members. Apart from the job related skills development, BTCL also conducted a number of seminars, workshops and courses aimed to provide our employees with broader personal development and improve their quality of life.

In the telecommunications field where skills are relatively in short supply, BTCL is committed to enhancing local skills through provision of technical and management training. Since its inception, the Company has spent millions of Pula training engineers, accountants, business graduates and artisans. BTCL runs its own training school.

Safety and Health

We are committed to safety in our workplace. The telecommunications industry requires the highest safety and work standards, and we work to ensure that everyone in the Company has a clear understanding and focus on safety.

Achieving operational excellence and safety can only be accomplished when all stakeholders are involved, enhancing the culture of the Company. We test our safety performance and operational methods consistently, and carry out independent surveys throughout the Company. We bear social responsibility towards our employees by promoting safety and health in the workplace. A Health and Safety Committee is currently being formed, to which the Heads of departments will appoint staff representatives. All staff will have equal opportunity to be represented in such initiatives.

Staff Welfare and Development

In support of our HR Policy and development of teamwork, we believe that sports play an important part. Participating at national levels, we field teams for soccer, netball and volleyball. The Company also promotes inter-country sporting competition among Botswana, Lesotho, Swaziland and Namibia. We also make the creation of social interaction among employee families a priority, a factor we think impacts positively on employee motivation.

MANAGEMENT ENGAGES WITH THE UNION

September 2015

The Management of BTCL recently held a meeting with the Executive Committee of the Botswana Telecommunications Employees Union (BOTEU) to update them on the state of the business and bring them up to speed on all related projects.

The Prospectus and investment story have been updated, and we are working around the clock to finalise the Employee Share Ownership Plan (ESOP), where we have engaged consultants on legal works to have the shares held in a Trust. As BTCL we have gone back to the Ministry of Transport and Communications to ask them to reconsider their stance on the ESOP and revert to the original proposal.

Information Sharing

Employees receive regular updates on corporate performance and developments through various formal and informal channels of communication, including the Company's website (intranet). These websites contains all BTCL's policies, functional procedures, forms, statutory information, job advertisements and other human resources issues.

SALARY STRUCTURE AND THE NEWLY LAUNCHED E-LEARNING PLATFORM

September 2015

The Botswana Remuneration Survey indicated that salary structure at BTCL was not competitive and flexible and needed to be aligned with the market. The 2014 Tsa Badiri Consultancy survey indicated that 54% of the Company's staff that participated in the survey experienced job candidate scarcity in the engineering field.

The e-learning system was identified as one deliverable that can quickly add value to the business as it blends the training and provides for online learning. The e-learning system will ensure transparency as all training that happens will now be recorded and enable interactive online training for all staff to take courses at their convenience.

Sustainability Report
continued

BTCL RECOGNITION AWARDS

March 2015

BTCL honoured the exceptional employees at the BTCL Recognition Awards at Gaborone International Convention Centre (GICC) on Friday 20 March 2015. BTCL Recognition Awards were given to those employees who had displayed exceptional performance and gone beyond their call of duty. The Recognition Awards is an annual event which is also part of the formal Recognition programme and aims to recognise the 'brightest and best contributions. The employees need to have achieved merit while executing their duties. The nomination criteria includes: Innovation, Ownership, Teamwork, Build Trust, Delivery and Customer Service principles.

Here are some of the observations from the recipients.

Abotshelo Madisa
"Receiving this award is clear confirmation that my efforts are not going unnoticed, which is indeed a strong motivating factor. "

Shadi Ramogapi
"I'm truly humbled by the receipt of a Recognition Award. This was a true indication that my hard work and dedication into ensuring that we realise BTCL's value of being 'Simply the Best' did not go unnoticed. "

Emmanuel Masingizane
"Appreciation is a fundamental human need. This award shows BTCL values my work and presence and I'm now well motivated and have greater employee satisfaction and enjoyment at work. It gives me the strength and motivation to continue doing my best for the Company to achieve its Mission and Vision. 'Talent wins games, but TEAMWORK wins champions'.
Thanks to my colleagues for day to day support."

Daniel Magalapa
"I was very humbled by the recognition I received. It really meant a lot. It shows that the things that you do at your desk, and you think it's nothing big, actually mean a lot to others and are appreciated and recognised and take BTCL forward. In the end, making our customers happy. Going forward, really it's just to push myself and those I work with to achieve more. "

Kelebogile Shalobane
"First,I thank God for this opportunity and BTCL Management for the implementation of Recognition Awards. It was such a great moment, honour and achievement that one cannot forget to feel recognised in such a manner. That feeling of that day will remain fresh in my mind forever. This is motivating and gives me the urge to continue to strive on."

BTCL SPORTING CLUB TAKES PART IN MINI TOURNAMENTS

April 2015

The BTCL Sporting Club participated in a number of tournaments in preparation for the upcoming Inter-Telecomms Games between Botswana, Lesotho, Swaziland and Namibia, during the Easter holidays from the 3rd to the 6th of April 2015 at the Bank of Botswana Grounds.

The games, which were held under the theme, "Networking through Sports & Technology", have been hailed a success as both visitors and BTCL staff were wowed throughout the three day period. The games, which are held on an annual basis during the Easter holidays comprise of employees of Botswana Telecommunications Corporation Limited (BTCL), ECONET Telecom Lesotho (ETL), Swaziland Post and Telecommunications Corporation (SPTC) and Telecom Namibia (TN).

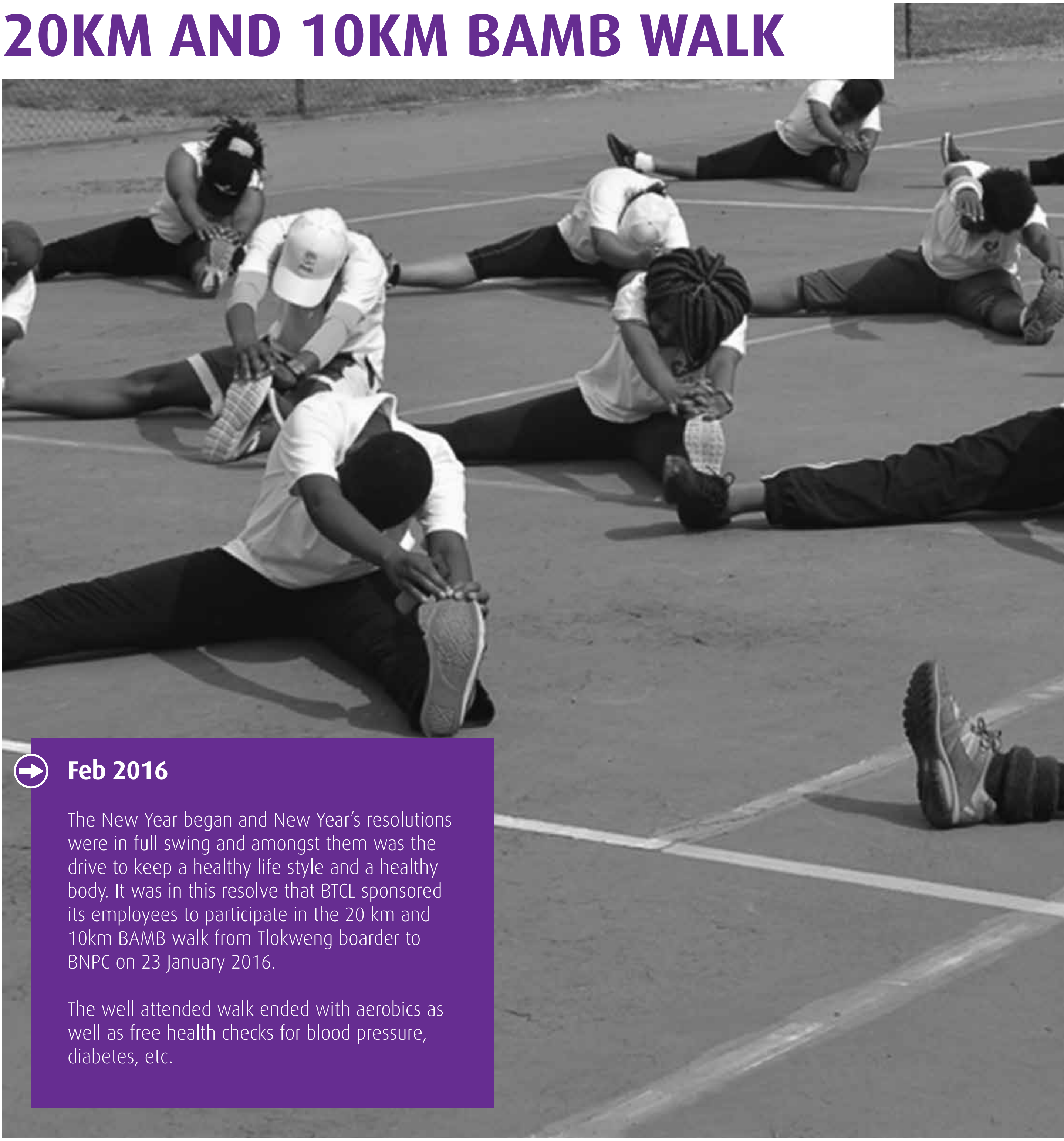
March 2016

The inter-Telecoms Games this year were held in Port Elizabeth, South Africa, during Easter holidays (25 to 27 March 2016). The Inter-Telecom games offer an opportunity for participating organisations to establish networks and/or contacts, which can assist them in their future business endeavours. These games also promote a sporting culture amongst employees, which assists in achieving a healthy and disciplined workforce that is often characterised by, amongst others, reduced absenteeism, improved communications and good inter-personal relations.

INTER-TELECOMS GOES TO PORT ELIZABETH

Sustainability Report
continued

BTCL SPONSORS STAFF FOR THE 20KM AND 10KM BAMB WALK



Feb 2016

The New Year began and New Year's resolutions were in full swing and amongst them was the drive to keep a healthy life style and a healthy body. It was in this resolve that BTCL sponsored its employees to participate in the 20 km and 10km BAMB walk from Tlokweng boarder to BNPC on 23 January 2016.

The well attended walk ended with aerobics as well as free health checks for blood pressure, diabetes, etc.

INVESTING IN OUR COMMUNITY
– A better life for all

Community Involvement

BTCL perceives community relationships as a core attribute that adds value to its business. From grassroots movements to national charities, we achieve this through building strategic and sustainable relationships, contributing to the wellbeing of the communities, developing corporate image and enhancing corporate reputations. As a leading corporate citizen, during the year under review, we participated in a variety of community related initiatives..

BTCL Foundation

BTCL continues its Corporate Social Responsibility (CSR) journey of growth, seeing through the birth of the BTCL Foundation. BTCL has recognised the need to align all their charitable causes into a structured Foundation that will benefit the community of Botswana at large. The Foundation is run by a Board of Trustees and there is a Foundation Policy in place. The vision of the BTCL Foundation is "To be the leading caring organisation in Botswana, that complements the national agenda and benefits the community at large," whilst it has adopted "To identify appropriate upliftment programmes by deploying technology for development," as its mission.

Primary Focus Areas

The Primary focus areas for the Foundation are Health and Education, followed by sports development, arts and culture, environment and poverty as secondary focus areas. The Foundation has also set target outcomes at three levels, being: short, medium and long term, for the strategic period between 2015 and 2020.

The parent company, BTCL is currentlythe main source of funding for the BTC Foundation. For the financial period FY2016 a total of Pula 3.2 million has been allocated to the Foundation, to support both administrative costs and approved projects.

For the purpose of uplifting the Botswana community, the Foundation is involved in various charitable causes, and continues to plough back profits into the very communities that do business with. So the Foundation has simply aligned itself to BTCL values and strategy. As a good corporate citizen, the Company perceives community relationship as a core competency that adds value to the business by building critical relationships and contributing to the well-being of the communities. Through its Corporate Social Responsibility initiatives, BTCL supports several projects in the form of donations and sponsorships.

Trustees

The Foundation is managed by Board of Trustees. The Board is made up of four Independent Trustees and four Trustees from the Board and Executive Management. The current Trustees are Kgosi Michael Mothobi Letsogile Mothobi (Chairman), Dr Baagi Mmereki (Deputy Chairman), Puni Sechele, Paul Taylor, Kaelo Radira and Daphe Matlakala. Two positions are vacant. The CSR Manager serves as the Board Secretariat.

THE FOUNDATION CONTINUES TO INVEST IN THE FUTURE

BTCL Foundation participated in a number of prize giving ceremonies across the country in an effort to reward and celebrate excellence. At Bobirwa Junior Secondary school, five top performing students walked away with a laptop each. Fourteen others inclusive of some teachers, got smartphones and the school received a printer with three cartridges for their resource centre, all at a cost of Pula 36,000.

Three top students at Kagiso Senior Secondary school also got a laptop each, followed by ten students who got smartphones and the school got a printer with three cartridges, all at cost of Pula 34,000. This was rewarding excellence, also to encourage ICT intake and career choices.

Supporting Sport

BTCL, through its mobile network, beMOBILE, continued with its sponsorship of the elite Botswana Premier League. The sponsorship that began in 2008 is now one of the highest in SADC countries, after South Africa. beMOBILE is now sponsoring the Premier Football League to the tune of P10 million per season, over a three year period. This totals approximately Pula 30 million.

beMOBILE PREMIER LEAGUE

BPL 'NIGHT OF THE STARS' AWARDS

The beMOBILE sponsored Premier League held its glittering awards on Saturday 6 June 2015 at the Gaborone International Convention Centre (GICC) to celebrate soccer players and teams who have done exceptionally well in the 2014/2015 season.
The awards were held under the theme 'Night of the Stars'.

BTCL was proud to be sponsors of the beMOBILE Premier League. We view football as a vehicle for driving social change and improvement of communities. That is why, last year, we renewed the biggest sponsorship contract in the history of the local game, consistent with the BTCL goal of giving back to the people of Botswana.

Sustainability Report
continued

BTCL FOUNDATION SUPPORTS SPORT

BTCL Foundation sponsored the inaugural beMOBILE Francistown City Marathon to the tune of Pula 500,000. All proceeds of the marathon were earmarked for charity organisations of BTCL's choice in and around the Francistown catchment area. The Paralympic Association of Botswana PASSOBO, Francistown Runners club, and Realeboga Association of Tonota for the disabled, were beneficiaries, each getting Pula 35,000 worth of equipment.

Giving Back to Communities

Other events in which BTCL participated and donated include:

- Donated Pula 350,000 to Kuru Trust Organisation to help San people to preserve, revive and showcase their culture during the annual Kuru Dance Festival;
- Supported the Adopt a School campaign by Ministry of Educations & Skills Development by donating computing equipment, in excess of Pula 200,000;
- Participation at the World Telecommunication and Information Society Day (WTISD) in Gantsi and donated computers and printers;
- Participation at the World Telecommunication and Information Society Day (WTISD) in Gantsi by donating computers;
- Supporting the President's Housing Appeal to the tune of Pula 400,000 by renovating houses belonging to Mokgenene Village Development Committee to the tune of Pula 200,000 each; and
- Sponsoring Northern Botswana Confederation of Commerce and Industry Fair with Pula 350,000.

PROMOTING THE ARTS – NATIONAL CHORAL CHOIR COMPETITION

Nov 2015

The Foundation continued with arts development through sponsoring the beMOBILE National Choral Choir music competition to the tune of Pula 200,000

This saw 45 choirs battling it out for the prestigious award in the five categories of the competition at Boipuso Conference Hall on the 14 November 2015. The event was covered live from the venue throughout the day on Radio Botswana, Btv news, and in several local newspapers after the event.

PROMOTING THE ARTS – PHONE BOOK COVER COMPETITION

Jan 2016

The BTCL Foundation continued on its journey to promote the visual arts by running a competition, with a total sponsorship of **Pula 200,000**

During the 2015/16 financial year, the Foundation partnered with BOT50 committee for the Phonebook cover competition, and invited students at secondary and tertiary level to design the historic 2016 cover of the BTCL phone book. This was a special competition in that the entrants were asked to come up with the 50years of independence phonebook cover which will remain in the annals of Botswana History. The winner went away with a whopping BWP80,000.00 pula first prize amount, followed by Pula 60,000.00 and Pula 40,000.00 for second and third place respectively.

BTCL, in partnership with the Office of the President, handed over six (6) refurbished houses to Mokgenene Village Development (VDC) Community on 4 June 2015. BTCL, through its Corporate Social Responsibility and Community Outreach programme, contributed Pula 200,000 towards the refurbishment of the houses. The completed project will be a source of revenue for Mokgenene VDC and serve as a facelift to the village. Mokgenene is a remote area dweller settlement situated in the Central District about 54 kilometres from Dibete. The houses, which were damaged by wind in the year 2005, were mostly rented by Government employees. Since the damage, the settlement has not been able to attract prospective employees due to lack of accommodation.

REFURBISHMENT OF COMMUNITY HOUSING IN MOKGENENE

Sustainability Report
continued

BTCL IN COMMUNITY SERVICE INITIATIVE

July 2015

BTCL employees took time off to take a lead in a community service initiative at the Gabane Community Home Based Care Centre kindergarten.

BTCL, through the Customer Care Division, launched the 'ITLOLE' initiative. It is through this initiative that employees came together to make sure the community service initiative took place. The Gabane Community Home Based Care Centre was selected as a beneficiary of this noble initiative as it has a strong background that centres around but is not limited to; supporting people affected by HIV/AIDS. It also runs a pre-school for children. BTCL, therefore sent representatives to visit this place and see what it can do to assist. Activities that staff participated in at the Centre included re-painting classrooms, de-bushing the area and donating toys.

Promoting ICT

BTCL cut prices of wholesale Internet bandwidth. This was followed by a similar reduction in its retail dedicated Internet products. This will facilitate further uptake of internet products and services among consumers.

BTCL SPONSORS THE BOTSWANA CONFEDERATION OF COMMERCE, INDUSTRY AND MANPOWER (BOCCIM) NORTHERN TRADE FAIR

May 2015

BTCL successfully participated in the 2015 BOCCIM Northern Trade Fair held in Francistown from 27 to 31 May 2015.

The event is the biggest platform in the North and allows businesses to meet face-to-face level with customers and work towards growing the economy, especially in the North.

The aim of the Fair is to provide exhibitors with a networking platform with other exhibitors, where they can actively promote their business and exchange business ideas.

BTCL, as the main sponsor, was able to successfully showcase its products and services under the theme "Value creation through innovative partnerships." BTCL will sponsor the official opening of the BOCCIM Fair for the next three years at Pula 200,000.

Sustainability Report
continued

(WTISD) AND THE ANNUAL KHAWA DUNE CHALLENGE

May 2015

The month of May proved to be a very eventful time for Botswana Telecommunications Corporation Limited (BTCL). BTCL hosted both the World Telecommunication and Information Society Day (WTISD) and the annual Khawa Dune Challenge, where BTCL employees from various divisions were out in the field ensuring that Batswana Keep in Touch.

beMOBILE KE YA RONA FESTIVAL

July 2015

In reaching out to its valued customers and extending a helping hand to the community, the BTCL Foundation embarked on a fundraising event dubbed the beMOBILE Ke Ya Rona Festival.

The event was sponsored to the tune of Pula 1,187,000

All proceeds raised were earmarked to be donated equally to ten charitable organisations in and around Palapye catchment area. Over Pula 5,000 was raised from the event, which saw a diverse customer clientele treated to a night of soulful and jazzy melodies from both international and local artists at the Majestic Five Hotel on 18 July 2015. Some of the beneficiaries from the festival proceeds are charitable organisations in Serowe and Palapye: SOS Children's Village, House of Hope Trust, Kopano Rehabilitation Foundation, Itsoseng Banana Trust, Palapye Central VDC, Ratsie Setlhako Primary School and Masupe Primary School. The latter two cater for children living with disabilities in Palapye and Maunatlala respectively.

WORLD TELECOMMUNICATIONS INFORMATION AND SERVICES DAY COMMEMORATIONS (WTISD COMMEMORATIONS)

May 2015

BTCL took part in the World Telecommunication and Information Society (WTISD) under the theme 'Information and Communication Technologies (ICT's)-Drivers of Innovation' at Ghanzi show grounds on 15 - 16 May 2015. This year marks the 150th anniversary of the International Telecommunication Union (ITU), and Botswana as a signatory to ITU.

The purpose of the day was to promote policies encouraging the use of ICT's especially within youth and disadvantaged communities. The Foundation donated twenty (20) computers, a printer, Internet connectivity to Gantsi Youth Centre and sponsored the Minister's dinner, prior to the day, held at "the GAT." The twenty (20) computers were shared between the youth centre and schools in and around the Gantsi district. The total value of the donation and dinner were estimated at Pula 240,000

Sustainability Report
continued

CONTRIBUTING TO A RESPONSIBLE AND SUSTAINABLE ENVIRONMENT

BTCL is committed to continuously improving our environmental stewardship, by utilising our resources thoughtfully and responsibly. Whether it is minimalisation of wastages or miximisation of utilisation of materials, we are equally aware of our responsibility.

Sustainability Evolution - Our Strategy

We are committed to operating in a way that advances sustainability and reduces any negative environmental impacts.

Our commitment to the evolution of the sustainability concept is guided by continuous improvements in:

- Eliminating waste and encouraging recycling of all materials we use;
- Increasing eco-efficiency by optimising resources use;
- Stimulating and using innovative, emerging technologies and alternative, renewable resources;
- Harnessing, where feasible, renewable energy sources such as solar energy;
- Using innovative and lower impact environmentally friendly products; and,
- Disposing responsibly the products containing environmentally destructive substances.

Services such as Internet, teleconferencing, videoconferencing, electronic commerce, and media-conferencing are prime examples of BTCL's technologies that directly and indirectly reduce energy and material consumption. BTCL is one of the significant facilitators in the environmental sustainability initiatives in Botswana and the smallest consumer of natural resources.

Environmental Impact Assessments of Telecommunications Developments

The Company's policy is to comply with all relevant legislations, particularly the Environmental Impact Assessment Act. We carry out Environmental Impact Assessment for all major projects. In this process, we consult communities of the areas and their consent is received before a project is undertaken. BTCL has been environmentally concerned for quite some time. Whether in digging up trenches for cable installations or siting a microwave tower on a hill top, all our actions take into account the possible harm to the environment.

Product Approval – Sourcing Ethically

BTCL's products and services are type approved by BOCRA, the Regulator. Where we sell or lease third party products such as customer equipment, mobile phones etc, this is based on already type approved suppliers holding valid certificates.

Equipment Standards

BTCL's own equipment and materials used in its network are standardised based on the technical specifications approved by its own Tender Committee. BTCL procures this equipment from approved suppliers after taking into account the radio frequency emissions and other environmental hazards, etc. BTCL's network, equipment and products have very little impact on the environment, including climate changes, pollution, ozone layer depletion and radio activity.

Waste Minimisation

BTCL is mindful of its waste. Most equipment, such as vehicles, furniture, and generators, are disposed through public auctions after economical use. Computers are often refurbished and distributed to schools and other organisations in need of such resources. Faulty customer premises equipment and excess materials to requirements on projects are recovered, serviced and reused.

Recycling of Materials

Through our established programmes, we recover and sell copper and fibre cables, batteries, oil, used phones and integrated circuit boards.

STAKEHOLDER RELATIONSHIPS

Sustainable Alliances and Partnerships

Our Valued Business Partners cover a wide range of suppliers, principals, agents and institutions and these relationships are built over a number of years. In the financial market, we have worked with nearly all banking institutions in Botswana. BTCL's growth has depended greatly on our ability to initiate and build successful partnerships, forging highly valued relationships with a multitude of associates.

Whether it is global giants or a local supplier of a service in a remote village, sustainable relationship building plays a vital role in our quest to provide world class service. This philosophy has enabled us to forge, secure and maintain unique partnerships throughout our existence.

Our customers are varied, from major Government Departments or a major multi-national to an SME or an individual in a rural village. We have served them all with dedication.

Stakeholder Relationships

We value the opportunity to engage and dialogue with the key stakeholders. Stakeholder engagement is increasingly recognised as creating value contributing to BTCL's resilience. Through ongoing open dialogue and relationships of trust, integrity and respect, we chart the progress of the Company during the most critical times. BTCL reports to the Ministry of Transport and Communications, which directs BTCL in terms of overall communications industry policy decisions.

Privatisation issues are co-ordinated by the Public Enterprise Evaluation and Privatisation Agency (PEEPA). Matters relating to regulations are dealt with through BOCRA.

BTCL HOSTS SATA CONFERENCE

Sep 2015

BTCL hosted the Southern Africa Telecommunications Association (SATA) conference in Gaborone from 16th to 18 of September 2015 at Masa Square Hotel, then 'Lansmore'. The Theme for the event was Customer Service, quality of service and billing. The event was attended by representatives from across the SADC Community.

SATA was established in 1980 in pursuant of the SADC Treaty and the provisions of the SADC Protocol on Transport, Communications and Meteorology. Until 1999, the Association was known as the Southern Africa Telecommunications Administrations (SATA).

Sustainability Report
continued

VODAFONE-BTCL PARTNERSHIP LAUNCHED

June 2015

Vodafone with over eleven years' experience in partner markets and a presence in over 54 countries around the world entered into a partnership of non-equitable meaning with BTCL with no financial share of the organisation but, in turn BTCL will have access to all of Vodafone's knowledge and expertise.

BTCL AND VODAFONE HELD THEIR 2ND ENGAGEMENT MEETING

October 2015

The key objective for this meeting was to give each other an update on the strategic partnership progress in the following areas: Procurement, Roaming & carrier services, People, and Customer Value Management. It also included other engagement points such as customer experience and branding.

The following are notable progress points made:

- Roaming: Commendable progress has been made. Technical engagements to assess the environment and implementation of voice & SMS will follow.
- Customer Value management - Engaged with Vodafone on how we can best take advantage of their brand power e.g. 4G deployment, implementation and go to market strategy.
- Knowledge bank has been refreshed to include new case studies which BTCL can tap into and see how we can empower our users to be confidently connected.
- Procurement: Procurement scope of work was signed.

BTCL TEAM INTRODUCED TO VODAFONE BEST GLOBAL PRACTICES

Mar 2016

At the beginning of 2016 BTCL worked with Vodafone to introduce the BTCL team to the basics of the Vodafone Way of Customer Value Management & the Vodafone Global best practices. Jan Michael Holzberg, Head of CVM – Partner Markets at Vodafone, travelled to Botswana to conduct a workshop on this topic. He further engaged some EXCO members in discussions around this customer centric way of marketing.

GOVERNANCE

2

TIMELINE 2000 - 2003

2000

BTC loses market share. The new billing system creates doubts. BTC's image slides. Mobile operators sky rocket with their connections.

2001

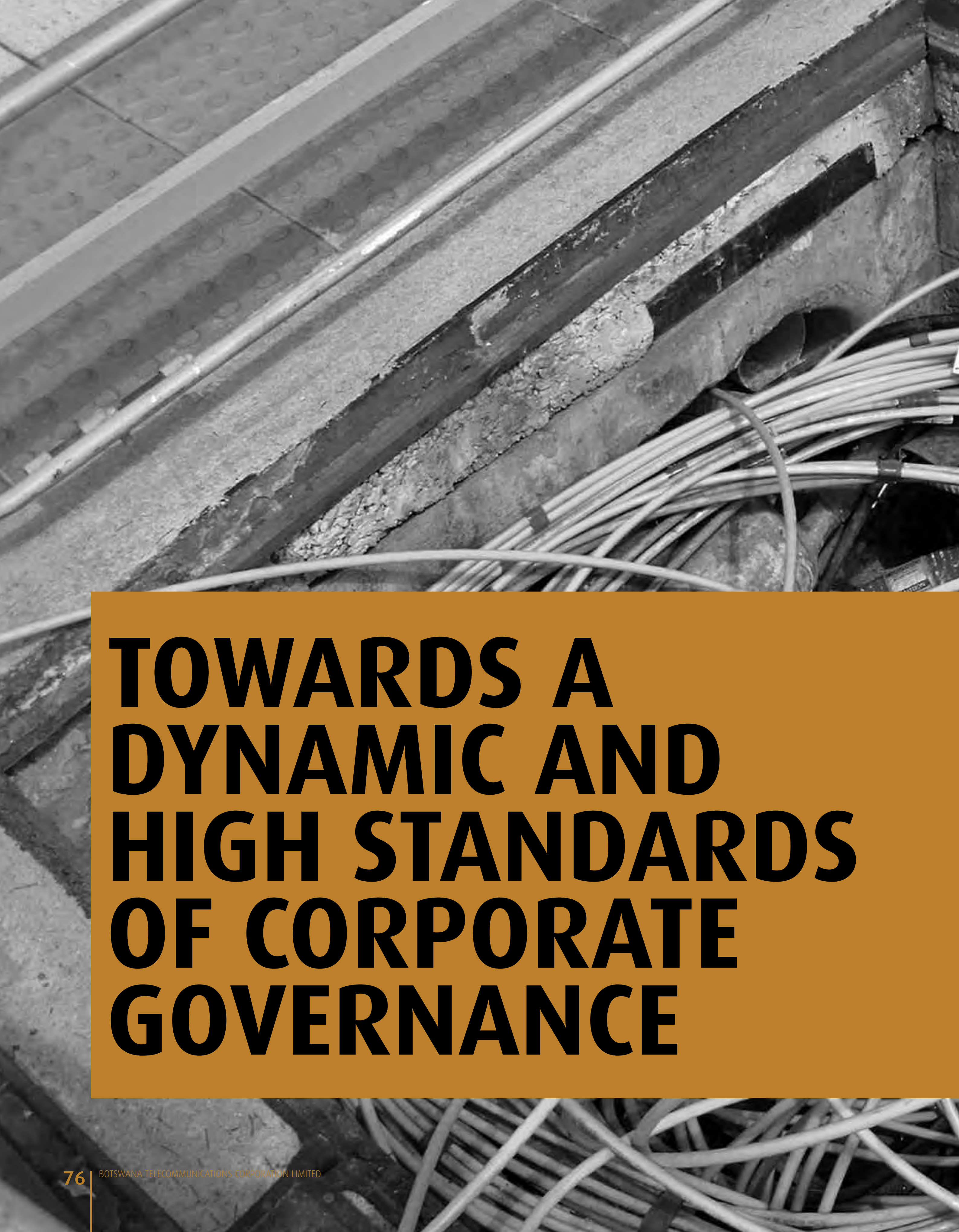
Despite resolution of billing system problems, net profit declines to Pula 2.2 million. Wireless technology introduced in the local loop. BTC realizes that it has lost significant market share to mobile operators. Introduces pre-paid technology.

2003

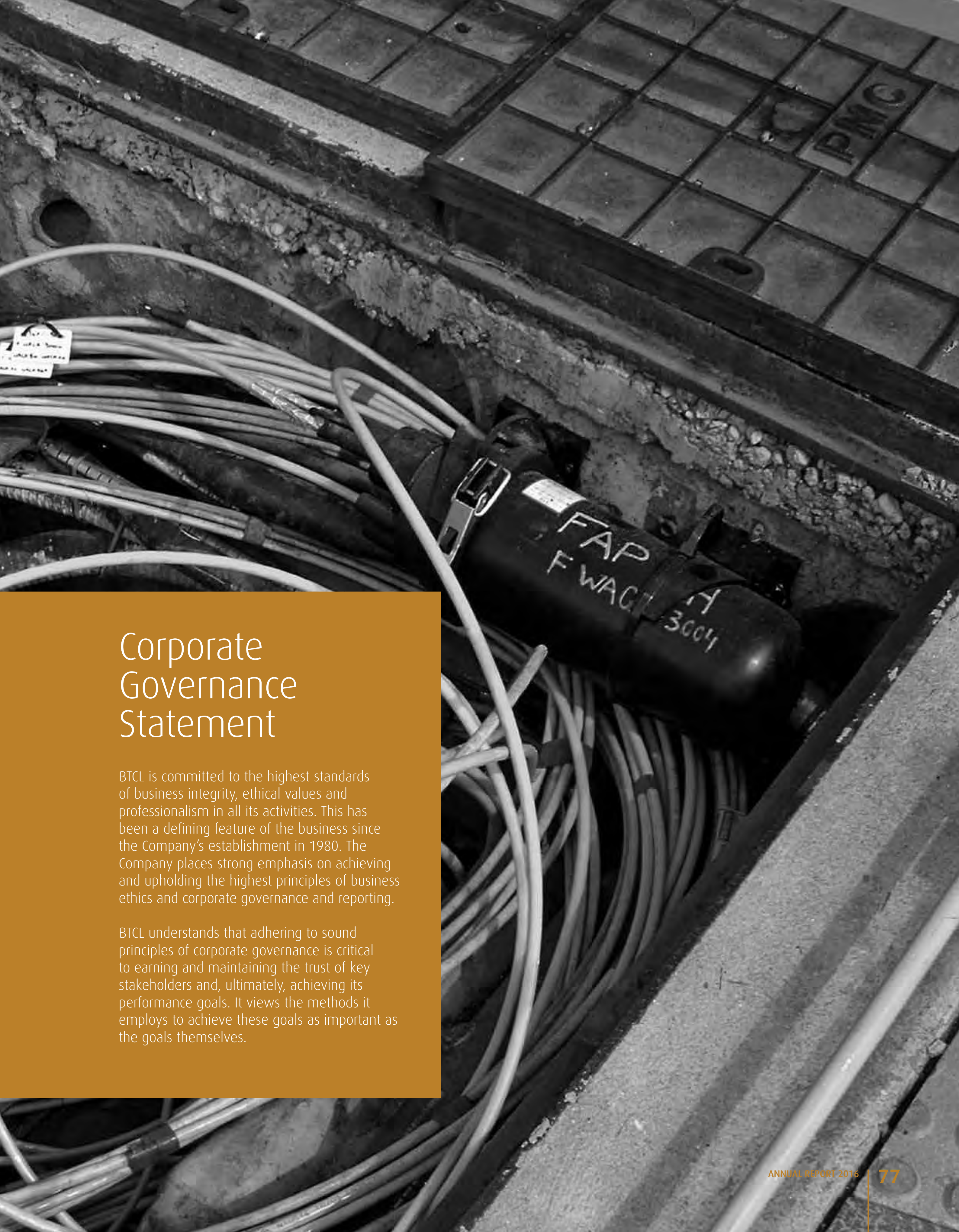
VSAT technology introduced. Measures to improve technology and quality introduced.

With our transformation into a public listed company comes an expectation and a commitment to enhance our already strong governance protocols and practices.

We benchmark with the best to ensure best practice is not something we merely subscribe to, but something we actively champion.



TOWARDS A DYNAMIC AND HIGH STANDARDS OF CORPORATE GOVERNANCE



Corporate Governance Statement

BTCL is committed to the highest standards of business integrity, ethical values and professionalism in all its activities. This has been a defining feature of the business since the Company's establishment in 1980. The Company places strong emphasis on achieving and upholding the highest principles of business ethics and corporate governance and reporting.

BTCL understands that adhering to sound principles of corporate governance is critical to earning and maintaining the trust of key stakeholders and, ultimately, achieving its performance goals. It views the methods it employs to achieve these goals as important as the goals themselves.

Corporate Governance
continued

The key features of BTCL's approach to corporate governance also includes:

- Providing all stakeholders, shareholders and the financial investment community with clear, concise and timely information about the Company's operations and results;
- Ensuring appropriate business and financial risk management are carried out and disclosed; and
- Acknowledging the Company's social responsibility and providing assistance and development support to the communities in which it operates, and to deserving institutions at large.

The BTCL Board is committed to the practice of good corporate governance and subscribes to the following:

- The King Code III;
- The Companies Act;
- The BSE Code of Corporate Governance;
- The International Financial Reporting Standards;
- The Global Reporting Initiative's (GRI) Sustainability Reporting - guidelines on economic, environmental and social performance.

Board Organisation and Structure

The governing body of the Company is the Board, consisting of the Chairman, the Managing Director, and five other Independent members appointed by the shareholders in line with the Companies Act.

BTCL has a unitary Board. The Company is led and controlled by the Board. Considerable thought is given to Board balance and composition and collectively the Board believes that the current mix of knowledge, skill and experience meets the requirements to lead the Company effectively.

The BTCL Board is responsible for setting the direction of the Company through the establishment of strategies, key policies and the approval of financial objectives and targets. It monitors the implementation of strategies and policies through a structured approach to reporting by executive management and recognises the responsibility for the management of relationships with its various stakeholders.

The BTCL Board has six Non-Executive Directors, including the chairperson. Non-Executive Directors bring with them diversity of experience, insight and independent judgment on issues of strategy, performance, resources and standards of conduct. The Managing Director together with the Executive Management are involved with the day-to-day business activities of BTCL and are responsible for ensuring that the decisions, strategies and views of the BTCL Board are implemented. The Managing Director cannot hold the position of the Chairman.

The members of the Board have declared their interests and are free from any business or other relationship which could reasonably be said to interfere with the exercise of their judgement.

The BTCL Board for the year under review was constituted by the following members:-

MEMBER	POSITION	DATE AND PERIOD OF APPOINTMENT	QUALIFICATIONS
Ms Daphne Motlagomang Matlakala	Chairperson, independent member	Appointed in April 2012 to the Board and appointed Chairperson in July 2014	BA,(Law) (UBS), Bachelor of Law (UNSW), Master in Law LLM (Edinburgh)
Mr Gerald Nthebolan	Vice Chairperson, independent member	Appointed in August 2013, , appointed as Deputy Board Chairperson in July 2014	BSc (Hon) (Computer Science),Leicester Polytechnic,MBA (De Monfort)
Mr Paul Taylor	Managing Director	Appointed in July 2011	BTec, Dip M, FCIM, I Eng., MIET, EAIIB
Mr Alan Boshwaen	Independent Board member	Appointed in September 2010	BA (Industrial Psychology) University of Kent at Canterbury (UK), MBA
Ms Serty Leburu	Independent Board member	Appointed in April 2009	B Com (UB), ACMA
Professor Rejoice Tsheko	Independent Board member	Appointed in April 2014	BSc (Agriculture Engineering) (McGill University), PhD (University of Newcastle)
Ms Choice Pitso	Independent Board member	Appointed in April 2012	BA (Soc Sciences) (UB), MSc (HR Management) (Manchester)

Nominations and Appointment of Directors

The BTCL Board regularly reviews its required mix of skills and experience and other qualities in order to assess the effectiveness of the BTCL Board. This review is by means of a self-evaluation of the BTCL Board as a whole, its Committees and the contribution of each individual Director.

The Chairman of the BTCL Board is responsible for ensuring a prudent and ongoing process of Director selection and development.

The Chairman may, if in the Chairman's view appropriate, co-opt other BTCL Board members to assist in this process, either informally or formally.

The Nomination Committee charged with responsibility for Director selection:

- Makes recommendations to the BTCL Board on the size and composition of the BTCL Board generally, and the balance between Executive and Non-Executive Directors appointed to the BTCL Board;
- Makes recommendations to the BTCL Board on the appointment of new executive and non-executive Directors (subject to approval at the Annual General Meeting), (skill and experience, demographics and diversity being taken into account in this process);
- Procure as far as possible that new Directors undergo an appropriate induction process which, in addition to ensuring such Directors understand their fiduciary duties, will familiarise them with the Company's operations, senior management and its business environment, and make explicit the BTCL Board's and the Chairman's expectations of them.

The appointment of Directors is required to be approved by shareholders in general meeting of the Company. The Managing Director is bound by a contract of employment with agreed and set target, which are appraised by the Board from time-to-time.

Nominations of new Board Members

Based on the above processes, the Board of Directors has nominated the following to be appointed as Directors of the Company.

- Maclean Letshwiti
- Lorato Boakgomo-Nthakwana

Detailed CVs are available for inspection at the Company's registered office.

Responsibilities of the Board and the Executive Management

BTCL is led by a Board that brings leadership, commitment and rigour to the business of the organisation, as well as its governance in pursuance of its statutory mandate, ensuring proper and effective control of the Company's business and carrying out periodic evaluation of corporate performance.

The Board is also responsible for guiding corporate governance by establishing committees and structures within the organisation in order to assist it in its effective fulfilment of its responsibilities.

The Board, directly or through its sub-committees:

- Approves the BTCL's corporate strategies, annual budgets and business plans;
- Approves significant capital expenditure projects, selection of suppliers and major financial proposals;
- Assesses the comprehensive system of reporting on financial and non-financial matters, strategy and other operational matters;
- Ensures compliance with applicable laws and regulations;
- Approves the acquisition and divestments;

Corporate Governance
continued

Board Organisation and Structure (continued)

- Assess key business risks and monitors the management of those risks;
- Ensures the effectiveness of internal control systems; and
- Evaluates and monitors the performance of senior management.

Management is required to implement the approved plans and strategies and support the Board. The Board monitors management's progress on an ongoing basis.

As part of its responsibility, the Board also ensures that BTCL makes a fair representation of the financial position, results of operations, statement of changes in equity and cash flow statements in conformity with the International Financial Reporting Standards. The Board has delegated these responsibilities to the management of the Company. In preparing these financial statements, the management on behalf of the Board has:

- Selected suitable accounting policies and applied them consistently;
- Made judgement and estimates that are reasonable and prudent;
- Followed applicable International Financial Reporting Standards; and
- Prepared financial statements on a going concern basis.

The Chairman is responsible for leading the Board and, with the assistance of the Managing Director. Whilst the members have access to the Auditors, Executive Management and to such information as is necessary to carry out their duties and responsibilities fully and effectively, the Board also seeks professional advice as and when necessary. All Directors have unlimited access to the advice and services of the Company Secretary, who is responsible to the BTCL Board for ensuring that BTCL Board procedures are followed.

Division of Responsibilities Between the Board and the Executive Management

There is a clear division of responsibilities between the Executive Management and the BTCL Board. The Executive Directors and the Executive Management have the responsibility for the day-to-day running of the business and the execution of the Company's strategy, subject at all times to the policies and positions adopted by the BTCL Board.

Ethical Standards

Members of the Board and staff members are required to conduct themselves according to the highest ethical standards. The Company strives at all times to make relevant disclosures of information to stakeholders in a transparent manner.

Board Committees

The BTCL Board has an Audit and Risk Committee; a Human Resources, Remuneration and Nomination Committee; and a Technology and Investment Committee, constituted in accordance with section 20.3.2 of the Company Constitution. These committees are fully mandated by the BTCL Board as to their membership, scope of authority, responsibilities and duties. These committees are chaired by Non-Executive Directors and are comprised of a majority of Non-Executive Directors. The Board is supported by specialist committees as follows:

Audit and Risk Committee

The Company's Audit and Risk Committee is composed of at least three Independent Non-Executive Board Members and is chaired by a Non-Executive Director. The members are financially literate in the fields of financial and sustainability reporting, internal financial controls, external audit processes, internal audit processes, corporate law, risk management, sustainability issues, information technology governance and general governance processes within the Company. There are no relationship existing that could interfere with the Audit and Risk Committee members' independence from management.

The mandate of the Audit and Risk Committee includes:

- Ensuring compliance with applicable legislation and requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies reporting and disclosure;
- Appointment and retention of external auditors and the external audit policy;
- Review/approval of external audit plans, findings, problems, reports and fees;
- Compliance with the Code of Corporate Practices and Conduct; and
- Internal audits.

The Audit and Risk Committee sets the principles for recommending the use of external auditors for non-audit services. BTCL occasionally uses external auditors for some non-audit services, namely taxation advice and associated services.

The Committee meets at least four times a year and the external auditors and appropriate members of executive management, including those involved in internal audit, risk management control and finance, attend these meetings. The external auditors have unrestricted access to the Audit and Risk Committee.

The members of the Audit and Risk Committee for the year under review were; Mr. Alan Boshwaen (Chairperson), Ms. Serty Leburu, and Ms. Choice Pitso.

Human Resources, Remuneration and Nomination Committee

The Company's Human Resources, Remuneration and Nominations Committee is composed of at least three Non-Executive Board Members, and is advised, if required, by independent outside experts.

The Committee's mandate includes:

- Recommending to the Board nominations for Board membership, General Managers and Managing Director appointments;
- Ensuring alignment of the remuneration strategy and policy with BTCL's business strategy;
- Determining remuneration packages needed to attract, retain and motivate high performing staff without paying more than is necessary for this purpose; and
- Ensuring that remuneration levels relative to other comparable companies are pitched at the desired level taking relative performance into account;

On behalf of the BTCL Board, the Human Resources, Remuneration and Nomination Committee:

- Reviews remuneration levels of staff;
- Reviews performance-based incentive schemes, and the related performance

criteria and measurements, including share option allocations; and

- Reviews fees payable to Non-Executive Directors (as a separate process from executive remuneration reviews) for confirmation of the BTCL Board.

The Committee meets four times in a year.

The members of the Human Resources, Remuneration and Nomination Committee for the year under review were Ms Choise Pitso (Chairperson); Prof Rejoice Tsheko and Mr Alan Boshwaen.

Technology and Investment Committee

The Company's Technology and Investment Committee is composed of not less than three Non-Executive Board Members. The role of the Committee is to assist the Board to ensure that it fulfils its corporate governance and oversight responsibilities for the Company's strategy in relation to Technology and Investment opportunities.

The duties of the Committee include the following:

On Technology, including, to:

- Review BTCL's technology planning and strategy, including the financial, tactical and strategic benefits of proposed significant technology-related projects and initiatives;
- Receive reports on existing and future trends in technology that may affect BTCL's strategic plans, including monitoring overall industry trends;
- Provide oversight over new innovative technology developments for future deployment within the Company;
- Increase awareness of key technology changes and innovations within the Company and in the marketplace;
- Review and endorse technology investments/projects including monitoring and reviewing post implementation results of all such key technology projects;
- Consider the negative impact that technology could have on the environment and provide sustainable solutions for management's action;
- Ensure that there are appropriate systems in place for the management of information assets and the performance of data functions;
- Ensure that there are systems in place for private information (such as intellectual property, investment decisions and tendering processes) to be treated by the Company as an important business asset and that all personal information that is processed by the Company is identified; and
- Ensure that an Information Security Management System (ISMS) is developed and incorporates the following high-level information security principles:
  - confidentiality of information;
  - integrity of information; and
  - availability of information and information systems in a timely manner.

On Investment activities, including, to:

- Review the performance of BTCL investments linked to the overall investment strategy;
- Consider capital projects, acquisitions and disposal of assets in line with the BTCL's overall strategy;
- Consider changes in the scope of projects that exceed limits as may be determined by the Board from time to time in approving the tender regulations, whether once-off or collectively, of the approved project estimate;
- Approve and advise the Board on any other investment;
- Consider the viability of the capital projects and/or acquisitions and/or disposals and the effect they may have on the Company's cash flow, as well as whether they comply with the Company's overall strategy;
- Cnsure that appropriate due diligence procedures are followed when acquiring or disposing of assets; and
- Oversee the proper value delivery of Technology, ensuring that the expected return on investment from significant Technology investments and projects is delivered and that the information and intellectual property contained in the information systems are protected.

On mergers and acquisition activities, including, to:

- Evaluate and revise mergers and acquisition approval policies for investment, acquisition, enterprise services, joint venture and divestiture transactions, and consider requests from management to approve such proposed transactions;
- Evaluate the execution, financial results and integration of completed investment, acquisition, enterprise services, joint venture and divestiture transactions;
- Report to the Board and make recommendations to the Board as to scope, direction, quality, investment levels and execution of investment, acquisition, enterprise services, joint venture and divestiture transactions;
- Oversee and recommend strategic alliances;
- Oversee loans and loan guarantees of third party debt and obligations; and
- Oversee investor relations activities.

On material tender decisions, including, to:

- Review quarterly reports on the decisions of the Tender Committee of Management;
- Award tenders in line with BTCL's approved procurement policy and tender regulations;
- Review significant technology expenditures, including the
- Associated budget for BTCL and its business segments; and
- Receive reports from management, as and when appropriate, concerning the implementation of BTCL's technology initiatives, including the cost compared to budget, the expected benefits and the timelines of implementation

The members of the Technology and Investment Committee during the reporting year were: Mr. Gerald Nthebolan, Ms. Serty Leburu and Prof. Rejoice Tsheko.

Company Secretary

The Company Secretary is responsible for the proper administration of all Board meetings and Board Committees. Additionally the Company Secretary, is responsible for advising the Board on legal matters, including compliance with the Companies Act and the Company's Constitution.

Currently, Kaelo Biki Radira is the Company Secretary.

Ad-hoc Committees

Ad-hoc Committees are appointed by the Board, as and when necessary, to consider specific issues before the submission of the Board for a final decision. The Board, as it finds necessary, determines the terms of references of such Committees.

Corporate Governance
continued

Board Committees (continued)

Board Meetings

Board meetings are convened by formal notice incorporating a detailed agenda together with relevant written proposals and reports. Information is distributed in a timely manner prior to Board meetings, to facilitate adequate preparation for thorough discussion at these meetings. A number of decisions were taken between Board meetings by written resolution in accordance with the Company's founding documents.

Attendance and Meetings of the Board and Board Committees

The BTCL Board is expected to meet at least quarterly and retains full control over the Company. The BTCL Board monitors management, ensuring that material matters are subject to BTCL Board approval, and reserves to itself a range of key decisions to ensure that it retains proper direction and control of the Company. The Board and its Committees met as detailed below.

	MAIN BOARD		TECHNOLOGY & INVESTMENT COMMITTEE		AUDIT AND RISK COMMITTEE		HUMAN RESOURCES & REMUNERATION COMMITTEE	
Member	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Ms Daphne Motlagomang Matlakala	✓	16/18						
Mr. Gerald Nthebolan	✓	15/18	✓	7/7				
Mr Paul Taylor								
Mr Alan Boshwaen	✓	12/18			✓	6/7	✓	2/14
Ms Serty Leburu	✓	12/18	✓	3/7	✓	3/7		
Professor Rejoice Tsheko	✓	16/18	✓	6/7			✓	13/14
Ms Choice Pitso	✓	14/18			✓	7/7	✓	14/14

Directors Remuneration and Shareholding

Except for the Managing Director, members of the Board are not entitled to monthly or annual salaries. The members of the Board and Sub-committees are paid a sitting allowance as disclosed below.

The aggregate number of Botswana Telecommunications Corporation Limited shares held directly or indirectly by Directors of the Company as at 7th April 2016 is 154,111. Details of the holding of these shares are disclosed below.

MEMBER	POSITION	DIRECTORS REMUNERATION AMOUNT (PULA)	DIRECTORS SHAREHOLDING (NUMBER OF SHARES)
Ms Daphne Motlagomang Matlakala	Chairperson	38,768	11,111
Mr. Gerald Nthebolan	Vice Chairperson	29,400	23,000
Mr Paul Taylor	Managing Director	Nil	N/A
Mr Alan Boshwaen	Director	22,470	20,000
Ms Serty Leburu	Director	20,160	Nil
Professor Rejoice Tsheko	Director	35,490	Nil
Ms Choice Pitso	Director	40,110	100,000
			154,111

Internal Controls

To meet its responsibility with respect to providing reliable financial information, BTCL maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal, and those transactions are properly authorised and recorded. The system includes documented organisational structures and division of responsibilities, established policies and procedures to foster a strong ethical climate and the careful selection, training and development of people. External auditors will report material internal control weaknesses that they identify during the course of their external audit to management and the Audit and Risk Committee. Corrective actions will be taken to address control deficiencies as they are identified. The BTCL Board, operating through its Audit and Risk Committee, oversees the financial reporting process and internal control system.

The Company has an Internal Audit function that report directly to of the Audit and Risk Committee to provide assurance on the adequacy and effectiveness of controls to mitigate risks to its strategic, operational, financial and compliance objectives.

Whilst no system of internal control can provide absolute assurance against material misstatements or loss, the Company's systems are designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The key elements of the system of internal control are delegation, operations, planning and empowerment, competence, monitoring and reporting and Internal Audit.

The systems are designed to provide reasonable assurances to the integrity and reliability of the financial statements and other operational information. Such systems of internal controls are designed to manage rather than eliminate the risks of failure to meet business objectives, providing reasonable but not an absolute assurance against material loss or misstatement.

Based on the information received from the management, the Audit and Risk Committee and the Internal Audit Department, the Board was of the opinion that the systems of internal controls can be reasonably relied upon, and that there was no material or fundamental breakdown in the system of internal control during the year under review.

Internal Audit Function

BTCL has an independent Internal Audit function which administratively reports directly to the Managing Director, with a dual reporting responsibility to the Audit and Risk Committee. The Internal Audit process provides an assurance that significant risks are subject to periodic reviews and control processes are in place and weaknesses are identified and mitigated. The Internal Audit is also expected to advise the Board whether the Company's framework of risk management, internal control and governance processes, as designed by the management, is adequate and functioning.

The Internal Audit Department has an Internal Audit Charter setting out the independence of the function, which has been adopted by the Audit and Risk Committee and signed by the Chairperson of that Committee. The Internal Audit Charter places considerable emphasis on:

- Independence of the internal audit function;
- Integrity and professionalism within internal audit;
- Risk based internal audit; and
- Enhancing the oversight, monitoring and reporting of internal audit function.

The scope of Internal audit is broad and includes those systems of internal control that are in place to achieve the following:

- Compliance with legislation, regulations, policies, and procedures;
- Economy, effectiveness and efficiency of operations;
- Safeguarding of assets;
- Reliability and integrity of financial and operational information; and
- Achievement of objectives.

Operations, Planning and Empowerment

A rolling three year corporate planning process that facilitates and encourages the involvement of staff through annual plans that articulate strategies at Functional, Individual Business Units, Strategic Business Units, Departments, regional and Corporate Offices ensure employee empowerment. Employee participation improves the sense of ownership, the reduction of bureaucracy and allows for speedier decision making.

Key policies, processes and control procedures are communicated throughout the Company. Non-compliance is reviewed and any areas of weaknesses identified are addressed and promptly reported to the Board. Continuing actions are taken throughout the year to embed risk management and internal control into the day-to-day operations of the Company.

In relation to potential major contracts or acquisitions, external advisors, together with senior management within the Company, are appointed under clearly defined scopes to carry out commercial, financial and legal due diligence. The Board is kept fully up to date with any issues arising during such due diligence.

Monitoring Results and Management Reporting

All reporting of financial and other results is carried out as an effective monitoring mechanism. A actual results are compared against the annual plans and against the historical trends in the previous years.

Risk Management

Effective risk management is integral to the Company's objectives of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks. Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk exposure involving segregation of duties, transaction

Corporate Governance
continued

Board Committees (continued)

supervision, monitoring, financial and managerial reporting.

In addition to the above, the Board has endeavoured to ensure that control systems, designed to safeguard the Company's assets and maintain proper accounting records that facilitates the production and availability of reliable information, are in place and are functioning as planned.

The programme ensures that wider range of risks, arising as a result of the Company's diverse operations, are effectively managed in support of the uninterrupted communications services to Botswana and the creation and preservation of shareholder wealth. The significant business risks to the Company, financial, operational and compliance, which could undermine the achievement of the Company's business objectives are identified, mitigation actions are established and risk owners appointed. Business risks are reviewed on a semi-annual basis.

A Risk Review Report is included as part of this Annual Report.

Going Concern

The financial statements have been prepared on a going concern basis since, having made relevant enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Approval of Annual Financial Statements

The financial statements of the Company were reviewed by the Audit and Risk Committee, approved by the Board and were signed accordingly on behalf of the Company by the Chairman and the Managing Director.

External Auditors

In terms of the Companies Act, the Annual General Meeting appointed Ernst & Young, a firm of Certified Auditors as the auditors for the year under review.

Compliance with Laws and other legal Requirements

The Board is conscious of its responsibility and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board, through the Corporate Legal Department, strives to ensure that the businesses of the Company comply with the laws and regulations of Botswana.

Relationship with Employee Representatives

The Company's staff other than those in the management cadre are entitled to join one of the two registered staff unions. Regular consultative meetings between management and the two registered trade unions are conducted to share relevant information and consult on a number of staff issues to foster good employer/employee relationships.

Environment, Health, Safety and Sustainability

The Company strives to conform to and exceed environmental, health and safety laws in its operations and also seeks to add value to the quality of life of its employees through preventative health programmes.

Compliance with Corporate Governance Code

In an attempt to improve the corporate governance principles and to enhance the Board's accountability, the Company has voluntarily submitted itself to world class codes on Corporate Governance (the 2009 Kings Code on Corporate Governance (www.kingIII.co.za). The statement below, which is based on the codes published by the Kings Committee, measures the degree of its compliance to the respective codes. The Company has complied with the Codes of Best Practice throughout the financial year ended 31st March 2016, other than with the exceptions stated below:

Principle	Description of Principle	Compliance	Compliance Status and Additional Comments
1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP			
1.1	The Board should provide effective leadership based on an ethical foundation.	✓	In accordance with the Board Charter, the Board is the curator of the values and ethics of BTCL. BTCL recognises that good governance emanates from effective, responsible leadership, which is characterised by the ethical values.
1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	✓	BTCL Corporate Social Responsibility reports adequately reflects that the Company's commitment to Corporate citizenship.
1.3	The Board should ensure that the Company's ethics are managed effectively.	✓	BTCL has a Code of Conduct as part of the Company's employment conditions, which promotes, amongst other things the ethical values of responsibility, accountability, fairness and transparency.
2. BOARDS AND DIRECTORS			
2.1	The Board should act as the focal point for and custodian of corporate governance.	✓	In accordance with the Board Charter, the Board is committed to the highest standards of corporate governance
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	✓	The Board, in accordance with the Board Charter, is responsible for aligning the strategic objectives, Vision and Mission with performance and sustainability considerations. BTCL's risk management process takes into account the full range of risks including strategic and operational risk covering all areas of performance.
2.3	The Board should provide effective leadership based on an ethical foundation.	✓	See 1.1 above
2.4	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	✓	See 1.2 above
2.5	The Board should ensure that the Company's ethics are managed effectively.	✓	See 1.1 above
2.6	The Board should ensure that the Company has an effective and independent Audit Committee.	✓	BTCL has an effective and independent Audit and Risk Committee reporting to the Board and chaired by a Non-Executive Director.
2.7	The Board should be responsible for the governance of risk.	✓	The Board, through its Audit and Risk Committee oversees the management of risks companywide.

Corporate Governance
continued

Compliance with Corporate Governance Code (continued)

Principle	Description of Principle	Compliance	Compliance status and additional comments
2. BOARDS AND DIRECTORS			
2.8	The Board should be responsible for Information Technology (IT) governance.	✓	BTCL is primarily a technology outfit and most of its processes are automated using IT. The Board through the Investment and Technology Committee and the Audit and Risk Committee, ensure that the right technologies are selected and systems and processes are implemented to ensure that its IT governance is met.
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	A compliance framework is monitored by the BTCL legal team. In the Board's view, BTCL is in compliance with all laws and regulations (see also 6.1).
2.10	The Board should ensure that there is an effective risk-based internal audit.	✓	Internal Audit Department ensures that it audit of various areas are based on risk based approach.
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation.	✓	As part of the risk assessment process, the Board through its Audit and Risk Committee evaluates all risks relating to reputational issues resulting from customers, employees, shareholders, government agencies, local communities etc.
2.12	The Board should ensure the integrity of the Company's integrated report.	✓	Currently, only the annual financial statements are reviewed by the Audit and Risk Committee and the Board. However, from the next financial year, significant components of the Annual Report will be reviewed by the Board before being officially released.
2.13	The Board should report on the effectiveness of the company's system of internal controls.	✓	As part of the Internal Audit Charter, the internal auditors are expected to review the Company's internal control systems and provide a report to theAudit and Risk Committee and to the Board. The Audit and Risk Committee as part of its reporting confirm the adequacy of the internal controls in operation at the Company.
2.14	The Board and its Directors should act in the best interests of the Company.	✓	The terms of appointment and the acceptance of appointment as the Directors dictates that the Directors act in the best interest of the Company and that all conflict of interests is reported and adequately dealt with.
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act.	✓	The Company has a disaster recovery plan and the Company always ensures that it meets the solvency tests. The Company also prepare a three year business plan incorporating financial forecasts to early detect any financial distress situations.
2.16	The Board should elect a chairman of the Board who is an Independent Non-Executive Director. The CEO of the Company should not also fulfil the role of chairman of the Board.	✓	The Board chairperson is an Independent Nonexecutive Director chosen at the Annual General Meeting of the Company. The Managing Director, the equivalent of the CEO, is not the Chairperson of the Board.

Principle	Description of Principle	Compliance	Compliance status and additional comments
2. BOARDS AND DIRECTORS			
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	✓	The Managing Director (equivalent to the Chief Executive) appointed by the Board on a fixed period contract basis. The Company has a well-defined organisational structure with strategies, targets and authority to achieve them.
2.18	The Board should comprise a balance of power, with a majority of Non-Executive Directors. The majority of Non-Executive Directors. should be Independent.	✓	Currently, all but one of the positions in the Board is filled by Non-Executive Directors. Although, in the future, some members of the management may be appointed to the Board, it is envisaged that the number of on-Executive Directors will be more than Executive Directors.
2.19	Directors should be appointed through a formal process.	✓ Partial	Currently, Directors are selected by the nominations committee and approved by the Board/the Annual General Meeting. Post listing at BSE, the selection method is expected to include representatives from the key shareholder groups. The process is yet to be defined.
2.20	The induction of and ongoing training and development of Directors should be conducted through formal processes.	✓ Partial	Currently, the directors are inducted through a process of dissemination of relevant and pertinent Company information, which is yet to be formalised.
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.		The company secretary is a lawyer, suitably qualified to handle the company secretarial matters of the company.
2.22	The evaluation of the Board, its Committees and the individual Directors should be performed every year.	✓ Partial	The Company carries out a self-evaluation of itself and the targets set. However, such process is not well documented. Going forward, the Company will document the target setting and evaluation in appropriate detail.
2.23	The Board should delegate certain functions to well-structured Committees but without abdicating its own responsibilities.	✓	The Board has appointed three Sub-committees viz-a-viz the Audit And Risk Committee, the Investment Committee and the remuneration and Nominations Committee.
2.24	A governance framework should be agreed between the group and its subsidiary Boards.	✓	Each Committee has terms of reference. All memberships to these Committees are approved by the Board.
2.25	Companies should remunerate Directors and executives fairly and responsibly.	✓ Partial	Currently, except the Managing Director, all other Directors are remunerated based on rate prescribed by the Government guidelines. Post listing at BSE, this is expected to change.
2.26	Companies should disclose the remuneration of each individual Director and certain senior executives.	✓	The Annual Report adequately discloses all remuneration paid to Directors, their shareholdings and other relationships to the Company.
2.27	Shareholders should approve the Company's remuneration policy.	✓	The Company remuneration policies are approved only by the Board.

Corporate Governance
continued

Compliance with Corporate Governance Code (continued)

Principle	Description of Principle	Compliance	Compliance status and additional comments
3. AUDIT COMMITTEES			
3.1	The Board should ensure that the Company has an effective and Independent Audit Committee.	✓	BTCL has an effective and Independent Audit and Risk Committee reporting to the Board and chaired by a Non-Executive Director.
3.2	Audit Committee members should be suitably skilled and experienced Independent Non-Executive Directors.	✓	BTCL has an effective and independent Audit and Risk Committee which membership comprises professionally qualified accounting people and chaired by an Independent Non-Executive Director.
3.3	The Audit Committee should be chaired by an Independent Non-Executive Director.	✓	The Audit And Risk Committee is chaired by an Independent Non-Executive Director.
3.4	The audit committee should oversee integrated reporting.	✓	The Annual Financial Statements are evaluated and approved by the Audit and Risk Committee.
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.	Not Compliant	BTCL Audit Committee currently does not have a combined assurance model per se, although elements of such are implemented. BTCL will develop such an all-encompassing model in the future.
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function.	✓ Partial	All members of the Audit and Risk Committee are adequately qualified. BTCL will look into the possibility of adding the strength of the Committee with external, independent and qualified non-Board members in the future.
3.7	The Audit Committee should be responsible for overseeing of internal audit.	✓	The internal Audit Function's annual audit plans are approved by the Audit and RriskCommittee. The internal Audit Function periodically reports to the Board and as has unfettered access to the Committee,
3.8	The Audit Committee should be an integral component of the risk management process.	✓	The Audit and Risk Committee periodically reviews the Company's risk profile and the approach. The Committee is of the view that the risks are adequately being addressed.
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	✓	The Audit and Risk Committee recommends the appointment of the Auditor to the Board and to the Annual General Meeting.
3.10	The Audit Committee should report to the Board and shareholders on how it has discharged its duties.	✓	The Audit and Risk Committee formally reports to the Board after each meeting. A report of theAudit and Risk Committee is included in this Annual Report.

Principle	Description of Principle	Compliance	Compliance status and additional comments
4. THE GOVERNANCE OF RISK			
4.1	The Board should be responsible for the governance of risk.	✓	The Board is aware of this risk and has delegated this task to the Audit and Risk Committee.
4.2	The Board should determine the levels of risk tolerance.	✓	The Board has established levels of risks, its impact and the likelihood. The risk that can be tolerated and the risks that it is willing to take are continuously looked at by the Audit and Risk Committee.
4.3	The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities.	✓	The audit and risk committee is a sub-committee of the Board and assist the Board in its responsibility for the governance of risks.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	✓	The Board has delegated to management the responsibility to design, implement and monitor the risks.
4.5	The Board should ensure that risk assessments are performed on a continual basis.	✓	The Audit and Risk Committee met four times during the 2014/15 financial year for consideration of various matters including discussions of the risk assessments, and risk framework and methodology.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	✓ Partial	The Audit and Risk Committee looks at the risks frameworks and methodologies and ensures that unpredictable risks are well managed. This process is, however, on-going.
4.7	The Board should ensure that management considers and implements appropriate risk responses.	✓	The Annual Risk Management Report is submitted to the Audit and Risk Committee and to the Board containing the risk responses. These are periodically monitored.
4.8	The Board should ensure continual risk monitoring by management.	✓ Partial	Although, the risk Management is a part of the daily process within BTCL, such actions needed to be documented.
4.9	The Board should receive assurance regarding the effectiveness of the risk management process.	✓	The Audit and Risk Committee provides the required level of comfort in the evaluation of the effectiveness of the risk management process.
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	✓	A Risk Management Report containing all high level and operational risks, its impact and the level of responses are included in the Annual Report.

Corporate Governance
continued

Compliance with Corporate Governance Code (continued)

Principle	Description of Principle	Compliance	Compliance status and additional comments
5. THE GOVERNANCE OF INFORMATION TECHNOLOGY (IT)			
5.1	The Board should be responsible for information technology (IT) governance.	✓ Partial	The Board understands the importance of the information technology risks and the governance. It has delegated the responsibility of ensuring compliance with IT governance issues to the Board's Technology and Investment Committee
5.2	IT should be aligned with the performance and sustainability objectives of the Company.	✓	IT is a significant component of BTCL's operations. Most of its operations are based on IT platforms, technologies and processes and are important to its performance and sustainability. As such, adequate attention is being given by BTCL.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework.	✓	The responsibility for investing, implementing and managing IT function is delegated to the management as well as other functions with IT infrastructure.
5.4	The Board should monitor and evaluate significant IT investments and expenditure.	✓	Responsibility for monitoring the IT governance framework is delegated to the Board's Technology and Investment Committee.
5.5	IT should form an integral part of the Company's risk management.	✓	The management of IT-related risk is the duty of the management. Risks relating to IT are part of the overall risk management function within BTCL. IT management ensures good project management principles are applied.
5.6	The Board should ensure that information assets are managed effectively.	✓	In BTCL, the IT assets are an integral part of the overall assets structure of the Company and are, therefore, adequately managed.
5.7	A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities.	✓	IT risk management is part of the overall risk management profile of the Audit and Risk Committee.

Principle	Description of Principle	Compliance	Compliance status and additional comments
6. COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS			
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	A compliance framework is monitored by the BTCL legal team. In Board's view, BTCL is in compliance with all laws and regulations.
6.2	The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.	✓ Partial	The induction process for new Board members attempts to sensitise the Directors with all laws and regulations affecting the Company. Further enhancement in terms of documentation may be needed in the future.
6.3	Compliance risk should form an integral part of the company's risk management process.	✓	Compliance to laws and regulations are identified under different risk dimensions, such as market risks, regulatory risks, finance risks etc., and are adequately looked at.
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	✓	BTCL has adequate level of responsibilities for ensuring that compliance to laws and regulations are attended to.

Principle	Description of Principle	Compliance	Compliance status and additional comments
7. INTERNAL AUDIT			
7.1	The Board should ensure that there is an effective risk based internal audit	✓	BTCL has a fully-fledged Internal Audit Department, directly reporting to the Audit and Risk Committee. It follows its activities based on risk based approaches.
7.2	Internal audit should follow a risk based approach to its plan.	✓	See 7.1 above
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management.	✓	The Internal Audit reports to the Audit and Risk Committee quarterly on the audits carried out to assess the effectiveness of the Internal controls.
7.4	The Audit Committee should be responsible for overseeing internal audit.	✓	See 7.1 above
7.5	Internal audit should be strategically positioned to achieve its objectives.	✓	See 7.1 above

Corporate Governance
continued

Compliance with Corporate Governance Code (continued)

Principle	Description of Principle	Compliance	Compliance status and additional comments
8. GOVERNING STAKEHOLDER RELATIONSHIPS			
8.1	The Board should appreciate that stakeholders' perceptions affect a company's reputation.	✓	The Board is aware the reputational risk and its effect on the Company's operations, performance and results. It takes the reputational issues seriously and is discussed at the Board meetings regularly.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	✓	BTCL management structure and the organisational responsibility adequately deal with the issues relating to various stakeholders.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company.	✓	The Board has delegated its responsibilities to various Board committees and, in some instances, to the management to address the relationship with stakeholders.
8.4	Companies should ensure the equitable treatment of shareholders.	✓	BTCL is an equal opportunity employer and carries out its activities with utmost impartiality and on ethical guidelines. As such, no stakeholders are treated differently outside the prescribed Government guidelines (e.g. citizen empowerment, local preference trade policies etc.).
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	✓	BTCL has adopted a responsible practice in communicating with various stakeholders.
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	✓	BTCL has dispute resolution mechanisms with various stakeholder, such as customers, employees, suppliers, community, shareholders, etc.

Principle	Description of Principle	Compliance	Compliance status and additional comments
9. INTEGRATED REPORTING AND DISCLOSURE			
9.1	The Board should ensure the integrity of the Company's Integrated Report.	Not compliant	BTCL does not prepare an Integrated Report to the standard required but would do so in the near future.
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	✓	Done and included as part of this Annual Report.

RISK MANAGEMENT

High quality management of risks is one of BTCL's priorities. BTCL considers risk as a natural part of any business process and the management of risk as a key operating and integral component of its activities.

BTCL as an organisation faces a wide range of risks, both internal and external to the organisation, which can have significant impacts on the outcome of its operations. BTCL considers risk management to be fundamental to good governance practices and, hence as an integral part of corporate governance process. BTCL recognises that the process of risk management is crucial for the business to succeed and meet its objectives, adding value to its business.

Risk Management
continued

The activities of risk management are governed by the following principles at BTCL, which are aligned with its strategy and business model. They are:

- The integration of the culture of risks management throughout BTCL's attitudes, values, processes, decision making and business planning;
- An organisational and governance model that assigns all risks to those responsible for control and management;
- Independence of the risk function, covering all risks and providing an adequate separation between the risk generating functions and those responsible for its control and supervision;
- A complete framework of process control mechanisms for managing and controlling risks; and
- Comprehensive approach to all risks, both internal and external, and to draw up a periodical complete list of risks, their nature, impact and management;

BTCL therefore, has developed and implemented a Risk Management Policy Framework, which integrates the process of managing risks into the overall strategy management, governance processes and effective reporting. This framework helps the Company to manage risk in a systematic, transparent and cost effective manner.

BTCL Risk Philosophy

BTCL recognises that an effective risk management process is fundamental to achieving its business goals. The Company is aware that business opportunities can be enhanced through better management of risks. The risk management process therefore aims to ensure that a more inter-dependent and more explicit connections exist between managing the business and managing the risks. BTCL also believes that it can manage risks only if its employees are equipped to manage risks. BTCL believes that it is the corporate culture which facilitates the enterprise-wide risk management process. BTCL also recognises that in order to add value to its business, it needs to take business risks. Business risks that carry no compensating gains are therefore avoided or minimised. BTCL's view is that it is not possible to eliminate the risks entirely and therefore manage risks rather than to eliminate completely.

Understanding strategic, operational, compliance and financial risks is a vital element of BTCL's risks management and oversight process. BTCL's risk management and oversight programme is not an end in itself, but a process to support management in achieving its set goals.

BTCL understands that no matter how comprehensive its risk management and control system can be, it cannot be assumed to be exhaustive, nor can it provide certainty that it will prevent negative developments in BTCL's business or that its mitigating actions will be fully effective. It is important to note that new, as yet unknown, risks could still be identified. It is important to note that any of the risks identified in this Report could have a material adverse effect on BTCL's financial position, results of operations, liquidity or the actual outcome including those referred to in the forward looking statements contained in this Annual Report.

Risk Management Responsibility

The effective management of risks within BTCL is essential to and underpins the delivery of the BTCL's objectives. The Board is responsible for the oversight of the risk management processes which includes that risks are identified and appropriately managed across the Company. It has delegated the responsibility to the Audit and Risk Committee for reviewing the effectiveness of the Company's internal controls, including the systems established to identify, assess, manage and monitor risks. Day-to-day responsibility for risk identification, analysis, evaluation, mitigation, reporting and monitoring rests with the operating divisions and business units of the Company and are coordinated by Divisional Risk Champions. The Company's Risk Management Policy requires all operating divisions and business units to identify and assess the risks which they are exposed to. Risk registers are used to document identified risk events, their cause, possible consequences and the controls.

Principal Risks and Risk Management

As part of the implementation of the Company's strategy to grow and protect the business, BTCL management has identified the need to respond to the changing business environment. It has sought to do this by diversifying the markets and products in which the Company operates. BTCL, as an important player in the telecommunications sector in Botswana, faces a multitude of risks. Understanding and managing the risk are therefore important for BTCL to achieve its goals. At BTCL, managing risks is part of corporate culture, and is embodied in every process. BTCL has adopted a distributed enterprise-wide Risk Management Framework where risks are managed within the major functional departments. The Head of Risk Management is responsible for ensuring that all business risks are assessed, included in the Risk Register and managed on an ongoing basis.

Risks are then analysed as to the likelihood of occurrences and also their potential impacts on the business. Actions are developed and put in place to mitigate or eliminate unwanted exposure. Individual Managers are allocated responsibility for assessing and managing the risks identified within their business areas. Risks and their corresponding mitigating actions are subject to review within the Company. Established business reporting systems exist to ensure that significant risks are escalated through operating division or business units to senior management and to the Board.

BTCL Enterprise-Wide Risk Management Process

In order to manage risk, BTCL identifies and analyses risks it faces, ranks them by the likelihood of occurrences and significance of consequences, and determines the most effective ways to manage them. BTCL's Headline Risk Register groups the risks into five broader perspectives - people, processes, technology, customers and shareholders. High level Risk Assessment also takes place under different dimensions. Such analyses could include: core risks, market risks, network obsolescence risks, internal processes risks, regulatory compliance risks etc. These are followed up by a more detailed systematic analysis and identification at business unit or departmental levels.

The Process We Follow

The process of defining, assessing, classifying and monitoring risks is set out below:

1

DEFINING THE RISKS

Various levels of management in each operating business unit define risks at project, process, operational, tactical and strategic levels, according to risk tolerance.

2

SETTING THE RISK APPETITE

BTCL's risk appetite is determined by type of risk. This allows for a more controlled way of managing risk levels. Aggregation of total risk is done qualitatively and the management assesses the acceptability of BTCL's consolidated risks profile.

3

ASSESSING THE IMPACT OF THE RISKS ON THE ORGANISATION SHOULD THEY HAPPEN

Risks are assessed based on their potential impact on the business (i.e customers, business systems, employees, financial position, reputation etc).

4

ASSESSING THE LIKELIHOOD OF THE RISKS HAPPENING

Risks are assessed based on the likelihood of them happening after taking into account controls in place to mitigate them. Control strategies usually considered are:

- Accepting the Risk;
- Transferring the Risk to a third party;
- Elimination of the Risk by adopting an Exit Strategy;
- Building controls into operational process, additional quality control or by involving top staff in managing the Risk; and
- Avoiding the Risk in other ways

Risk Management
continued

5 CLASSIFYING THE RISKS

We classify risks as critical, high, medium and low based on their impact and likelihood of them occurring. So where a risk has a high likelihood of occurring and the impact on our business, financial position or reputation is assessed as high, it would be considered critical.

6 MONITORING AND REPORTING THE RISKS

We capture all risks, operational, tactical and strategic risks across the Group in our risk system. Some of the routine processes that are part of the normal day-to-day operations to early identify, prevent and control risks are:

- Insurance programmes;
- Fraud Management;
- Disaster Recovery Plans Profiling;
- Loss Control Security Programmes;
- Safety Awareness Programmes (Safety, Health & Environment);
- Environmental Impact Assessments;
- Planned and Preventive Maintenance programmes;
- Compliance and Assurance Audits;
- Regular Monitoring of the Market and Financial Indicators;
- Risk based Internal audit reviews;
- External Audit reviews; and
- Structured Training.

Our risk management approach and practices continued to focus on minimising the adverse impact of risks on our business objectives and to enable the Company to leverage market opportunities based on risk return balance, some of which are discussed below.

Fraud Management

Fraud Management is the responsibility of the Revenue Assurance Unit within the Finance Function, which underpins the agreed business strategies to meet operational targets such as the return on investment, the profitability and the customer satisfaction indices. The Fraud Management team also provides professional fraud management advice to managers in BTCL and define customer fraud management policies for BTCL. The team also investigates and reports suspected cases of fraud and also liaises with external law enforcement agencies to facilitate other investigations. This is done through the three pillars of Fraud Management: being, Fraud Prevention, Fraud Detection and Investigation, and Fraud Mitigation and Closure.

The Fraud Management team manages both cases of internal fraud and technical network fraud. In the technical fraud space, the team identifies areas in products, services, campaign, networks, etc, that are susceptible to fraud and work with relevant business units to define actions in order to close these gaps. The team also uses the system to analyse network traffic and generate alarms where any fraudulent activities are identified. These will then be verified through investigations and proper actions taken to correct. The mandate for the Fraud Management team covers all the business aspects of BTCL, the Mobile network, fixed network and broadband section. The team also covers the wholesale space which is a high risk area in terms opportunities for Network Traffic Fraud. This area covers all fraud related to international traffic and roaming traffic. The BTCL Fraud Management team also handles issues of internal fraud. The team iidentifies and responds to fraud alerts and fraud complaints placed by internal and external sources. These are cases of fraud that are somehow perpertrated by BTCL employees and /or other stakeholders in terms of contracted companies or suppliers. Such cases are investigated by the internal investigators and reports with recommended actions are then produced and shared with the reponsible managers to action.

Risk-Based Internal Audit

The Internal Audit Department has adopted a risk based audit planning methodology in line with best practice and guidance from the International Professional Practices Framework, in developing the annual Internal Audit Plan.

The methodology consists of:

a. Identification of auditable areas based upon Strategic Initiatives, top ten (10) BTCL risks, as well as an analysis and grouping of BTCL potential audit universe of divisions.

b. Risk assessment of auditable areas in terms of its impact and likelihood.

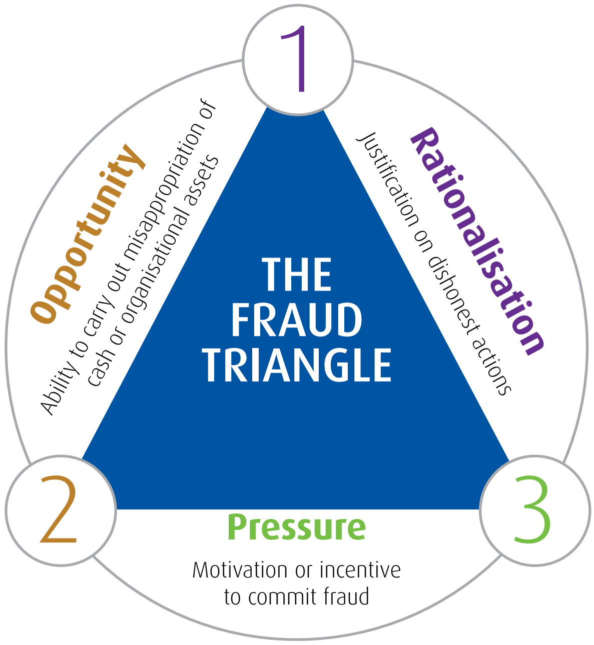
c. Recommendations of Audit Projects that would be most appropriate to address the highest risk areas on priority basis.

While employing the above methodology to ensure consistency over time, care was taken to:

- Ensure management requests are catered for;
- Include carry over audits from the previous year; and
- Revise risk assessment to take into consideration the knowledge gained from implementation of the 2015/16 plan, and both internal and external audit evaluations.

Business Continuity Management

BTCL has instituted an organisation wide Business Continuity Management ("BCM") Programme covering its people, processes and technology. Business Continuity Management is an integral part of Enterprise Risk Management within BTCL, and it provides a means of minimising the impact of continuity risks that may prevent the achievement of organisational goals and objectives.



The BCM programme has been modelled on leading industry standard – ISO22301, global leading practices and guidelines. It aims to provide a comprehensive and systematic process of prevention, protection, preparedness, mitigation and response for business continuity and recovery of business critical functions following unexpected disruptive incidents that may otherwise prevent BTCL from achieving its business objectives.

- Business Continuity Management process provides a detailed guideline on the steps that should be considered in developing, implementing and maintaining business continuity plans and incident management, emergency management, and crisis management and business recovery procedures, to ensure the continued operability and viability of BTCL in the event of a disruptive incident.

- BCM manages those risks issues which may potentially result in the interruption of essential business activities.

- BTCL is currently working with Divisions in developing their DR Plans for mission critical processes and systems.

Insurance for Financial Losses

BTCL Identifies those assets and liabilities as well as the limits those other events which are perceivably indemnifiable and transfers them into an insurance programme to place the said assets and liabilities with players in the insurance market, thus transferring the risk of financial loss resulting from the loss or damage to all or part of such assets. The injuries, deaths or illnesses incurred either the BTCL staff during the course and scope of their employment, and or third parties while interacting with BTCL's infrastructure. This function also ensures development and implementation of strategies for the management of the BTCL insurance portfolio, including awareness and compliance to applicable legislation, claims administration and stakeholder engagement.

Risk Management
continued

CORE RISKS

CONTEXT	RISK DESCRIPTION	MITIGATING FACTORS
BTCL's future success is dependent on attracting and retaining key personnel in whom intellectual capital resides.	Failure to attract and retain key personnel, in the long term, could impede BTCL's ability to execute its strategic business objectives and growth strategy.	One of BTCL's key strategic pillars is to build a high performance and customer centric culture, by, among other things, capitalising on the BTCL workforce profile, skills and competencies; seeking and fostering strategic alliances and partnerships to facilitate and realise the skills and talent in our workforce. It is anticipated, that through the above strategies, employee morale and engagement shall be significantly improved thus building a sense of belonging amongst the employees. Another employee retention strategy is to build competitive reward systems, which coupled with the job satisfaction strategies above, are entrenched to help mitigate the threat of loss of key executive personnel and employees.
Non-exclusivity of various supply and distribution agreements.	A few of BTCL's supply and distribution agreements are non-exclusive and can be terminated at short notice. This type of agreement is standard in the industry. This presents the risk that the service providers could potentially choose to distribute their products through other distribution channels or use other service providers to perform value added services.	BTCL mitigates this risk by ensuring that, for major and strategic network infrastructure and equipment, it enters into long term contracts with equipment vendors. These contracts are supported by master services agreements. Long term support contracts for equipment, software and services are also deployed to ensure continued systems support and service delivery.
BTCL is a high volume business with profitability that is very sensitive to variation in margins.	The backbone provider, BoFiNet, determines the margins available to network/telecoms operators. BTCL may not always be able to pass on to the retailer or customer any margin compression enforced by the backbone provider. Therefore, an increase in pricing of certain products supplied by the backbone provider may reduce BTCL's margins and threaten BTCL's profitability.	As a means of mitigating the threat posed by margin erosion resultant from the introduction of the backbone provider, in the service provision value chain. BTCL intends to move its Wholesale business to higher value managed and hosted services, through the provision of end-to-end business solutions capable of supporting all wholesale processes and products in a responsive and agile manner. On the retail front, a strategy focusing on high value high-margin products and growing ARPU has also been adopted, to defend the existing business.

CORE RISKS		
CONTEXT	RISK DESCRIPTION	MITIGATING FACTORS
Increased competition in the Botswana telecommunications sector.	One of the Government's objectives, expected to be achieved by privatising BTCL and creating BoFiNet, is to stimulate competition in the telecommunications market in Botswana - in essence, to increase penetration of the internet and mobile data services across the country. Frameworks, potentially enabling new entrants to the market with lower barriers to entry and therefore lower fixed costs than BTCL. Such new market entrants may have an impact on BTCL's pricing.	BTCL will need to adapt in order to thrive in this new environment. To address this, BTCL is strengthening its brand, accelerating the introduction of new products and converged services that will promote customer loyalty and increase BTCL's market share. BTCL has also provided inputs towards the new Unified Licensing Framework, with a view to positively influencing the final shape and form of the new Unified Licensing Framework and will continue to engage with BOCRA on sustainable tariff plans. The Company from time to time engages with potential strategic business partners to consider ways to co-operate and develop markets so as to ensure BTCL's continued competitiveness, as represented by the Vodafone partnership.

MARKET RISKS		
CONTEXT	RISK DESCRIPTION	MITIGATING FACTORS
Strategy and planning risks - The risk set out below is not peculiar to the operations of BTCL. It is a general market risk which applies to all companies operating in the Botswana telecommunications sector.	There is a risk that BTCL may not achieve its business objectives. This will consequently impact on growth prospects and profitability.	Continuous planning and review processes will mitigate the exposure to these risks.
Economic and market risk - The risk set out below is not peculiar to the operations of BTCL. It is a general market risk which applies to all companies operating in the Botswana telecommunications sector.	Weak economic conditions will result in weaker or low demand for BTCL products/services, inadequate infrastructure and inadequate market. This will impact on operations, profitability, cash flow and uncertainty in collecting receivables.	To mitigate these, BTCL has to create new and innovative affordable services, efficient credit policies and better credit management.
Competition risks.	There is a rise in competition in the market as a result of the Separation Restructuring and further market liberalisation. This has led to loss of some key customers and revenue with potential adverse effects on BTCL profitability. Wholesale customers migrating to BoFiNet. Retail customers migrating to new market entrants.	The risk mitigation is for BTCL to develop compelling tariff plans and innovative products whilst further enhancing customer service and experience.

Risk Management
continued

FINANCIAL RISKS		
CONTEXT	RISK DESCRIPTION	MITIGATING FACTORS
Liquidity, capital and finance risks.	High cost of capital resulting in high volatility of cash inflows and outflows may have an adverse impact on BTCL implementing its strategic plan. This presents challenges of cash flow, interest risk, liquidity risk and foreign currency risks as certain transactions are denominated in foreign currency with international operators and foreign suppliers. This has an impact on investments, costs of operation and continuity of business.	BTCL must continue to maintain capital at optimal levels as well as ensuring that the timely management of the Company's capital expenditure program and the related payment commitments, cash balances, and cash conversion cycle is continued in order to mitigate these risks.
Credit risk.	In the event of a failure to collect revenue or of a counter party defaulting on its contractual obligations, BTCL may face challenges of business sustainability, profitability and business continuity. The Company is exposed to this risk from its operating activities (primarily for trade receivables) and from its financing activities including making deposits with banks and financial institutions.	BTCL must maintain a well-managed credit policy with credit evaluations performance on customers requiring credit in order to mitigate such risks.

NETWORK OBSOLESCENCE, FAILURES AND QUALITY OF SERVICE		
CONTEXT	RISK DESCRIPTION	MITIGATING FACTORS
Rapid technological changes and ineffective information technology infrastructure.	This may diminish BTCL's ability to support its customer's current and future needs in an efficient and effective manner. This will, in turn, affect BTCL's quality of service and ability to pursue new business opportunities which use technology to improve efficiency and further require the use of new technology as an enabler for new products and services. If BTCL's ability to provide network services is limited by an inability to keep up with technological advancement, there will be a loss of customers and business continuity and cost of work processes may be adversely affected. BTCL is subject to business continuity risk, including through single points of failure such as the Network Operation Centre. BTCL endeavours to deliver a unified network platforms and systems, and evolve towards high VANS. All these initiatives are dependent on the capability of the network and systems to support the business.	The mitigation for these risks is for BTCL to prioritise network modernisation and optimisation, deployment of cost efficient technology and further rollout power back-up systems.

INTERNAL PROCESS RISKS

CONTEXT	RISK DESCRIPTION	MITIGATING FACTORS
BTCL has committed to FMC process optimisation and process automation for efficiency and effectiveness and to further create and deliver shareholder value.	Non adherence to these new processes and the slow implementation of process automation affects internal controls and smooth operations as processes drive forward the realisation of BTCL's business objectives.	To mitigate this risk, BTCL has to implement world class best practices and appropriate cost effective processes with regular reviews to be responsive to the ever changing telecommunication market and to ensure that BTCL maintains its competitive edge.
Execution of the Accelerating Change programme - The Accelerating Change programme is focused on delivering improved process automation levels, readying the business for a post-FMC environment and delivery of higher value products and services as well as improved time to market, whilst reducing systems operating costs. This shall be achieved through delivery of world class and integrated Operations Support and Business Support Systems (OSS/BSS) and enhanced billing capability.	If the Accelerating Change programme is not efficiently and timeously executed, BTCL may not realise all the intended benefits of the programme.	To ensure that the Accelerating Change programme is delivered and consistent with BTCL business needs, BTCL has engaged the services of a business systems delivery assurance services provider, highly experienced in such complex business systems transformation programmes, to assist with the upskilling of BTCL personnel as well as to ensure delivery of a systems fit for purpose in a timely manner.

COMPLIANCE RISKS

CONTEXT	RISK DESCRIPTION	MITIGATING FACTORS
Potential non-compliance with licence requirements.	Non-compliance with the terms and conditions of licences may lead to the licence being revoked and a subsequent inability of BTCL to carry on the part of its business to which the revoked licence relates.	BTCL strives to ensure vigilance in terms of internal checks and controls, including stringent governance controls, so as to minimise any potential events of regulatory non-compliance.
Regulatory price controls.	Significant price controls by the regulator that may put pressure on BTCL market share, competitive position and future profitability.	On-going initiatives to improve operational efficiency and the quality of information would enable BTCL to cope with an ever changing regulatory landscape. These Cost Control Business Transformation initiatives are aimed at improving operational efficiency and include the unification of networks and minimisation of IT platforms to ensure flexibility and agility in products and services offerings.
Potential non-compliance to Listing Requirements.	As a listed company, BTCL is expected to comply with various regulations as per the Botswana Stock Exchange ('BSE') Listings Requirements, in relation to reporting and disclosure requirements. There is a higher expectation on disclosure of information and accountability to public shareholders.	Continuous induction of BTCL Board and management on the BSE listing requirements.

HUMAN RESOURCES REPORT

Focus

BTCL's Human Resources strategy aims to develop the capability of its team so as to deliver improved customer services at all levels. As part of the transition, processes were re-engineered and supported by a new structure over the past three years.

The strength of employee key competencies is BTCL's greatest differentiating factor in the Botswana telecommunications sector. Recruiting and retaining talented people is one of the main strengths of the Company. As part of achieving this objective, BTCL has over the years, trained a significant amount of its employees in the field of telecommunications, IT, finance, marketing, general management and in a number of other fields. BTCL treats every employee fairly and with respect. Being a respectable employer in Botswana is paramount to BTCL.

The total staff strength as at 31 March 2016 was 944.

	Year Ended 31 March		
	2016	2015	2014
Total Employees at 31 March	944	943	932
Productivity			
Revenue per employee (in Pula 000s)	1,579	1,627	1,571
Value created by employee (in Pula 000s)	752	852	885
Average employee cost (in Pula 000s)	396	392	353

The revenue per employee and the value creation decreased from the previous year whilst the average employee cost increased marginally. The value created dropped to Pula 752,000 from Pula 852,000 in the previous year.

Staff Cost

The overall staff cost increased by 6% within the approved budget, whilst staff cost to revenue has been maintained at 25% against a target of 26%.

Reward Packages

We believe that reward is still an important part of any people strategy and has to be highly competitive if we are to attract and retain the best people. The Company from time to time determines the benefits and allowances payable to employees in addition to their basic salary.

As part of its key deliverable, BTCL implemented its talent management strategy initially beginning with identification of critical skills needed for the execution of the strategy ensuring that they are retained for the company to be able to compete in the market.

Employees have for the financial year under review been awarded performance bonuses, based on the achievement of the set revenue target.

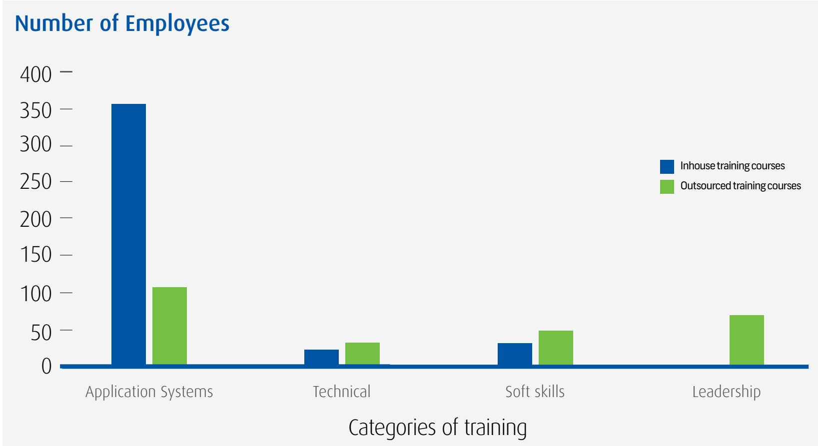
In addition to offering an attractive reward package, BTCL has also introduced a bonus scheme as a key enabler so as to drive performance. The Company saw the need to develop an incentive scheme that would reward and motivate employees to deliver improved performance, ultimately resulting in a high performing organization.

The bonus model provides for how bonuses are to be paid to employees at all levels of the Company, including the executive, and all bonuses are to be approved by the Human Resources, Remuneration and Nomination Committee of the BTCL Board and by the BTCL Board itself.

A performance calibration process on the performance of each division is conducted prior to bonus awards to ensure the performance curve of each unit and division is reflective of actual performance. Year on year comparisons are conducted at division level against the corporate scorecard.

Training and Development

BTCL priorities is in growing careers of its employees and developing their talent thereby resulting in company growth. Skills development was either through in-house training or outsourced training.



Staff Turnover

Staff turnover at BTCL has consistently been below a 5% benchmark with average tenure of 15 to 20 years. This has been consistent for the past three years. The Company staff turnover as at March 2016 stood at 2.6 % which is lower than the market benchmark of 5%.

Pension

BTC operates a contributory pension scheme for all permanent staff. BTCL Staff Pension Fund is a defined contribution scheme. At 31 March 2016, the fund stood at Pula 461.6 million with 608 active members and 842 deferred members.

Employee Relationship

As part of improving the Union relations within the Company both the Botswana Telecommunications Union (BOTEU) and the Management continue to engage to update on any developmental issues within the business. The parties held Union Management Fora (UMF) to update on the BTCL IPO shares. Both parties are continuing to engage on new revised policies. The Executive of BOTEU has been part of the Managing Director`s staff address entourage countrywide.

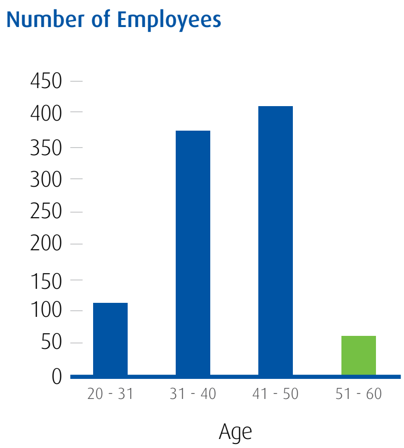
Safety, Health and Environment

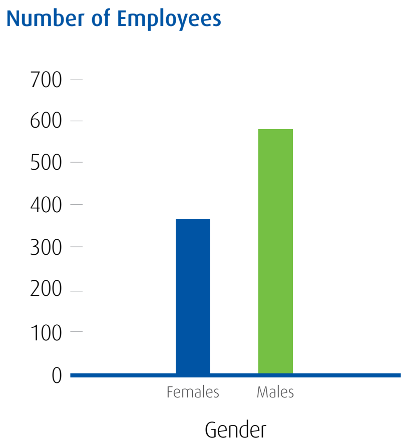
The BTC Policy on Safety, Health and Environment (SHE) commits to operations and practices that are intended to prevent harm to employees, contractors and members of the public and damage to the environment and or property. Through implementation of the Plan of Action, all the principles of the SHE Policy will be achieved. BTC continues to promote the health and welfare of it's employees through bi-annual Health and Wellness Expositions, Ongoing Health monitoring of employees and support to sporting and physical activities form a core of the SHE activities.

Staff Welfare

We are committed to wellness initiatives and wellness promotion. We continue to lead a host of wellness and health initiatives to help our employees achieve success with their goals. We had the following initiatives in place, during the year under review:

- Inter divisional games
- Inter Telecoms games
- Team Building Exercises
- Y-Care Walks





FINANCIAL REVIEW

2

TIMELINE 2004 - 2008

2004

Profitability returns. Total restructuring cost Pula 162.0 million. International connectivity established via SAT 3 through South Africa. BTC endorses Government of Botswana's ICT plan – Maitlamo Initiatives.

2005

BTC adopts Intelligent Network Platforms strategy and refocuses its strategy based on broadband data. Broadband is rolled out with ADSL in Gaborone. Profitability returns to 139.0 million.

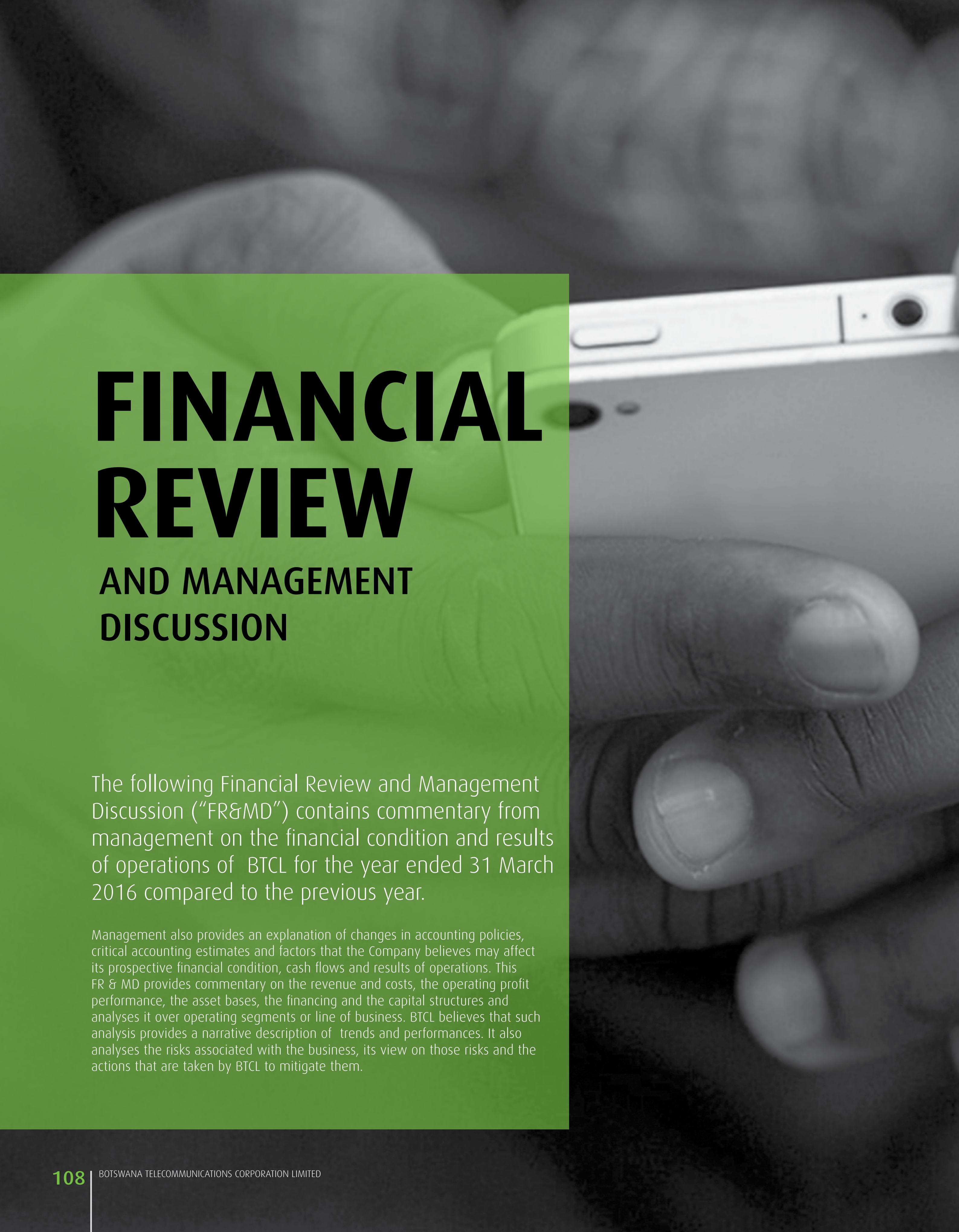
2007: BTC awarded a Public Telecommunications Operator licence.

2008

BTC launches its mobile service under the brand name be MOBILE.

We are committed to adding value to our shareholders

BTCL is proud to have welcomed thousands of new shareholders, whom we are passionate about rewarding and adding value to. This is in terms of the bottom line, and paying returns that are favourable, as well as in the benefit we bring to the market and the community to stakeholder and community engagement.



FINANCIAL REVIEW

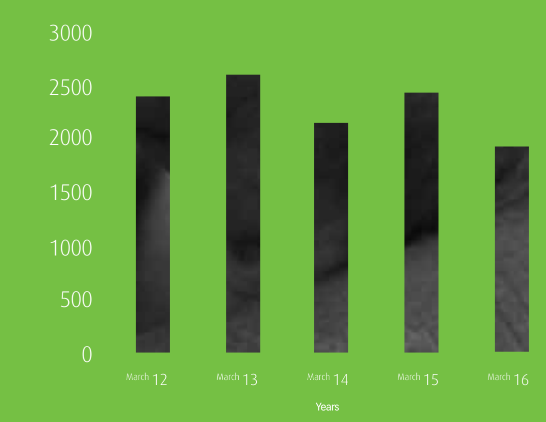
AND MANAGEMENT DISCUSSION

The following Financial Review and Management Discussion ("FR&MD") contains commentary from management on the financial condition and results of operations of BTCL for the year ended 31 March 2016 compared to the previous year.

Management also provides an explanation of changes in accounting policies, critical accounting estimates and factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. This FR & MD provides commentary on the revenue and costs, the operating profit performance, the asset bases, the financing and the capital structures and analyses it over operating segments or line of business. BTCL believes that such analysis provides a narrative description of trends and performances. It also analyses the risks associated with the business, its view on those risks and the actions that are taken by BTCL to mitigate them.

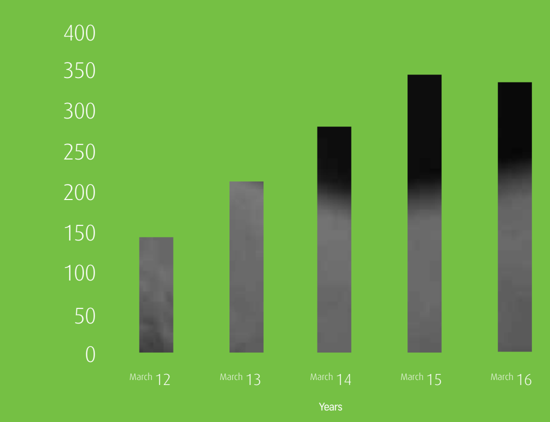
Total Assets

(Pula million)

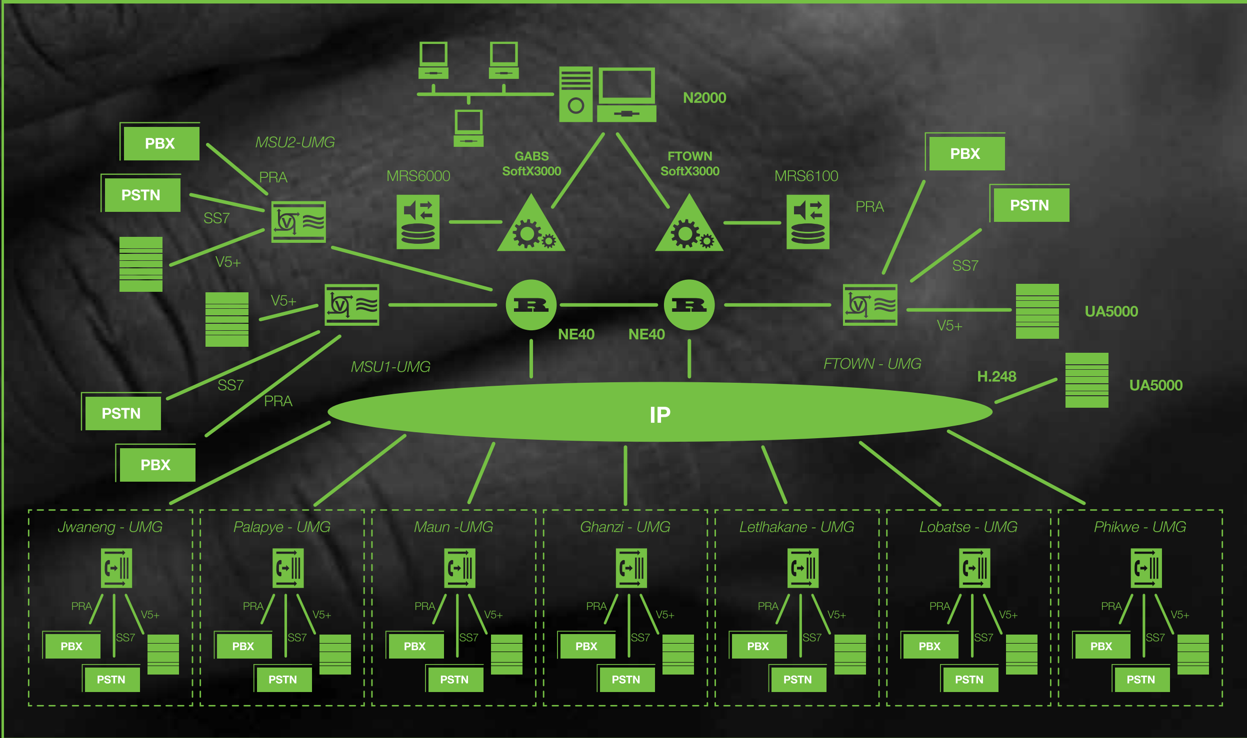


Other Operating Costs

(Pula million)



BTCL NGN CORE NETWORK



Financial Review and Management Discussion
continued

This discussion and analysis should be read in conjunction with the Company's audited annual financial statements and the accompanying notes for the year ended 31 March, 2016 (FY 2016) compared to the previous year ended 31 March 2015 (FY 2015). The audited annual financial statements and the accompanying notes are prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Botswana Pula.

In this Financial Review and Management Discussion (FR&MD), we, our, us and Company mean BTCL and its business units: Home and office,Wholesale and beMOBILE. All figures in this FR&MD are in millions of Pula, unless stated otherwise.

This review is focused principally on the trading results of BTCL before specific items. Specific items (such as restructuring costs, one-off retrenchment expenses etc.), by virtue of their size or nature, are excluded from the detailed analysis because they are predominantly transitional in nature. This is also consistent with the way the financial performance is measured by management as it allows a meaningful comparison of the operating results over the three years.

Caution Regarding Forward Looking Information

This presentation contains forward-looking statements that reflect the current views of BTCL management with respect to future events. These forward-looking statements include statements with regard to the expected generation of revenue, earnings, profits from operations, depreciation and amortisation, cash flows and employee-related measures. These should be considered with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond BTCL's control. Among the factors that might influence our ability to achieve our objectives are the progress of our revenue earning projects as well as other cost-saving measures, and the impact of other significant strategic or business initiatives and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue generation.

Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development as well as the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the Company and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under Botswana Stock Exchange regulations, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialise and we caution against relying on any of these forward-looking statements.

In this Financial Review and Management Discussion (FR&MD), we, our, us and Company mean BTCL and its business units: Home and office,wholesale and beMOBILE.

Forward-looking statements are presented in BTCL 2016 Annual Report, including in this FR&MD, for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes. BTCL cautions that the list of important factors is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information, and are cautioned not to place undue reliance on such forward-looking information.

These forward-looking statements include the following items:

- BTCL's expectation that its operational and capital structure is sufficient to satisfy its ongoing business requirements, which could be impacted by a significant change in the current economic environment in Botswana;
- BTCL's belief that its cash and cash equivalents, future operating cash flows and available credit facilities will enable the Company to fund future capital investments, pension fund contributions, working capital and ongoing business requirements, and its belief that it has sufficient funding in place to meet these requirements and other long-term obligations, all of which could be impacted by changes in the economic environment;
- BTCL's belief that its operating businesses have sufficient unused capacity under its credit facilities to satisfy its financial obligations as they come due, which could be impacted by changes in the economic environment;
- BTCL's expected use and estimated fair values of financial instruments, which could be impacted by, among other things, changes in interest rates, foreign exchange rates and commodity prices;
- BTCL's expectations relating to business improvement and rationalisation initiatives, which could be impacted by the final scope and scale of these initiatives;
- BTCL's expectations regarding the timing of the new investments and costs reduction initiatives under consideration will reduce overall business running costs, which could be impacted by delays and other difficulties during implementation stages;
- BTCL's expectation that the strength of BTCL's relationship with the Regulator (Botswana Communications and Regulatory Authority) and the network provider (BoFiNet) will not deteriorate from the current levels; and
- BTCL's expectations of continued sales growth in FY 2017, which could be impacted by changes in the economic, market and competitive environment.

This review and the discussion include the Company, BTCL, and its predecessor Botswana Telecommunications Corporation (BTC). BTCL was incorporated under the Companies Act on 1 November 2012 taking over all of the assets, liabilities and the operations of BTC. For purpose of this review and discussion, the entities are assumed to be one and the same and continuing and referred to as BTCL.

Financial Review and Management Discussion
continued

Other Measures

In addition to figures prepared in accordance with IFRS, BTCL also presents other financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted revenue, free cash flow, gross debt and net debt. Other companies may define these terms in different ways.

There are measures included in this analysis that do not have a standardised meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures because it believes certain investors use these measures as a means of assessing financial performance:

- Adjusted revenue is reported revenues sales together with those revenue elements reflected as deferred revenue under "other income".
- Gross profit is calculated as adjusted revenue less costs of goods and services.
- Gross margin is gross profit divided by adjusted revenue.
- Operating income, or earnings before interest and taxes ("EBIT"), is calculated as net earnings before finance costs (net of finance income) and income taxes.
- Earnings before interest, taxes, depreciation and amortisation ("EBITDA") are calculated as EBIT plus depreciation and amortisation of intangibles and government grants.
- EBITDA margin is EBITDA divided by adjusted revenue.
- Funded debt is all interest bearing debt, which includes bank loans, long-term debt and debt related to assets held for sale.
- Net debt is funded debt less cash and cash equivalents

About Our Business

BTCL was established in 1980 as a body corporate by the BTC Act to provide, develop, operate and manage Botswana's national and international telecommunications services. Since then, the Company has evolved to become one of the leading providers in Botswana of voice telephony, fixed and mobile, as well as national and international Internet, data services, virtual private networks and customer equipment to residential, Government and business customers. For services other than customer equipment the Company operates in both wholesale and retail markets.

On 1 November 2012, in line with the decision of Government of Botswana to commercialise and privatise BTC, it was converted to a public company limited by shares, continuing with the assets, liabilities, operations; licences etc. (refer to BTC Transition Act). The new legal form assumed the name Botswana Telecommunications Corporation Limited or, in short, BTCL. On that date, the Company also became a corporate tax payer, obligated to pay all taxes as would be required under the Income Tax Act of Botswana.

Part of the Company's growth and success stems from the acquisition of the PTO Licence in 2007, which was one of the three licences issued by Botswana Communications Regulatory Authority (BOCRA). The PTO Licence permits BTCL to offer services of any kind, using any technology (technology neutral), connected with public telecommunications. BTCL is the only PTO Licence holder operating both the traditional fixed and mobile networks in Botswana. Because of this unique positioning, the Company is able to offer

BTCL's business is managed along its three main lines of business: Fixed line and Mobile. Data is offered over both fixed and mobile and includes broad band communications, internet etc.

services in the conventional fixed, mobile and convergent domains, providing mobile, fixed and convergent products and services. BTCL offers its products and services through two operating business units namely: BTCL Wholesale – the wholesale arm of BTCL's business; and Home Office – which combines beMOBILE, Broadband and Fixed into a single business unit.

BTCL's business is managed along its three main lines of business: Fixed line, Broadband and Mobile. Data is offered over both fixed and mobile and includes broad band communications, internet etc.

These business lines are further analysed into revenue sources: voice call revenues (whether being national or international), access network incomes (whether fixed line networks, private circuits or mobile platforms) and other services such as data and internet etc. These analyses are designed to assist management and other readers to compare the operating results and financial performance in a meaningful way.

Basis of Analysis

In this analysis and discussion, some of the income and costs items per the financial statements are also grouped and regrouped by the nature of expenditure and cost drivers. The new groupings have eliminated the need for analysing the "other income and other expenses", as most of its components are now included under appropriate headings. The following explain the basis of such groupings and re-groupings:

Depreciation and development grants

All depreciation charges for plant, machinery, equipment and non-telecommunications assets are grouped together with the amortisation of development grants (included under other income – note 3) as they all relate to the non-current assets of the Company. The development grant amounted to Pula 24.4 million (2015 – Pula 24.4 million).

Repairs and maintenance – other equipment

Repairs and maintenance relating to other equipment (note 2.3) are grouped together with other operating costs.

Deferred revenue and adjusted revenue

Deferred revenue, as included under "Other Income" (note 3) has been added to operating revenue (other), amounting to Pula 907,000 (2015 – Pula 15.3 million). The revenue as reported together with the adjustment pertaining the above is termed "adjusted revenue".

Profit / loss on disposal of assets

Losses and, similarly profits, on disposal of assets are grouped under other operating costs for consistency.

One-time impairment and re-structuring costs

For the financial year 2015/16 and 2013/14, the impairment charges relating to plant and machinery of Pula 522.4 million (note 9) and Pula 266.1 million respectively, together with restructuring costs of Pula 31.2 million in 2013/14 have been grouped together under the heading one-time impairment and re-structuring costs, as these expenses are significant, of one time and not recurring in nature.

The development grant amounted to

P24.4 million

Financial Review and Management Discussion
continued

Shares and Share capital

Subsequent to the conversion of the Corporation into a Company under the Companies Act in 2012/13, 1,000,000 shares of Pula 1 each have been issued to the shareholder, the Government of Botswana. At the time of the Initial Public Offering (IPO), the number of shares in issue has been increased to 800,000,000 shares as a result of Share Split in the ratio 1:800. For the purpose of consistency, the analysis and indicators included for the past five years are based on 800,000,000 shares. A further 250,000,000 shares was issued to public as part of the IPO (April 2016), thus increasing the shares in issue, post IPO, to 1,050,000,000.

Summary of Significant Achievements

Following the implementation of the accelerated change programme, the Company achieved the following during the year:

- Managed to retain the revenue at the same level at around Pula 1.5 billion (2015: Pula 1.5 billion), in an already competitive market. The current year's revenue grew by 0.4 per cent against the compounded annual growth rate of 6.0 per cent per annum which it achieved over the last four years;
- Generated free cash flow to cover capital expenditure;
- Continued to be self-financing and a debt free enterprise;

However, it did not achieve:

- Envisaged profitability. The Company made a loss of Pula 370.8 million as compared to the profit of Pula 146.8 million in the previous year ; the Earnings Before Interest, Depreciation, Taxes and Amortisation (EBIDTA) decreased to Pula 263.2 million in the current year from 352.2 million in the previous year. Expressed as a margin, it fell from 23.6 per cent to 17.7 percent.

As we enter the financial year 2016/17, BTCL will continue to articulate its four long-term financial targets and priorities:

- To grow the profitability above its cost of capital, thereby creating economic and shareholder value in the Company and getting that reflected in the BTCL's share price;
- To maintain a healthy dividend policy;
- To grow further the Earnings Before Interest, Depreciation, Taxes and Amortisation (EBIDTA) and free cash flow;
- To maintain a healthy balance sheet with manageable outside debt to fund its capital expenditure.

REVENUE

Managed to retain the revenue at the same level at around

P1.5billion

in an already competitive market

The following table illustrates the achievements of these key financial targets over the past five years:

	NET REVENUE (adjusted)	NET PROFIT AFTER TAX	ADJUSTED RETURN ON AVERAGE CAPITAL EMPLOYED	ADJUSTED EBITDA MARGIN	FREE CASH FLOW	CAPITAL EXPENDITURE	NET DEBT MANAGEMENT
DEFINITION	Net revenue from all sources including those deferred from previous years but relating to the current accounting period	Net profit after tax including exceptional and extra-ordinary items	Operating profit before exceptional items divided by average capital employed, expressed as a percentage	Earnings before interest, tax, depreciation, amortization and exceptional items divided by revenue, expressed as a percentage	Cash flow from operations after capital expenditure and loan re-payments, but before payment of dividend and any significant capital investments	Capital expenditure funded by the Company	Net debt divided by earnings before interest, tax, depreciation, amortisation and exceptional items
TARGET	To increase revenue on a year on year basis, at minimum above the national inflation levels	To increase net profit, particularly relating to the profit available to the shareholders, at a level which can support an increasing dividend payout and retention within the business	To achieve an adjusted return on average capital employed over the business cycle that is comfortably in excess of the Company's ideal weighted average cost of capital, which we estimate to be 12.79%	To generate an adjusted EBITDA margin which enable us to provide funds for development and to grow our dividends	To achieve a positive free cash flow after funding capital expansions and in order to create a dividend growth model	To manage the capital expenditure at a sustainable level and to fund it out of internally generated funds or greater portion thereof	To maintain a healthy balance sheet, sufficient to support our capital expenditure and dividend through the business cycle
KEY TRENDS	2011-12: 10.2 %	2011-12: Pula 236.8 mil	2011-12: 12.0 %	2011-12: 31.9 %	2011-12: Pula 16.9 mil	2011-12: Pula 380.5 mil	2011-12: nil
	2012-13: 17.6 %	2012-13: Pula 273.6 mil	2012-13 12.4 %	2012-13: 32.4 %	2012-13: Pula 106.4 mil	2012-13: Pula 333.9 mil	2012-13: nil
	2013-14: 5.8 %	2013-14: Pula 0.1 mil	2013-14 0.2 %	2013-14 30.8 %	2013-14: Pula 155.2 mil	2013-14: Pula 194.8 mil	2013-14: nil
	2014-15: 1.7 %	2014-15: Pula 146.8 mil	2014-15: 10.2 %	2014-15: 23.6 %	2014-15: Pula 113.7 mil	2014-15: Pula 264.5 mil	2014-15: nil
	2015-16: 0.4 %	2015-16: Pula (370.8) mil	2015-16: (24.4) %	2015-16: 17.7 %	2015-16: Pula 27.2 mil	2015-16: Pula 254.6 mil	2015-16:nil
WHERE TO?	Grow revenue at a rate above national inflation and the average compounded annual growth rate over the previous four years.	To get back to previous years profitability levels comparable to those telecom-munications companies in developing countries.	To reach a return on averaged capital employed of 16 per cent.	To reach above 40 per cent, which will indicate sufficient free cash available within the Company.	Ability to fund capital expenditure and payment of dividend at market rates.	To be able to self-fund capital expenditure.	Nil debt structure.

Financial Review and Management Discussion
continued

Strategic Overview

The reported revenue for the Company was Pula 1,485.8 million, an increase of 0.4 per cent from Pula 1,480.0 million in last year. The mobile revenue is the fastest growing revenue source at 12.0 per cent to Pula 473.6 million, whilst all of the other the revenue sources, except for customer premises equipment, declined from previous year. Mobile revenue now accounts for 32 per cent (2015: 28 per cent), indicating the changing nature of the business.The fixed line business contracted to Pula 441.8 million as compared to Pula 478.4 million in the previous year. This was a decline of 7.0 per cent and now accounts for 29 per cent (2015: 32 per cent). Nevertheless, the achievement of the revenue reported is a satisfactory performance, given the tough market competition resulting from general price reductions.

The overall costs including the normal depreciation and amortisation costs but excluding the finance costs and other exceptional items increased to Pula 1,458.8 million as compared to Pula 1,320.5 million in the previous year, an increase of 10.5 per cent (2015: 11.1 per cent). The costs were, in most of the cases, contained within a reasonable range, and within the inflationary trends except for the direct cost of goods and services and depreciation which registered increases of 18.9 per cent and 32.4 per cent respectively.The necessity to increase the handset subsidies to achieve a greater market share caused increase in direct cost of goods and services whilst acceleration of depreciation resulting from reduced life spans of some assets caused the depreciation to increase.

The operating profit, traditionally measured in terms of pre-tax profits before exceptional items also declined to Pula 54.5 million from Pula 200.6 million, a significant drop of 73 per cent. As a result of the impairment charges of Pula 522.4 million, the overall operating costs increased by 50 per cent to Pula 1,981.2 million, resulting in a net loss of Pula 370.8 million for the year as compared to the profit after tax of Pula 146.8 million in the previous year.

In spite of the stagnant and shifting revenue sources, BTCL did almost maintain the revenue in terms of volume and value. With the advantage of having both platforms in one network (fixed mobile convergence), the future potential looks exciting.

Operating Environment Overview

During the financial year, the Botswana's general economic climate remained stagnant with slow economic recovery worldwide. These conditions generally contributed to lower or reduced customer demand for telecommunications services in Botswana.

INCREASE IN REVENUE

The reported revenue for the Company was Pula 1,485.8 million, an increase of

0.4%

2015: 1,480 million

OVERALL COSTS INCREASE

The overall costs including the normal depreciation and amortization costs but excluding the finance costs and other exceptional items increased to

P1,458.8 million

Results of Operations Based On Income Statements as Published

In 2015/16, total reported revenue rose to Pula 1,485.8 million up from Pula 1,480.0 million in the previous year, reflecting an increase of 0.4 per cent. The increase in revenue for 2014/15 over its previous year was 1.7 per cent.

BTCL's income streams are analysed as revenues originating from the following:

- Fixed line network revenue comprising of local access, private circuits and call revenue from national and international calls;
- Data services including managed data network, ADSL and internet bandwidth wholesaling and retailing;
- Mobile services including call, data and internet revenues; and
- Sale and rental of customer equipment.

BTCL's results for the past five years, as presented in the annual financial statements are summarised below:

	2016 P mill	2015 P mill	2014 P mill	2013 P mill	2012 P mill	% change 16:15	15:14
Revenue - Sales of goods and services	1,485.8	1,480.0	1,454.5	1,356.9	1,173.9	0.4	1.7
Cost of sales	(721.6)	(566.1)	(551.2)	(566.8)	(512.3)	27.5	2.7
Gross profit margin	**764.2**	**913.9**	**903.3**	**790.1**	**661.6**	**(16.4)**	**1.2**
Other Income	29.4	39.7	52.1	66.6	42.0	(25.9)	(23.8)
Selling and distribution costs	(42.2)	(46.7)	(43.0)	(34.5)	(36.1)	(9.6)	8.6
Administrative expenses	(406.4)	(416.7)	(376.2)	(357.9)	(309.2)	(2.5)	10.8
Other expenses	(317.0)	(315.7)	(260.9)	(198.7)	(134.6)	0.4	21.0
Operating profit margin	**28.0**	**174.5**	**275.3**	**265.6**	**223.7**	**(84.0)**	**(33.3)**
Interest income	26.5	26.1	25.1	18.5	13.4	1.5	4.0
Financing costs including preference dividend	0.0	0.0	(0.2)	(0.2)	(0.2)	-	-
Profit before one-time charges	**54.5**	**200.6**	**300.2**	**283.9**	**236.9**	**(72.8)**	**(33.3)**
Impairment of property, plant and equipment	(522.4)	-	-	-	-		
Restructuring costs and one time charges	0.0	0.0	(297.2)	-	-	-	-
(Loss) / Profit before taxation	**(467.9)**	**200.6**	**3.0**	**283.9**	**236.9**	**(333.2)**	**6,586.7**
Taxation	97.1	(53.8)	(2.9)	(10.3)	-	280.0	1,755.2
(Loss) / Profit for the year	**(370.8)**	**146.8**	**0.1**	**273.6**	**236.9**	**(352.6)**	**146,700**
Number of shares in issue	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000		
Basic and diluted earnings per share (Pula)	**(0.47)**	**0.18**	**0.00**	**0.34**	**0.30**	**(352.6)**	**146,700**
Earnings before Interest, Depreciation, Taxation and Amortisation (EBIDTA)	263.2	352.2	450.4	447.9	374.4		
EBIDTA as a percentage of operating revenue (%)	17.7	23.6	30.8	32.4	31.9		

Financial Review and Management Discussion
continued

2016 Compared to 2015

The 2015/16 operating results were significantly lower as compared to the previous year, 2014/15, in many respects. The increase in BTCL revenue during 2015/16 was marginal as compared to 2014/15. The increase in mobile revenue and sale of customer premises equipment were negated by decreases in all other sources. Mobile revenue registered the highest growth as expected at 12.0 per cent to Pula 473.6 million (2015 – Pula 422.7 million) whilst sale of customer premises equipment recorded Pula 147.9 million against Pula 91.1 million in the previous year. Mobile revenue now accounts for 31.9 per cent (2015 – 28.0 per cent) of the revenue of the Company, indicating the shift in the business strategy of the Company. As expected, it is forecasted that, this stream will continue to grow in future. The Fixed Network revenue which comprises the local access and call revenue now accounts for Pula 441.8 million (2014 – Pula 478.4 million) or 29.7 per cent (2015 – 32.0 per cent). The data revenue at Pula 384.2 million, now accounts for 25.8 per cent (2015: Pula 450.1 million or 30.0 per cent) of BTCL revenue.

The cost of sales as a percentage of overall revenue was higher than that of the previous year. Primarily, the costs of sales at Pula 465.3 million (2015: Pula 391.3 million) registered an increase of 18.9 per cent whilst the direct (and accelerated) depreciation was Pula 235.2 million as compared to Pula 177.6 million in the previous year. .

The resulting profit before one-time impairment costs decreased from Pula 200.6 million in 2014/15 to Pula 54.5 million in 2015/16. As a result of one time impairment charge of Pula 522.4 million, the loss attributable to ordinary shareholders was Pula 370.8 million as compared to the profit of 146.8 million in the previous year.

2016 Performance Compared to Forecast in IPO (December 2015)

Per the IPO Prospectus in December 2015, the profit before taxation forecast was at Pula 141.8 million for the fiscal year 2015/16. This excluded the impairment adjustment, which was estimated at that time at Pula 305.8 million. The actual loss after tax ended at 370.8 million as compared to Pula 127.9 million, mainly resulting from the increased charges for impairment at Pula 522.4 million (forecast – Pula 305.8 million).

	IPO Forecast in Pula million	Actual Results in Pula million	Difference in Pula million	Difference as % of IPO Forecast
Revenue	1 468.6	1 485.8	17.2	+ 1.2 %
Operating costs excluding impairment charges	(1 355.1)	(1 457.8)	(102.7)	- 7.6 %
Operating profit	113.5	28.0	(85.5)	- 75.3 %
Interest income	28.3	26.5	(1.8)	- 6.3 %
Profit before taxation and impairment	141.8	54.5	(87.3)	- 61.6 %
Impairment	(305.8)	(522.4)	(216.6)	+ 70.8 %
Loss before taxation	(164.0)	(467.9)	(303.9)	- 184.7 %
Taxation income	36.1	97.1	61.0	+ 169.0 %
Loss after taxation	(127.9)	(370.8)	(242.9)	+ 189.0 %

Results of Operations Based on Re-grouped Financials

It is traditional for BTCL to re-group and analyse its financial results based on revenue and costs drivers. In this analysis, the trading results are re-grouped with similar revenue and cost drivers in order to achieve a fair comparison. BTCL's results for the past five years based on such analysis/re-groupings are summarised below:

	2016 P mill	2015 P mill	2014 P mill	2013 P mill	2012 P mill	% change 16:15	% change 15:14
Revenue - Sales of goods and services (adjusted)	1,486.8	1,495.2	1,463.9	1,384.2	1,173.9	(0.5)	2.1
Cost of sales (excluding depreciation and impairment)	(465.3)	(391.4)	(361.9)	(386.6)	(353.9)	18.9	(6.1)
Depreciation charge – direct, net of development grant	(225.8)	(150.4)	(146.6)	(141.4)	(118.0)	50.1	3.7
Gross profit *	**795.7**	**953.4**	**955.4**	**856.2**	**702.0**	**(16.5)**	**(0.2)**
Employee costs	(373.5)	(360.3)	(329.1)	(302.1)	(262.9)	3.6	9.5
Selling and distribution costs	(48.3)	(46.7)	(43.0)	(34.5)	(36.1)	3.4	8.6
Depreciation charge-indirect	(9.4)	(27.3)	(28.5)	(40.2)	(32.8)	65.5	(4.2)
Other operating costs	(336.5)	(344.6)	(279.5)	(213.3)	(146.5)	(2.3)	23.3
Operating profit *	**28.0**	**174.5**	**275.3**	**266.1**	**223.7**	**(83.0)**	**3.5**
Financing costs including preference dividend	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	-	-
Interest income	26.4	26.1	25.1	18.5	13.4	1.1	4.0
Profit before impairment/ restructuring costs *	**54.4**	**200.6**	**300.2**	**284.4**	**236.9**	**(72.9)**	**(33.18)**
Impairement and restructuring costs	(522.4)	(0.0)	(297.2)	(0.5)	-	-	-
(Loss)/Profit before taxation	**(468.0)**	**200.5**	**3.0**	**283.9**	**236.9**	**(333.4)**	**6,583.3**
Taxation credit / (expense)	97.1	(53.8)	(2.9)	(10.3)	-	(280.5)	1,755.2
Loss/Profit after taxation	**(370.8)**	**146.7**	**0.1**	**273.6**	**236.9**	**(352.8)**	**146,600**
Average number of shares in issue	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000		
Basic earnings per share (thebe)	**(46.3)**	**18.33**	**0.00**	**34.2**	**29.6**		
Earnings before Interest, Depreciation, Taxation and Amortisation (EBIDTA)	263.2	352.2	450.4	447.9	374.4		
EBIDTA as a percentage of operating revenue (%)	7.7	23.6	30.8	32.4	31.9		

* gross and operating profits before impairment and restructuring costs.

Financial Review and Management Discussion
continued

KEY FACTORS AND OBSERVATIONS

- On an adjusted basis, including the deferred revenue, the total revenue decreased marginally to Pula 1486.8 million from Pula 1495.2 million in the previous year:
- Mobile revenue is the consistent performer registering a growth of 12.0 per cent (2015: 15.4 per cent) to Pula 473.6 million. Mobile revenue now accounts for 32 per cent (2015: 28 per cent);
- The fixed line call revenue declined marginally by 2.5 per cent to Pula 281.7 million (2015: Pula 288.9 million). This segment now accounts for 19 per cent of the overall revenue.
- Revenue from data networks declined to Pula 384.2 million from Pula 450.1 million in the previous year due to loss of networks as part of the asset separation. The total network revenue declined from Pula 636.6 million to Pula 544.4 million in the current year, reflecting a decline of 14.9 per cent. This segment slipped to 26 per cent of the total revenue this year as opposed to 30 per cent a year back.
- Income from Customer premises equipment registered an unprecedented growth to Pula 147.9 million as compared to Pula 91.1 million in the previous year.

	2016 P mill	%
Fixed Network revenue – local access	85.8	
- private circuits	74.3	
Total fixed network revenue	**160.1**	**10**
Call revenue – national	228.8	
Call revenue - international	52.9	
Total fixed call revenue	**281.7**	**19**
Data	384.2	26
Mobile	473.6	32
Equipment sales and rentals	147.9	10
Other services	39.3	3
Total revenue (adjusted)	**1486.8**	**100**
Total revenue as published	**1485.8**	

Note: For comparison purposes, deferred revenue recognized in the current year of P1.0 million (2015 – Pula 15.3 million) (see note 3 – other income to the Annual Financial Statements) is reclassified as other income and included under adjusted Total Revenue in this FD & MA.

INCREASE IN MOBILE REVENUE

The Mobile revenue is the consistent performer registering a growth of

12%

DECREASE IN FIXED LINE CALL REVENUE

The fixed line call revenue declined marginally by

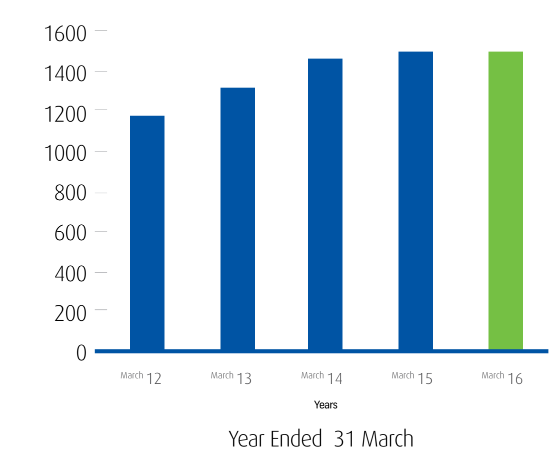
2.5%

2015 P mill	%	2014 P mill	%	% change 16:15	15:14
106.9		103.3		(19.7)	3.5
82.6		87.4		(10.0)	(5.5)
189.5	**13**	**190.7**	**13**	**(15.5)**	**(0.6)**
233.1		229.1		(1.8)	1.7
55.8		49.9		(5.2)	11.8
288.9	**19**	**279.0**	**19**	**(2.5)**	**3.5**
450.1	30	463.1	32	(14.6)	(2.8)
422.7	28	366.3	25	12.0	15.4
91.1	6	107.6	7	62.3	(15.3)
52.9	4	57.1	4	(25.7)	(7.4)
1495.2	**100**	**1463.9**	**100**	**(0.5)**	**2.1**
1480.0		**1454.5**		**0.4**	**1.8**

TREND ANALYSIS

Operating Revenue

(Pula million)



All major revenue streams, except for mobile and sale of customer premises equipment, declined in revenue as compared to previous year. The stagnation in the growth of revenue is common to most international Telcos as the revenue streams are coming under severe pressure mainly due to pricing. However, BTCL's varied revenue status indicates its maturity as a network provider, more than a simple voice operator.

FINANCIAL OUTLOOK

The revenue streams will continue to be under severe pressure and growth in overall revenue is expected to be marginal at around 2 – 3 per cent. The mix of revenue sources are likely to change with mobile data revenue taking the primary spot.

Financial Review and Management Discussion
continued

Mobile Revenue

BeMOBILE's network is predominantly based on a 2.5G/3G platform. Plans are at an advanced stage for the launch of 4G, initially in selected metropolitan.

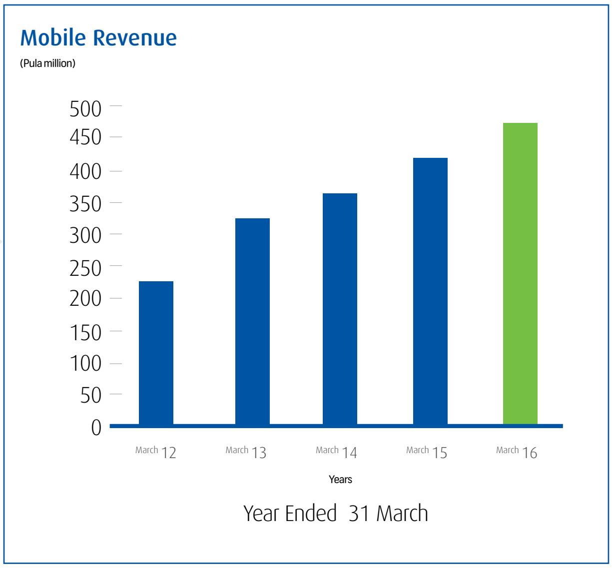
- Fixed line network revenue comprising of local access, private circuits and call revenue from national and international calls;
- Data services including managed data network, ADSL and internet bandwidth wholesaling and retailing;
- Mobile services including call, data and internet revenues; and
- Sale and rental of customer equipment.

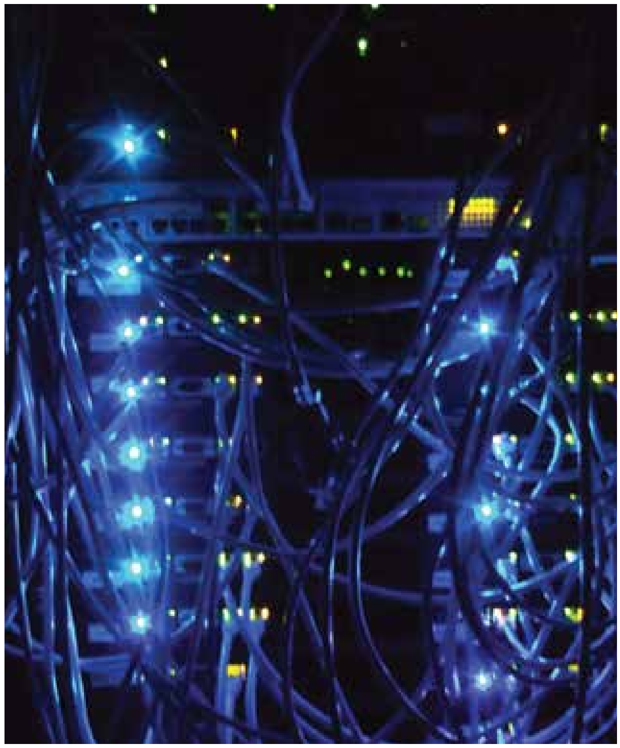
KEY FACTORS AND OBSERVATIONS

- Mobile revenue comprising of voice call, data and other ancillary services grew from Pula 422.7 million to Pula 473.6 million, an increase of 12.0 per cent.
- Mobile revenue at 32 per cent (2015: 28 per cent) is the single largest revenue stream for BTCL, depicting the changing nature of the Company.
- This increase in mobile revenue was predicted in BTCL's forecasting models.
- Worldwide, the Telcos recognises that traditional pricing models for mobile services need to evolve to better match mobile data revenue with the corresponding use of mobile networks and spectrum. This will help to promote the necessary infrastructural investments.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	% change 15:14
Mobile revenue	473.6	422.7	366.3	12.0	15.4
Total Mobile revenue	**473.6**	**422.7**	**366.3**	**12.0**	**15.4**

MOBILE REVENUE TREND ANALYSIS





FINANCIAL OUTLOOK

Through beMOBILE, BTCL will embark on a Long-Term Evolution (LTE) wireless 4G technology network roll-out, and work to deliver the next generation of converged communications services. 4G launch will be the key to achieve BTCL business objectives.

This is expected to widen BeMOBILE data revenue base beyond the traditional voice, basic data and SMS services, also resulting from introduction of a myriad of online services and mobile applications by Digital Over-The-Top (OTT). 4G will also provide a platform for greater data transmission for those on the move.

beMOBILE revenue is expected to increase at least at the current rate over the near future.

Financial Review and Management Discussion
continued

Data Revenue

Data revenue slipped to Pula 384.2 million (2015: Pula 450.1 million). It accounts for 26 percent (2015: 30 percent) of BTCL revenue.

Network revenue includes charges for data networks and internet bandwidth wholesaling and retailing, private data network services and high-speed Internet access service provided through Asynchronous Digital Subscriber Line (ADSL) technology and managed data networks for residential. Government and business customers were the main contributors to this revenue stream.

KEY FACTORS AND OBSERVATIONS

- Data revenue decreased to Pula 384.2 million (2015: 450.1 million) during current year.
- Data revenue is the second most contributor to BTCL revenues at 26 percent.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	% change 15:14
Data revenue	384.2	450.1	463.1	(14.6)	(2.8)
Total Data revenue	**384.2**	**450.1**	**463.1**	**(14.6)**	**(2.8)**

Network Revenue

Revenue from networks declined to Pula 160.1 million (2015: 189.5 million).

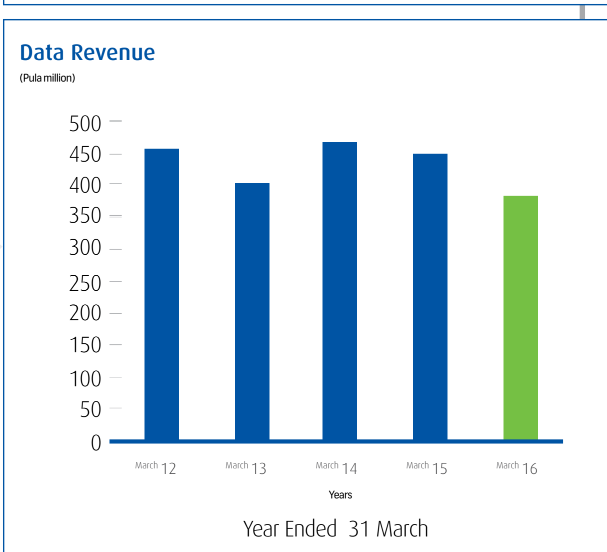
Network revenue includes local access rentals, private circuit's rentals. Worldwide, with the advent of mobile networks and data handling capacities, the demand for fixed line telephone services is declining.

KEY FACTORS AND OBSERVATIONS

- Local access revenue declined to Pula 88.8 million (2015: Pula 106.8 million).
- The revenue from private circuits followed the general worldwide trend, whereby the networks are shifting to fibre networks. The income from private circuits too declined from Pula 82.6 million to Pula 74.3 million.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	% change 15:14
Network - local access	88.8	106.8	103.3	(16.9)	3.4
Network - private circuits	74.3	82.6	87.4	(10.0)	(5.5)
Total network revenue	**163.1**	**189.5**	**190.7**	**(15.5)**	**(0.6)**

DATA REVENUE TREND ANALYSIS



FINANCIAL OUTLOOK

New business model envisages the data services as one of the primary drivers of its revenue sources.

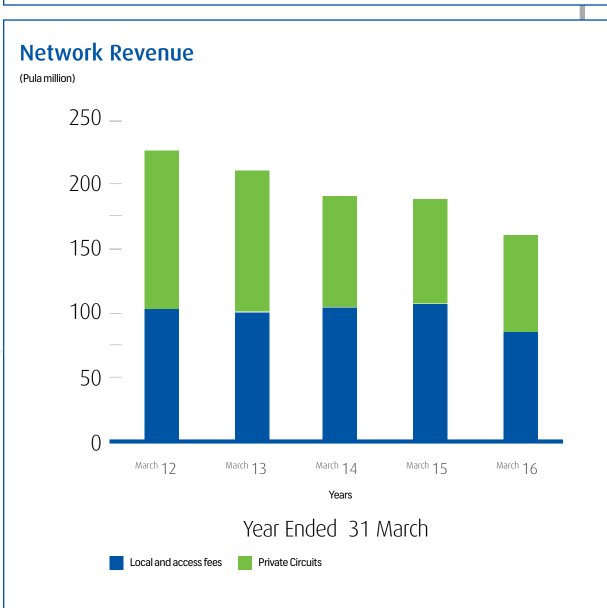
BTCL's broadband products, over the fixed line remained customer's preferred choice because of its capacity, reliability and quality.

BTCL has introduced various product lines which offered reduced entry level prices, effectively removing the barriers for internet entry.

The prices are expected to further reduce in the future.

The trends reflect the Company's targeted shift from being a simple voice telephony provider to a composite telecommunications solution provider where broadband networks becomes the key business driver.

NETWORK REVENUE TREND ANALYSIS



FINANCIAL OUTLOOK

New business model envisages the demand for fixed line services to decline.

Financial Review and Management Discussion
continued

Call (Voice) Revenue

Call revenue maintained a healthy income of Pula 281.7 million (2015: 288.9 million) maintaining its steady position contributing around 20 per cent of BTCL revenue.

Call (voice) revenue comprises the national calls, international calls and income from fixed networks. This revenue stream is still one of the main sources of income for BTCL. International call income comprises of outgoing calls charges originated on BTCL network and terminating charges for incoming calls from international operators.

KEY FACTORS AND OBSERVATIONS

- Voice call revenue is still a major source of income at Pula 281.7 million (2014/15 – Pula 288.9 million), registering a decline of 2.5 per cent (2014/15: increase 3.5 per ent).
- Call income from international operations maintained its position at around Pula 52.9 million (2014/15: Pula 55.8 million).

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	% change 15:14
Voice revenue					
– national calls	228.8	233.1	229.1	(1.8)	1.7
- international calls	52.9	55.8	49.9	(5.2)	11.8
Total voice revenue	**281.7**	**288.9**	**279.0**	**(2.5)**	**3.5**

Other Revenue Sources

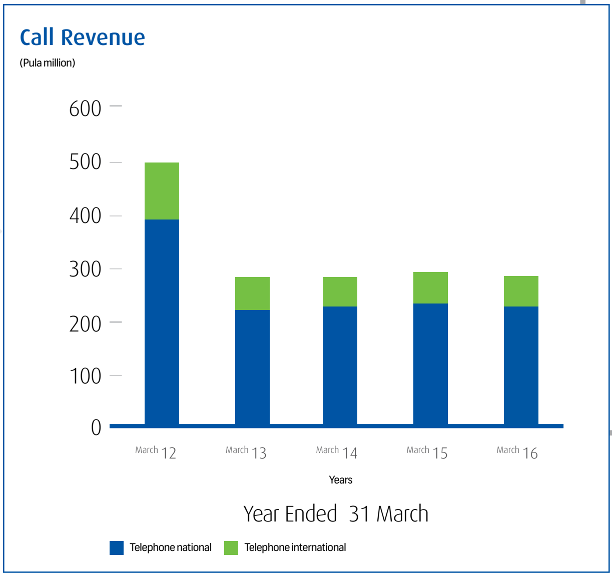
Contrary to expectation, the rental and sale of customer premises equipment performed well, bringing in revenue of Pula 147.9 million as compared to Pula 91.1 million in the previous year.

KEY FACTORS AND OBSERVATIONS

- Revenues from equipment sales and other revenues decreased by 12.5 % to Pula 187.2 million (2014/15 – a 144.0 million).

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	% change 15:14
Equipment sales and rentals	147.9	91.1	107.6	62.4	(15.3)
Other services	39.3	52.9	57.1	(25.7)	(7.3)
Total revenue	**187.2**	**144.0**	**164.7**	**30.00**	**(12.5)**

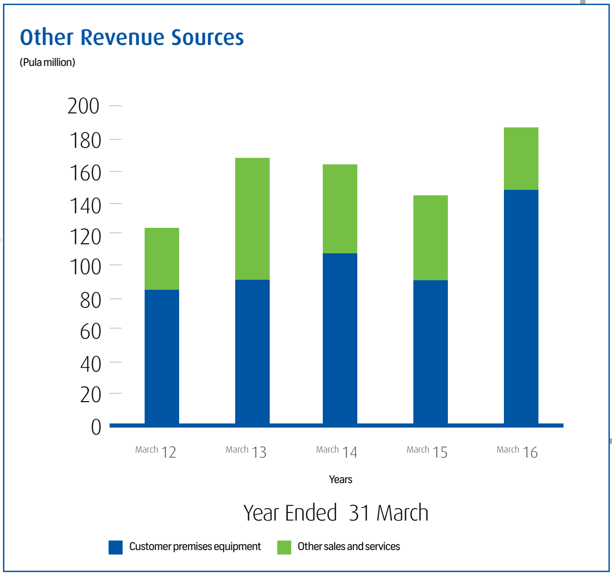
CALL REVENUE TREND ANALYSIS



FINANCIAL OUTLOOK

The decrease in voice call income was predicted in BTCL's forecasting models. With competitive and attractive pricing of calls within the beMOBILE network and between beMOBILE and BTCL network, the traffic is expected to increase in the future. The international call revenue is no longer a revenue growth area for BTCL. This trend will continue in the future.

OTHER REVENUE SOURCES TREND ANALYSIS



FINANCIAL OUTLOOK

Equipment sales and rentals still constitute a significant driver for the value added services for BTCL.

Financial Review and Management Discussion
continued

Operating Costs

Operating costs comprise costs of services and goods sold; direct selling and distribution costs, net employee costs (costs of retrenchments dealt with separately), depreciation and other operating costs.

In this analysis, all depreciation charges whether directly involved with the services provided or connected with ancillary functions are accumulated and dealt with as a single item. Further, as the amortisation of development grants are linked to the costs of the plant and equipment, they are also subtracted from the total depreciation charge and considered as a single cost line – net depreciation charge.

Total costs before impairment and re-structuring costs – Pula 1,458.8 million

The total operating costs before one-time restructuring and impairment charges and net of development grants for the year was Pula 1,458.8 million as compared to Pula 1,320.5 million(2015) and Pula 1,188.7 million in the previous two years (see table below). At this level, the overall costs escalated by 10.5 per cent (2015 – 11.1 per cent), higher than the rate of Botswana inflation (approximately 4 to 5 per cent) and the growth in revenue during the year (0.4 per cent).

Total costs after impairment and re-structuring costs – Pula 1,981.2 million

The total operating costs after impairment and re-structuring increased to Pula 1,981.2 million as compared to Pula 1,320.5 million in the previous year.
The increase in operating costs was the result of the following:

- Increased cost of goods sold, mainly arising out of increased handset subsidies and commissions for beMOBILE.
- Increase in depreciation charges resulting from accelerated depreciation of selected assets, owing to reconsideration of their lives.
- The impairment charge of Pula 522.4 million.

KEY FACTORS AND OBSERVATIONS

- Overall the total operating costs without one-time restructuring and impairment charges increased by 6.2% from Pula 1,320.5 million to Pula 1,458.8 million.
- The overall increase in costs of 10.5 % is higher than the inflation (3%) and the increase in the overall revenue (2.1%).
- Direct cost of goods and services increased from Pula 399.9 million to P 471.4 million.
- Other operating costs category excludes any anticipated retrenchment costs, which was included under restructuring and one time charges in the previous years. Other operating costs include other operating expenses, repairs and maintenance of non-telecommunications equipment and surplus on disposal of plant and equipment.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	15:14
Cost of goods and services (excluding depreciation)	471.4	399.9	375.0	17.9	6.6
Selling and distribution	42.0	38.1	29.1	10.2	30.9
Net employee costs	373.5	360.3	329.1	3.7	9.5
Depreciation less recognized capital grant	235.2	177.6	175.1	32.4	1.4
Other Operating Costs	336.5	344.6	279.5	(2.3)	23.3
Operating costs prior to impairment/ restructuring	**1,458.8**	**1,320.5**	**1,188.7**	**10.5**	**11.1**
Restructuring and one time impairment charges	522.4	0.0	297.2		
Total operating costs (adjusted for recognised capital grant)	**1,981.2**	**1,320.5**	**1,485.9**	**50.0**	**(11.1)**

The **total operating costs** before one-time restructuring and impairment charges and net of development grants for the year was

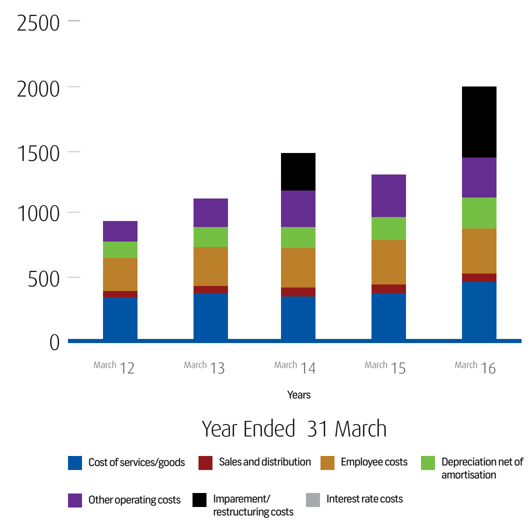
P1,458.8 million

FINANCIAL OUTLOOK

The direct cost of goods and services has increased to Pula 465.3 million in the current year from Pula 391.3 million and Pula 362.0 million in the previous two years respectively.

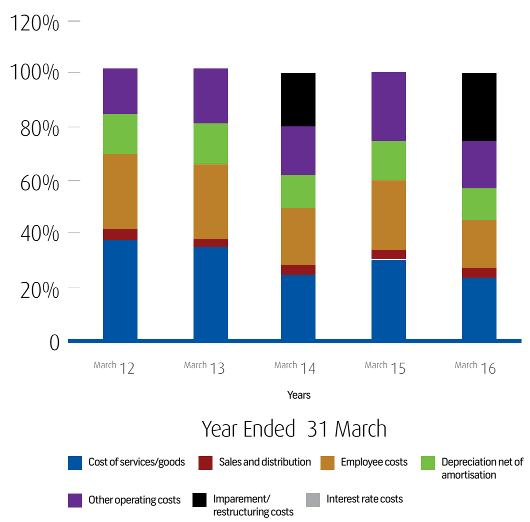
Cost Structure

(Pula million)



Cost Structure

(Percentage)



Financial Review and Management Discussion
continued

Cost of Goods and Services

Cost of goods and services comprises mainly of costs directly attributable to international carriers and national operators on outbound and transit calls, space segment rentals, licence fees to the regulator, cost of phones and phone cards for mobile operations, cost of directory publishing and direct material costs. It excludes depreciation charges on network plant and machinery.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	15:14
Payment to carriers	268.3	221.5	191.4	21.1	15.7
Space segmental rentals	16.1	13.9	29.6	15.8	(53.0)
Licence fees	46.9	44.6	35.4	5.1	26.0
Cost of phones and phone cards	58.2	29.2	28.0	99.3	4.3
Cost of directory sales	2.5	2.9	2.9	(13.8)	-
Equipment material costs	80.3	70.4	77.5	14.1	(9.1)
Cost of inventory, recognized as an expense	(7.0)	8.8	(2.9)	(179.5)	303.4
Installation of CPE	6.1	8.6	13.1	(29.1)	(34.4)
Total cost of services	**471.4**	**399.9**	**375.1**	**17.9**	**6.6**

Employee Cost

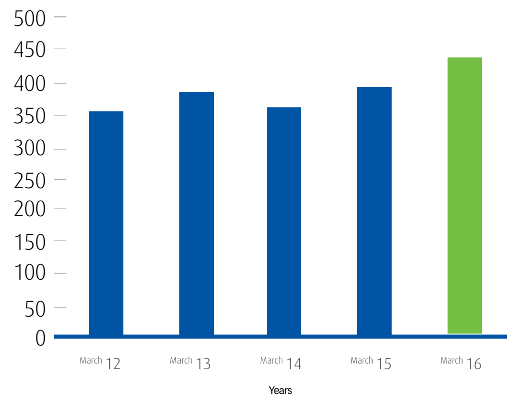
The total employee cost for the year was Pula 393.2 million (2015: Pula 360.7 million). The increase during the year was Pula 32.5 million or 9.0 per cent at the same level as that of the previous year (2015: 9.1 per cent). The net employee cost at Pula 373.5 million (2015 - Pula 360.3 million), after capitalisation for time spent on capital jobs, increased by Pula 13.2 million or 9.5 per cent from that of the previous year.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	15:14
Salaries and wages	341.9	317.8	296.3	7.6	7.2
Pension fund and group life contribution	17.2	15.7	15.2	9.5	3.3
Training costs	9.5	5.7	4.3	66.6	32.6
Other related costs	24.7	21.5	14.7	14.9	46.3
Total employee costs	**393.2**	**360.7**	**330.5**	**9.0**	**9.1**
Own work capitalised	(19.7)	(0.3)	(1.4)	6466.7	(78.5)
Total employee costs charged	**373.5**	**360.3**	**329.1**	**3.7**	**9.5**

COST OF GOODS AND SERVICES TREND ANALYSIS

Costs of Goods and Services

(Pula million)



Year Ended 31 March

FINANCIAL OUTLOOK

Payment to international and national carriers and operators, which amount to more than half of cost of direct costs, increased to Pula 268.3 million from Pula 221.4 million and Pula 191.4 million in the last two years respectively. The increase is also attributable to the increasing traffic between the beMOBILE network and other operators resulting from the increasing customer base of beMOBILE and the take up of its services. Whilst this is a welcome trend, it also indicates the customers varied choices in the market place.

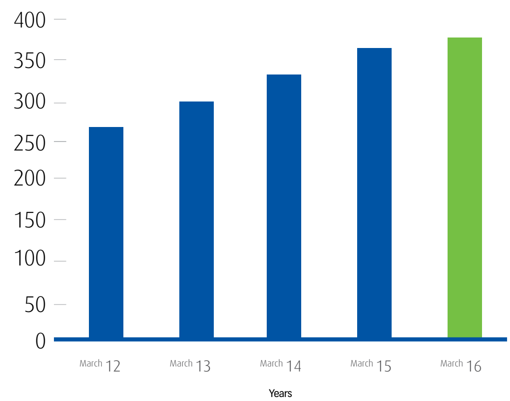
The license fees paid to the regulatory authority - BOCRA – now amounted to Pula 46.9 million as compared to Pula 44.6 million. The BOCRA license fee is proportionately related to the revenue earned and, effectively, now amounts to 3 per cent.

As part of a drive to increase mobile take up, beMOBILE provides handset packages to contract customers under specified period contracts, usually twenty four months. The cost of the subsidy is recognised as an expense in the year of commitment, but the revenues for the recovery of such outlay is expected to be recovered over the contract period.

NET EMPLOYEE COST TREND ANALYSIS

Net Employee Cost

(Pula million)



Year Ended 31 March

The total number of employees at end of March 2016 stood at 944 as compared 943 a year ago.

FINANCIAL OUTLOOK

The Company's pay structures are well in line with the industry standards. It is, therefore, anticipated that the future increases in employee costs will be aligned to the maintenance of staff numbers.

The total number of employees at end of March 2016 stood at

944 as compared 943 a year ago.

Financial Review and Management Discussion
continued

Selling and Distribution Costs

The direct selling and distribution costs were at Pula 42.2 million, in comparison to Pula 38.8 million and Pula 29.8 million in the previous two years. The increase was due mainly as a result of the increased marketing costs attached to beMOBILE customers as part of the new customer take-on drive.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	15:14
Product Marketing costs	42.2	38.2	29.8	10.5	28.2
Total selling and distribution	**42.2**	**38.2**	**29.8**	**10.5**	**28.2**

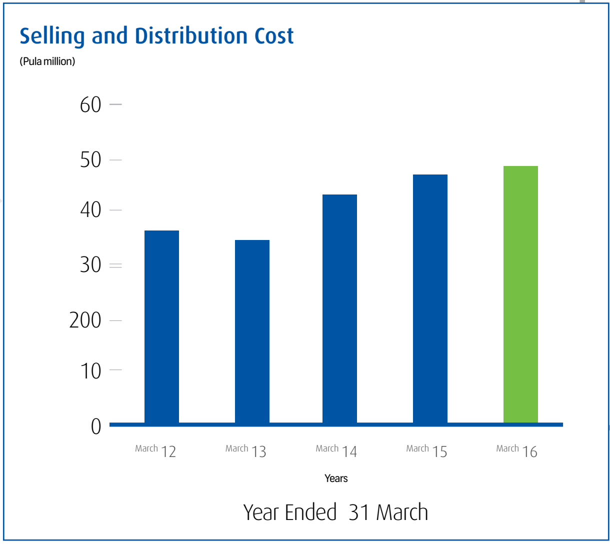
Depreciation

Excluding any impairment charges, the annual depreciation charge relating to telecommunications network assets is a significant component of the operating costs and indicates the capital intensity nature of the business.

The increase in depreciation of Pula 57.5 million arose mostly as a result of accelerating some depreciation on customer premises equipment (Pula 33.8 million), billing software (Pula 2.0 million), network assets (Pula 1.2 million) and motor vehicles (Pula 0.5 million). The charge comprises of depreciation of land and buildings, plant and machinery and other equipment directly related to providing services.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	15:14
Depreciation - direct	250.2	174.7	189.3	43.2	(7.8)
Depreciation - indirect	9.4	27.3	28.5	(65.5)	(4.2)
Depreciation	259.6	202.1	217.8	28.4	(7.2)
Development grant recognised as income	(24.4)	(24.4)	(42.7)	0.0	(42.8)
Total depreciation net of amortisation	**235.2**	**177.7**	**175.1**	**32.3**	**1.5**

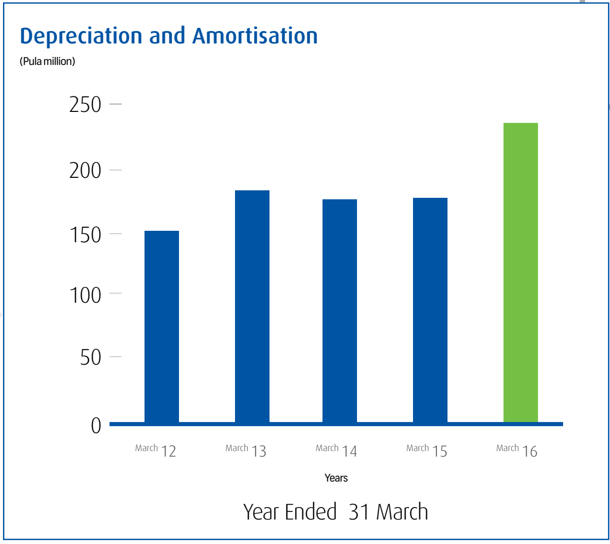
SELLING AND DISTRIBUTION COST TREND ANALYSIS



FINANCIAL OUTLOOK

Selling and distribution costs aligned to the revenue and are likely to increase in line with the revenue.

DEPRECIATION AND AMORTISATION TREND ANALYSIS



FINANCIAL OUTLOOK

With the reduction in the carrying value of the assets, further large scale impairments are unlikely in the future. Future depreciation charges will be determined by new capital expenditure and useful economic life of the company's assets.

Financial Review and Management Discussion
continued

Depreciation (continued)

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	% change 15:14
Land and building	15.2	7.4	8.4	105.4	(11.9)
Network assets	206.2	156.4	175.4	31.2	(10.8)
Other plant and equipment	9.4	27.4	28.5	(65.7)	(3.8)
Intangible assets (software and network management systems)	28.8	10.9	5.5	164.2	98.2
Less: amortisation of development grant	(24.4)	(24.4)	(42.7)	0.0	(42.8)
Total charge	**235.2**	**177.7**	**175.1**	**32.3**	**1.5**

Other Operating Costs

This category of costs include repairs and maintenance expenses of non-telecommunications equipment (Pula 23.6 million) and other operating expenses (Pula 317 million) such as consultancy and legal costs, impairment provision relating to customer account balances etc. The Other Operating Costs amounted to Pula 340.6 million (2015 - Pula 344.6 million and 2014 – Pula 269.4 million).

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	% change 15:14
Audit fees	1,8	1,7	1.7	6.0	-
Board members fees	0.2	0.2	0.1	-	-
Restructuring costs	-	-	31.2	-	-
Consultancies	51.4	41.1	29.6	25.0	38.9
Legal costs	1.2	0.4	6.8	200.0	(94.1)
Impairment of debtors	1.9	64.5	42.6	(97.0)	51.4
Financial charges	19.8	8.2	-	141.0	-
Billing costs	36.4	24.7	-	47.3	-
Licence systems and software	21.0	15.6	-	34.6	-
Utilities - electricity and water	18.2	13.3	-	36.8	-
Operating lease rentals	13.9	11.8	10.2	17.8	-
Dealer rebates	76.7	72.0	-	6.5	-
Foreign exchange net gains	(7.4)	(3.7)	(7.2)	100.0	-
Others	105.3	94.8	154.4	11.1	(38.7)
Total cost of services	**340.6**	**344.6**	**269.4**	**(1.1)**	**27.9**

TOTAL ASSETS TREND ANALYSIS

FINANCIAL OUTLOOK

Without the backbone networks, it is now expected that, more and more, funds will now be spent on access network platforms and on the customer-end related equipment.

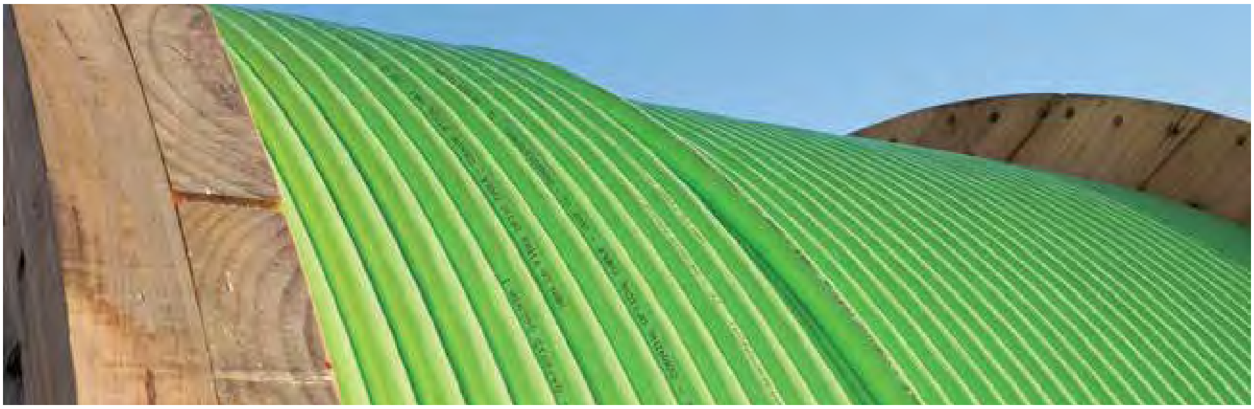
BTCL will continue to rationalise its investments through vendor partnerships, life cycle costing, and competitive purchasing of capital assets.

OTHER OPERATING COSTS TREND ANALYSIS

FINANCIAL OUTLOOK

With the IPO completed, some of the legal and consultancy costs will reduce. Overall, BTCL expects the other operating costs to maintain the current level.

Financial Review and Management Discussion
continued



Impairment Charges on Plant and Equipment - Pula 522.4 Million

Significant changes in the business environment attributable to regulatory changes and the introduction of BOFINET into the telecommunications industry, has caused increased network related costs as well as BTCL revenue declines, brought about by increased competition, and more importantly, by wholesale tariff restructuring to markedly lower levels.

Consequent reduction of cash flows have driven the value in use of BTCL assets to below the carrying amount thus necessitating an impairment adjustment for the current financial year amounting to P 522.4 million.

This impairment adjustment has been allocated across BTCL's network specific plant and machinery using the assets carrying value, after first weighting the impairment charge against obsolete and end of life network equipment (TDM, ATM, MDM and obsolete IP core assets) as well as other non or less productive network assets. Non-network land and buildings have not been impaired.

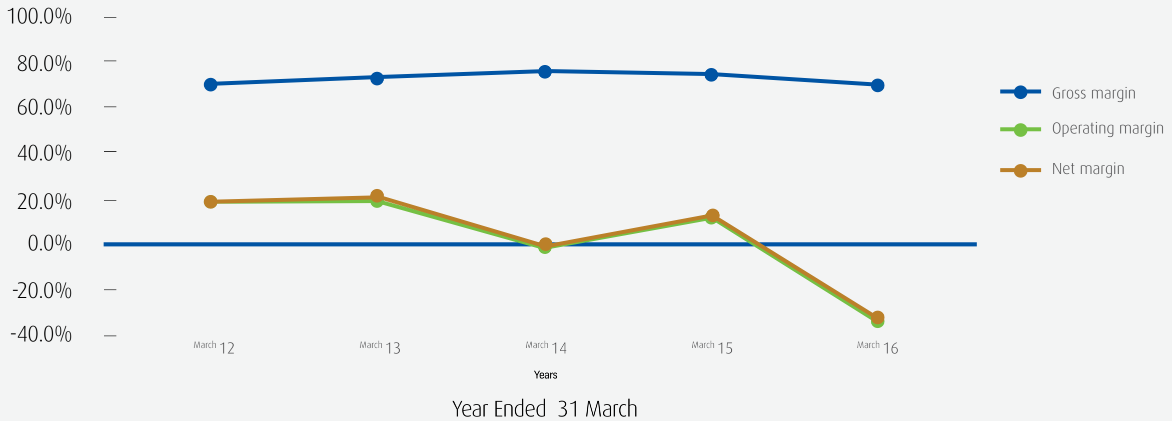
Gross, Operating and Net Income and Margins

The following table summarises the gross, operating and the net margins.

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	15:14
Revenue - Sales of goods and services (as published)	1,485.8	1,480.0	1,454.5	0.4	1.7
Revenue - Sales of goods and services (adjusted)	1,486.8	1,495.2	1,463.9	(0.6)	2.1
Gross profit margin – in Pula mil	1,021.5	1,103.9	1,102.0	(7.5)	0.2
%	68.7	73.8	75.3		
Operating profit margin prior to impairment charges (excluding interest income)– in Pula mil	28.0	174.5	275.3	(84.0)	(36.6)
%	1.9	11.7	18.8		
Operating profit margin after impairment charges (excluding interest income)– in Pula mil	(494.4)	174.5	(21.9)	83.8	37.8
%	(33.2)	11.7	(1.5)		
(Loss) / profit margin before tax - in Pula mil	(467.9)	200.6	3.0	333.3	6,586.7
%	(31.5)	13.4	0.2		
(loss) /profit margin after tax - in Pula mil	(370.8)	146.7	0.1	(352.6)	146,600
%	(24.9)	9.8	0.0		

MARGINS TREND

Gross, Operating and Net Margins



The operating performance recorded depicts declining performance from that of the previous year, mainly resulting from the stagnation of total revenues, increasing costs and impairment of assets.

Gross margin trend

The gross margin excluding the interest income posted a steady performance, reflecting a healthy 68.7 per cent (2015 – 73.8 per cent and 2014 – 75.3 per cent).

The continued performance in the 60 per cent range is encouraging and reflects the effect of strategies adopted by BTCL relating to pricing policies and direct costs containment over the years. BTCL was able to maintain this trend despite increased competition.

Operating margin trend

The operating margin, excluding the interest income but prior to impairment charges and restructuring costs, has significantly reduced to Pula 28.0 million (2015 - Pula 174.5 million and 2014 – Pula 275.3 million). Expressed as a percentage of revenue, the ratio has decreased to 1.9 per cent from 11.7 per cent in the previous year. The total operating costs as a percentage of total income was 98.1 per cent in the current year as opposed to 88.3 per cent in the previous year.

Profit margin trend

The loss before taxation, including one-time impairment charge of Pula 522.4 million was at Pula 467.9 million, as compared to profit before taxation of Pula 200.6 million in the previous year. In comparison, the profit before taxation prior to impairment was Pula 54.4 million. The decline is a reflection of the stagnant revenue coupled with increasing cost base. As the customers shift from the traditional service platforms to alternative technologies such as mobile, the revenue base and the net profit margin will come under pressure. BTCL strategy is to offset any losses from migration of services and customer churn through increased income via new sources including mobile and data.

Earnings before Interest, Depreciation, Taxation and Amortisation

Operating margins based on Earnings before interest, depreciation, taxation and amortization (known as the EBIDTA) reflected a decline to 17.7 per cent as compared to the 23.6 per cent and 30.0 per cent in the previous two years.

Financial Review and Management Discussion
continued

	2016 P mill	2015 P mill	2014 P mill	2013 P mill	2012 P mill	% change 16:15	15:14
Revenue - Sales of goods and services (adjusted)	1,486.8	1,495.2	1,463.9	1,384.2	1,173.9	(0.6)	2.1
Earnings before interest, depreciation, taxation and amortization (Pula mil) (EBIDTA) (excluding interest income)	263.2	352.2	450.4	447.7	374.5	(25.3)	(23.4)
EBIDTA as a percentage of operating revenue	**17.7**	**23.6**	**30.8**	**32.3**	**31.9**		

This level of performance indicates the stability of BTCL's operational capabilities.

Interest Income and Financing Costs

Interest income

The interest income was Pula 26.5 million as compared to Pula 26.1 million and Pula 25.1 million in the previous two years. The bank balances averaged Pula 350.0 million (2014/15 – Pula 340.0 million) yielding approximately 7.0 per annum (2014/15 – 7.0 per cent). BTCL has repaid all its borrowings and is now totally debt free. With the IPO funds expected to come in April 2016, the bank balances are expected to be healthy and sufficient to cover the capital expenditure in the coming year.

The income received and the corresponding cash balances can be analysed as follows for the three years:

	2016 P mill	2015 P mill	2014 P mill	% change 16:15	15:14
Interest earned on					
- on short term deposits	26.5	26.1	25.1	1.5	4.0
Total Interest Income	26.5	**26.1**	**25.1**	**1.5**	**4.0**
Cash balances					
- Cash at bank	32.3	19.0	19.6	70.0	(3.1)
- Cash at bank (short term deposits)	357.7	347.0	333.9	3.1	3.9
Total cash balances	**390.0**	**366.0**	**353.5**	**3.5**	**3.5**

Financing cost

BTCL is debt free and has no financing costs. BTCL has a good credit rating and therefore will be able to source necessary funding from traditional banking sector and capital markets, should the need arise.

Capital Expenditure

Capital expenditure for the year under review was Pula 254.6 million (2014/15 – Pula 266.8 million and 2013/14 - Pula 194.8 million) – a level much closer to the previous years).

The cash available for investments (generated during the year from operations), expressed as a percentage of the capital expenditure during the year amounted to 99.9 per cent (2014/15 – 99.0), indicating that all of the internally generated funds during the year were entirely utilised to fund the capital expenditure. Expressed as a per cent of revenue, the capital expenditure amounted to 17.1 per cent (2014/15 – 17.8 per cent and 2013/14 – 13.3 per cent) of revenue.

Cash and Cash Equivalents

Cash balances at the end of the year were Pula 390 million, an increase from P366m in the previous year, amounting to a 7 per cent increase.

Creation of Shareholder Value and Return on Shareholder's Funds

One of BTCL's objectives is to achieve a comparable market based return on the shareholder's funds, with potential future growth.

Return on shareholder funds

Shareholder's equity, at end of 31 March 2016, was Pula 1,552.1 million as compared to Pula 1,922.9 million in March 2015 and Pula 1,588.3 million by end of March 2014. The shareholder's equity decreased by 21.3 per cent as compared to an increase of 24.2 per cent from the previous year. The current year decline was due to the loss during the year. With the IPO, the shareholders equity is expected to increase by Pula 250.0 million.

Going forward, the Board of Directors will set a dividend policy aligned to market expectations as well as to meet BTCL's commitments and other obligations to achieve the desired growth in shareholder value, which will require profits to be retained and reinvested within the business. The revised dividend policy is yet to be approved by the Board of Directors.

Basic and diluted loss per share (including impairment charges and restructuring costs) was 46 thebe as compared to basic earnings of 18 thebe in the previous year (based on 800,000,000 shares).

Earnings, dividends and share value

Loss attributable to the shareholders on ordinary shares for the current financial year was Pula 370.8 million as compared to profit of Pula 146.8 million in the previous year. A dividend of 5 thebe per share (payable on 1,050,000 shares) was proposed against the current year earnings before impairment.

	2016		2015		2014	
	P mill	% of revenue	P mill	% of revenue	P mill	% of revenue
Revenue (adjusted)	P 1,486.8	100.0	P 1,495.2	100.0	P 1,463.9	100.0
EBIDTA (adjusted)	P 263.2	17.7	P 352.2	23.6	P 450.4	30.8
Operating profit (adjusted)	P 28.0	1.9	P 174.5	11.7	P 275.3	18.8
(loss) /Profit (adjusted)	(370.8)	(24.9)	P 146.7	9.8	P 0.1	0.0
Basic weighted average number of shares outstanding (in million)	800		800		800	
Basic and diluted earnings per share in thebe	(46.3)		18.0		0.00	
Dividend per share (thebe)	5.0		0.0		0.00	

Return on capital employed and total assets

Return on average capital employed was negative 26.9 per cent in 2015/16. The Company's actual cost of capital is reported as 12.79 per cent (see note 9 to the annual financial statements). The return on total assets, also decreased a negative 21.5% compared to a positive 8.8 per cent in the previous year. These ratios are calculated on average balances and based on the net income prior to one time impairment charges and restructuring costs.

Financial Review and Management Discussion
continued

Solvency

Solvency ratio stood at 109 per cent improving from previous years 100 per cent as total liabilities reduced from Pula 511 million in the previous year to Pula 376 million. Trade and other payables (due to trade creditors) reduced by Pula 74 million.

Development grants stood at P167m at the end of the year. As the Company has already discharged its obligations with respect to the projects that were funded by the Government, this liability is unlikely to become payable. This further enhances the solvency of the Corporation.

BTCL's financing strategy remained unchanged and prudent as ever during the financial year – i.e. to remain profitable and self-financing. The investment in capital assets was financed entirely by internally generated funds, those of the current and previous years. Hence, no new loans were acquired during the year.

Cash flow

The Company continued to remain cash positive. The cash provided by the operations was Pula 256.9 million as compared to Pula 243.9 million in the previous year. BTCL's operational capability to generate cash flow combined with the well-managed conservative debt structure ensures that BTCL has significant capital capacity that can be tapped quickly and effectively as new opportunities emerge.

	2016 P mill	2015 P mill	2014 P mill	2013 P mill	2012 P mill	% change 16:15	% change 15:14
Net cash flow from operations	256.9	243.9	111.5	399.1	212.3	5.3	118.7
Net cash flow used in investing activities	(224.0)	(238.4)	(169.7)	(314.5)	(364.8)	(6.0)	40.5
Cash flow from financing activities	(0.0)	(2.3)	-	21.8	156.8	0.0	0.0
Increase or (decrease) in cash resources	**32.9**	**3.2**	**(58.2)**	**106.4**	**4.3**		

Liquidity

Cash flows provided by operating activities of continuing operations, prior to working capital changes and dividend payment, totalled Pula 362.5 million as compared to Pula 314.6 million in the previous year. As a result, liquidity has remained high with current ratio standing at 4.32 times from 2.65 times in the previous year against a benchmark target of 2 times. Excess cash balances were invested in fixed term deposits and an Interest Income of P26m was earned during the year.

BTCL believes that its internal resources coupled with the unutilised borrowing capacity, is sufficient to finance its operating requirements, anticipated capital expenditure, and dividend payments during the financial year 2016/17.

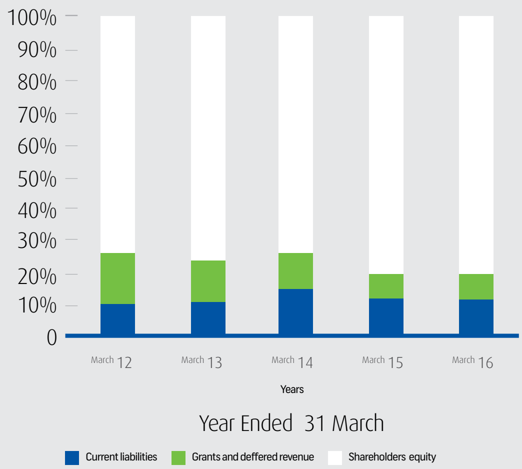
Cash flows provided by operating activities of continuing operations, prior to working capital changes and dividend payment, totalled

Pula 362.5 million

as compared to Pula 314.6 million in the previous year.

Capitalisation Ratio

(Percentage)



Capital Structure

(Pula million)

	2016 P mill	2015 P mill	2014 P mill	2013 P mill	2012 P mill	% change 16:15	% change 15:14
Long-term debt including current portion	**nil**	**nil**	**nil**	**nil**	**nil**	**0.0**	**100.0**
Cash and bank	32.3	19.0	19.6	28.8	24.8	70.0	(3.1)
Short-term deposits	357.8	347.0	333.9	374.8	268.1	3.1	3.9
Total cash and short-term deposits	**390.0**	**366.0**	**353.5**	**405.6**	**292.9**	**6.6**	**3.5**

With the expected cash inflow from the IPO, the Company is expected to have significant cash resources to fund the network expansion programme for the next two years.

Capital Commitments

At end of March 2015, the contracted capital commitments that had not been delivered amounted to Pula 219.9 million (2015 – Pula 108.7 million) Further, an amount of Pula 212.7 million (2015 – Pula 323.9 million) remained authorized but not contractually committed by that date.

Off-Balance Sheet Arrangements

As discussed in the financial statements, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on BTCL's financial conditions, changes in financial position, results of operation, liquidity, capital expenditure or capital resources with the exception of the following:-

- Operating leases (note 20)
- Capital commitments (note 19)
- Banking facilities (note 18.2.1)

Financial Review and Management Discussion
continued

Retirement Benefit Costs and Pension Fund

BTCL operates a defined contribution pension fund called BTCL Staff Pension Fund, for its eligible citizen employees. The pension fund is a separate legal entity managed by trustees appointed by the BTCL Board and staff union representatives. BTCL contributes to the fund 16 per cent of the pensionable earnings of the members with member's contributing 4% to the pension fund directly. Pension contributions on behalf of employees are charged to income statement in the year to which they relate and as the related service are provided.

Financial Risk Management

BTCL holds financial instruments mainly to finance its operation; investment of short term funds; and to manage currency and interest rate risks that may arise.

BTCL has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. BTCL's principal financial liabilities comprised of the trade payables.

BTCL has a centralised treasury operation whose primary role is to manage liquidity, funding, investments and manage risks that may arise from interest rates and currency exchange rates.

The main risks arising from its financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk.

Interest rate risk management

BTCL has interest bearing financial assets and financial liabilities which exposes it to interest cash flow volatility. As far as possible, BTCL locks its interest rates to Pula denominated fixed rate deposits.

At the end of the year, the BTCL was debt free. There were no loans obtained during the year. At the same date, the Company's assets, which are subject to interest rate risk, amounted to Pula 32.3 million of cash and bank balances (variable interest rate deposits) and Pula 357.7 million in short-term deposits.

During the year, BTCL received Pula 26.5 million in interest income whilst there were no financing costs incurred this year. The volatility arising from 1 per cent change in either direction of the interest rate is considered not significant at Pula 15.5 million (see note 23.11 to the Annual Financial Statements).

Foreign currency risk management

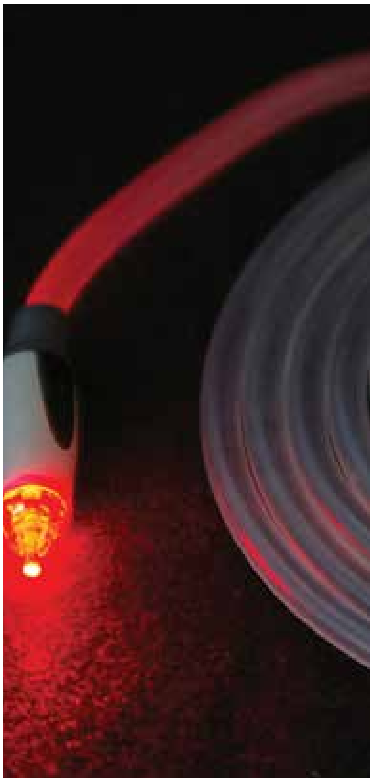
A significant proportion of BTCL's current revenue is invoiced in Botswana Pula, and a significant element of its operations and costs arise within Botswana. BTCL undertakes certain transactions denominated in foreign currencies with the international operators and other foreign suppliers. As a result, a foreign currency risk exist when fluctuations in currency rates occurs. BTCL hedges part of the risk by holding foreign currency (USD Dollar and Euro) deposit accounts.

INTEREST RATE RISK MANAGEMENT

The Company's assets, which are subject to interest rate risk, amounted to

P32.3 million

of cash and bank balances (variable interest rate deposits)



BTCL is exposed mainly to South African Rand, US Dollar and SDR (Special Drawing Rights). At the end of the year, the net exposure to foreign currencies, after setting-off corresponding effects on assets denominated in foreign currencies, amounted to Pula 3.9 million (see note 23.2 to the Annual Financial Statements), with a 10 per cent increase or decrease in foreign exchange rates expected to have an effect equivalent to Pula 0.4 million.

BTCL's exposure to foreign currency liabilities and assets are set out in note 23.3 of the Annual Financial Statements.

Credit risk management

BTCL's exposure to credit risk arises mainly from its trading related receivables and liquid funds with banks. Trade receivables, net of impairment, consists of amounts receivables from a large number of customers, spread across diverse industries and geographical areas. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

BTCL's significant credit risk exposure relating to a single counterparty or groups of counter parties having similar characteristics is restricted to the Government of Botswana and its various operating agencies. At end of the year, the amount owed by this group amounted to Pula 43.8 million. The Government of Botswana credit rating is considerably high, hence, poses no credit risk.

On the other hand, the credit risk on liquid cash funds (Pula 390.0 million) is similarly limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk management

BTCL ensures that its liquidity is maintained by entering into short and medium term financial instruments to support operational and other funding requirements. Short-term funding requirements are reviewed on a monthly basis through cash flow forecasts. At end of March 2016 the Company also had Pula 110.0 million in un-drawn facilities with various banks (see note 18.2.1 – Annual financial statements).

Events After the End of the Reporting Period

Subsequent to the balance sheet date (i.e. 31 March 2016), BTCL successfully listed 250,000,000 of new shares at an issue price of 1 Pula with the Botswana Stock Exchange. The issue was over-subscribed. Subsequent to the issue, BTCL stated capital increased from Pula 278.9 million (800,000,000 shares) to Pula 478.9 million (1,050,000,000 shares). The entire issued shares are listed on the Domestic Main Board.

INVESTOR RELATIONS

Cautionary Statement Regarding Forward - Looking Statements

Forward Looking Statements

To the extent that statements in this Annual Report do not relate to historical or current facts, they constitute “forward-looking statements.” All statements other than statements of historical facts included in this Report, including those regarding our future financial position and results, business strategy, plans and objectives of management for future operations, including development plans and dividends, and statements on industry behaviour are forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements include, without limitation, statements relating to revenues and earnings. The words “believe”, “intend”, “expect”, anticipate”, “project”, “estimate”, “predict”, “is confident”, “has confidence” and similar expressions are also intended to identify forward-looking statements. These forward-looking statements are not historical facts. Rather, these forward-looking statements are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of BTCL about the business, the industry and the markets in which we operate.

The reader’s attention is drawn to the cautionary statement included in the Management Discussion and Financial Review section. Reliance should not be placed on these forward-looking statements, which reflect the views of the Members of the Board and management of BTCL as at the date the information was included in the Annual Report. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after publication of this information in the Annual Report. Investors are advised to consult any further disclosures by BTCL in its subsequent filings with the Botswana Stock Exchange pursuant to the Botswana Stock Exchange Regulations at the time of listing.

Background

BTCL is a public company set up under the Companies Act 2003 (CO 2012 / 12936).

On 21st December 2015, the Government of Botswana offered for sale by way of Initial Public offer (IPO), 462,000,000 shares at a price of P1.00 per share. The number of shares on offer was made up of a sale offer of 212,000,000 shares by the selling shareholder and a subscription offer for 250,000,000 new shares. The IPO closed on 4th March 2016, and Botswana Telecommunications Corporation Limited was listed on the Botswana Stock Exchange (BSE) on the 8th April 2016.

As at 31 March 2016, all BTCL shares were held by the Government of Botswana.

Analysis of shareholdings at 31 March 2016

Range	Number of holdings	Percentage of total %
1 – 800,000,000	1	100.00
Total	**1**	**100.00**

Subsequent to the conclusion of the IPO, BTCL stated capital was composed of 1,050,000 shares comprising of 800,000,000 existing shares and 250,000,000 newly subscribed shares.

Dividend Policy

The company's policy is to pay as dividend to shareholders as much of its available after tax profits after satisfying the company's other obligations. Dividends are declared in respect of each financial period based on the operating results of the period, financial position of the Company, investment strategy, future capital requirements and other factors that the BTCL Board may consider.

Dividends which remain unclaimed by any shareholder for 3 years shall become the property of the Company. There are currently no arrangements between any of the shareholders and the Company to waive rights to any dividends declared by the Company.

Investor Relations
continued

Dividends shall be declared in respect of each financial period based on the operating results of the period, financial position of the Company, investment strategy, future capital requirements and other factors that the BTCL Board may consider.

The following table shows dividends paid by BTCL for the last five years:

Financial years ended 31 March

	Gross Dividend per Share in Thebe	Total Amount Paid in Pula 000's
2012 – 25 % of profit for the year *	6.4	56,848
2013 – 25 % of profit for the year *	7.4	59,216
2014 (in specie) – value of assets transferred to BoFiNet *	50.7	405,449
2015 – dividend proposed *	nil	nil
2016 – dividend proposed and paid **	5.0	52,500

· Based on 800,000,000 shares ** based on 1,050,000 ordinary shares

Results announcements

As a publicly listed entity, BTCL is required to publish half and full year financial results. Given the company's year-end, 31st March, the results are expected to be published on the following dates:

Financial results	Expected Publication Date
Half year	31 December
Audited results for the entire year	30 June
Annual Report published	30 September

Investor Relations and communication

BTCL is committed to open communications policy with each of its stakeholders in a manner most appropriate to their requirements. All prospective investors can visit our website at www.btc.bw for more information about BTCL.

Constitution of the Company

BTCL is a Company set up under the Botswana Companies Act 2003 (CO 2012 / 12936), a copy the Certificate of Registration together with the Company Constitution are available on the company website www.btc.bw. A copy of such document can also be obtained from the Company Secretary or at the Registrar of Companies and Intellectual Properties.

The Company's Constitution adequately demonstrates the purpose and functions of the entity, the business/financial provisions underpinning the commercial and financial requirements, governance provisions etc, which are more or less the expectation of any public company.

Functions of the Company

The primary functions of the Company shall be to operate telecommunications networks and to provide telecommunications services in Botswana under licence from or contract with the Government, together with such other activities as may appear to the Company to be conducive or incidental to the attainment of all or any of its objectives under this Act or any other law.

Tenure of members of the Board

- The appointment of a director to fill a vacancy or as an addition to the Board must be confirmed at the next annual general meeting.
- At every annual general meeting, not less than one third of the directors shall retire, at such meeting, shall offer themselves up for re-election if eligible to do so under the Act and the Botswana Stock Exchange (BSE) requirement, subject to the proviso that if a director is appointed as a managing director or as an employee of the Company in any other capacity the contract under which he or she is appointed may provide that he or she shall not, while he or she continues to hold that position or office under the contract for a term of rotation, be subject to retirement by such contract and he or she shall not in such cases be taken into account in determining the rotation of requirement of directors. Please refer to the Annual General Meeting Agenda for retirement of directors and appointmemnt of new directors.

During the year under review BTCL Board comprised of executive and non-executive Directors. The non-executive and independent Board members are Ms. Daphne Motlagomang Matlakala (chairperson), Mr. Gerald Nthebolan (vice Chairperson), Mr. Alan Phemelo Boshwaen, Ms Serty Leburu, Professor Rejoice Tsheko and Ms Choise Pitso. Mr. Paul Taylor was the Managing Director and retired in July 2016.

Corporate Governance

The Directors of BTCL are responsible for the supervision and management of the Company and its business. In discharge of its duty to manage the Company and its business, the Board of Directors have delegated authority to Managing Director for the day-to day running of the business. Board Committees deal with specific matters relating to technology, supplier sourcing, nomination of directors and senior management, remunerations, risk, finance and audit. The directors provide strategic direction, guidance and leadership to create an environment that enhances shareholder value. Board members have been inducted and are individually and collectively aware of their responsibilities to the Company and its stakeholders.

BTCL upholds the highest standard of corporate governance as embodied in best practices and legislation. The Board continuously rely on King Code of conduct in conducting its business. In addition to the King code the Board complies with Company's Constitution and the Companies Act. Please refer to the separate Corporate Governance section for details.

Remuneration of Board members

The Board shall pay to the members thereof such remuneration, fees and allowances for expenses as may be approved by the Board.

Meetings of the Board

The Board meets to discharge of its functions as and when required, this being not less than quarterly at such times and places as the Board may appoint. The quorum at any meeting of the Board shall not be less than four or one-half of the number of the members of the Board, whichever is higher. All questions proposed at a meeting of the Board shall be determined by a majority of the members present and voting. The chairman or the person presiding shall not have a second or a casting vote.

The details and the number of meetings held during the year is set out in the Governance Report.

Conflict of Interest

Any member of the Board who has an interest, or whose spouse has an interest, in any Company or undertaking with which the Board proposes to make a contract or, has an interest in any contract which the Board proposes to make, shall disclose the nature of his interest, and shall not vote or take any part in the proceedings of the Board relating to such contract.

Directors declaration of interests

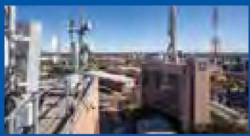
At every Board meeting and Board Committee meetings the Directors declare their interests verbally and record their declaration in the declaration of interests register.

ANNUAL FINANCIAL STATEMENTS

2

TIMELINE 2009 - 2016

2009



BTC brings together all business under one umbrella structure.

2010

BTC records highest revenue and profit in the history of the company.

2012: Botswana. Government announces separation of network assets from BTC into a special purpose vehicle and announces privatization plan for BTC within 2 years.

2013: Botswana Telecommunications Corporation is incorporated as a limited company under the Companies Act 2003.

2014: BTCL completed its obligation to transfer the network assets to Botswana Fibre Network (BoFiNet) and readies for privatisation.

2015: BTCL delivered Government Broadband Data Network sites. BTCL signs partnership agreement with VODAFONE

2016

BTCL launches Nationwide Initial Public Offering (IPO) education through roadshows to empower Botswana citizens with knowledge on what share ownership means and how to become shareholders in BTCL

Our financial statements are reflective of our performance as a business, and this would not have been possible without the hard work of hundreds of BTCL employees, as well as the many consultants and advisors that allow us to confidently say we truly deliver for our customers.

2016

BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Members of the Board are responsible for the annual financial statements prepared in accordance with International Financial Reporting Standards.

The independent auditors are responsible to give an independent opinion on the fairness of the annual financial statements based on their review of the affairs of the Company.

The Finance and Audit Committee, which consists of three members of the Board and the Managing Director, meets at least twice a year with the internal and external auditors, as well as members of senior management, to evaluate matters concerning accounting, internal controls, auditing and financial reporting.

The Members of the Board, supported by the Finance and Audit Committee, are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the annual financial statements, to verify and maintain accountability of assets of the Corporation to prevent and detect mismanagement and loss of the assets of the Company. Nothing has been brought to the attention of the Board to reasonably indicate any breakdown in the functioning of these controls, procedures and systems have occurred during the period under review.

The financial statements have been prepared on the going concern basis, since the Members of the Board have every reason to believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

Against this background, the Members of the Board accept responsibility for the financial statements and the information on pages pages 153 to 188 which were approved on 29 June 2016 are signed on its behalf by

Daphne M. Matlakala
Chairperson

Paul T. Taylor
Managing Director

GENERAL INFORMATION

Directors

Daphne Matlakala	Chairperson
Gerald Nthebolan	Deputy Chairperson
Paul Taylor	Managing Director
Serty Leburu	
Alan Boshwaen	
Choice Pitso	
Professor Rejoice Tsheko	

INCORPORATION OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

Botswana Telecommunications Corporation Limited was registered as a company under the Companies Act in the Republic of Botswana on the 1st November 2012. The BTC Transition Act provides in section 13 that on the Conversion date, the BTC ACT is repealed and BTCL will now be required to comply with all requirements of the Companies Act of 2003.

Country of incorporation and domicile	Botswana
Registered office	Megaleng, Khama Crescent Plot 50350 P.O. Box 700 Gaborone, Botswana
Company number	CO2012/12936
Nature of business and principal activites	The company is engaged in the provision of telecommunication services in Botswana. The Company's services and products include fixed and mobile voice telephony; national and international internet; directory services; data services, virtual private networks and customer premises equipment.
Bankers	African Banking Corporation Botswana Limited Barclays Bank Botswana Limited First National Bank Botswana Limited Stanbic Bank Botswana Limited Standard Chartered Bank Botswana Limited Bank Gaborone
Auditor	Ernst & Young P.O. Box 41015 Gaborone, Botswana
Presentation currency	Botswana Pula

INDEPENDENT AUDITORS REPORT

For the year ended 31 March 2016

TO THE MEMBERS OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

Report on the financial statements

We have audited the annual financial statements of Botswana Telecommunications Corporation Limited, which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 153 to 188.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana (Companies Act, 2003), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Telecommunications Corporation Limited as of 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana (Companies Act ,2003).

Ernst + Young

Ernst & Young
Practicing Member: Bakani Ndwapi (19980026)
Certified Auditor

Gaborone
21 July 2016

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 P'000	2015 P'000
Sale of goods and services	1	**1,485,839**	1,479,988
Interest income	4	**26,451**	26,066
Revenue		**1,512,290**	1,506,055
Cost of services and goods sold	2.1	**(721,632)**	(566,070)
Gross profit		**790,658**	939,985
Other income	3	**29,425**	39,652
Selling and distribution costs	2.2	**(42,188)**	(46,745)
Administrative expenses	2.3	**(406,400)**	(416,656)
Impairment of property, plant and equipment	9	**(522,404)**	-
Other expenses	2.4	**(317,038)**	(315,666)
(Loss)/profit before tax		**(467,947)**	200,569
Income tax credit/(expense)	6	**97,127**	(53,814)
(Loss)/profit for the year		**(370,820)**	146,755
Other comprehensive income not to be reclassified to profit/loss in subsequent periods			
Gains on property revaluation		**-**	241,976
Income tax effect		**-**	(53,235)
Other comprehensive income for the year, net of tax	13	**-**	188,741
Total comprehensive (loss)/income for the year		**(370,820)**	335,496
Basic and diluted earnings per share (thebe):	5	**(46.35)**	18.34

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

	Notes	2016 P'000	2015 P'000
ASSETS			
Non current assets			
Property, plant and equipment	7	**985,520**	1,526,439
Intangible asset	8	**43,251**	29,758
Deferred tax assets	6.1	**123,738**	26,611
		1,152,509	1,582,808
Current assets			
Inventories	10	**92,352**	93,928
Trade and other receivables	11	**218,129**	327,388
Related party prepayment	11	**96,000**	34,000
Cash and cash equivalents	18.2	**390,029**	365,977
		796,510	821,293
Total assets		**1,949,019**	2,404,101
EQUITY AND LIABILITIES			
Capital and reserves			
Stated Capital	12	**228,892**	228,892
Revaluation reserve	13	**337,147**	351,574
Accumulated profits		**986,071**	1,342,464
		1,552,110	1,922,930
Non current liabilities			
Development grants	14	**143,586**	167,983
Employee related provisions	17	**37,256**	33,529
		180,842	201,512
Current liabilities			
Trade and other payables	16	**173,290**	227,672
Current portion of development grants	14	**24,397**	24,397
Deferred revenue	15	**-**	907
Employee related provisions	17	**18,380**	26,683
		216,067	279,659
Total equity and liabilities		**1,949,019**	2,404,101

STATEMENT OF CHANGES IN EQUITY

31 March 2016

	Notes	Stated Share Capital P'000	Preference Share Capital P'000	Revaluation Reserve P'000	Accumulated Profits P'000	Dividends P'000	Total P'000
Balance at 1 April 2014		228,892	885	174,267	1,184,275	-	1,588,319
Profit for the year		-	-	-	146,755	-	146,755
Gains on property revaluation		-	-	241,976	-	-	241,976
Income tax effect		-	-	(53,235)	-	-	(53,235)
Other comprehensive income		-	-	-	-	-	-
Depreciation transfer for land and buildings		-	-	(11,434)	11,434	-	-
Redemption Preference Share Capital		-	(885)	-	-	-	(885)
Balance at 31 March 2015		**228,892**	**-**	**351,574**	**1,342,464**	**-**	**1,922,930**
Loss for the year/total comprehensive income		-	-	-	(370,820)	-	(370,820)
Depreciation transfer for land and buildings	13	-	-	(14,427)	14,427	-	-
Balance at 31 March 2016		**228,892**	**-**	**337,147**	**986,071**	**-**	**1,552,110**

STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Notes	2016 P'000	2015 P'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before working capital changes	18.1	**262,450**	314,609
Working capital adjustments:			
Decrease/(increase) in inventories		**1,576**	(2,581)
Decrease in trade and other receivables and prepayments		**47,259**	15,351
Decrease in trade and other payables		**(57,104)**	(6,044)
Cash generated from operations		**254,181**	321,335
Interest on preference shares paid		**-**	(368)
Income tax refunded/(paid)		**2,721**	(77,070)
Net cash from operating activities		**256,902**	243,897
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Investment to expand operations:			
Purchase of property, plant and equipment	7	**(223,573)**	(231,492)
Purchase of intangible assets		**(30,997)**	(33,006)
Proceeds from disposal of property plant and equipment		**4,121**	-
Interest income	4	**26,451**	26,066
Net cash used in investing activities		**(223,998)**	(238,432)
CASH FLOWS USED FROM FINANCING ACTIVITIES:			
Redemption of 8% Preference Shares		**-**	(2,301)
		-	(2,301)
Increase in cash and cash equivalents		**32,904**	3,164
Net foreign exchange difference on cash and cash equivalents		**(8,852)**	9,351
Net cash and cash equivalents at beginning of the year		**365,977**	353,462
Cash and cash equivalents at end of the year	18.2	**390,029**	365,977

ACCOUNTING POLICIES

31 March 2016

PRESENTATION OF FINANCIAL STATEMENTS

The annual financial statements are presented in Botswana Pula which is the company's functional currency. All financial information and values are rounded to the nearest thousand (P'000) except when otherwise indicated. The Financial Statements of the Company for the year ended 31st March 2016 were authorised for issue by the Members of the Board in accordance with a resolution on the 29 June 2016.

CORPORATE INFORMATION

Botswana Telecommunications Corporation Limited is incorporated and domiciled in Botswana. The headquarters is situated at Megaleng, Khama Crescent, Gaborone, Botswana. BTCL services and products include fixed and mobile voice telephony; national and international internet; directory services; data services, virtual private networks and customer premises equipment.

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except as modified by the measurement of certain financial instruments at fair value and the revaluation of certain assets as indicated in the accounting policies below, and on the going concern basis.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (''IASB'), interpretations issued by the International Financial Reporting Standard Intepretations Committee and in the manner required by the Companies Act of Botswana (Companies Act 2003).

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting polices adopted are consistent with those of the previous year, except that during the current financial year the Company has adopted and implemented the following standards interpretations and amendments to standards that are mandatory for financial years on or after 1 January 2015.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standards or amendments are described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Company, since the Company has no defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Company has applied these improvements for the first time in these financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Company has identified any performance and service conditions which are vesting conditions in previous periods. These amendments did not impact the Company's financial statements or accounting policies, as the company does not carry out share-based payment transactions.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is not applicable to the Company.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Company has not applied the aggregation criteria in IFRS 8.12. The Company has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or

Accounting Policies
continued

31 March 2016

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Company in the prior period (31 March 2015).

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

BTCL is not a joint arrangement, and thus this amendment is not relevant for the Company and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Company has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Company.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Company given that the Company has not used a revenue-based method to depreciate its noncurrent assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity)

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (continued)

and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Company as the Company does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company's financial statements.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. Effective for annual periods beginning on or after 1 January 2017. The amendments are intended to remove existing divergence in practice in recognising deferred tax assets for unrealised losses.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.
These amendments do not have any impact on the Company as it does not have a defined benefit plan.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Effective for annual periods beginning on or after 1 January 2017.

Accounting Policies
continued

31 March 2016

STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Annual Improvements 2012-2014 Cycle (continued)

The amendments are intended to provide information to help investors better understand changes in a company's debt. This amendment has no impact to the company as it has no debt finance. Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other sidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company as they are not pplicable to the entity since it is not an investment entity.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. The amendments effective for annual periods beginning on or after 1 January 2017.

Overall, the Company expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

IFRS 16 Leases

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The standard is effective for annual periods beginning on or after 1 January 2019.

The new standard, in addition to bringing substantial new assets and liabilitiees onto a lessee's balance sheet, will have an impact on reported profit and performance measures such as EBITDA. It is likely that with the changed definition of leases there will be some additional contracts within the scope of the new standard, which will need to be considered by lessors as well as lessees, although lessees may be able to use the limited exemptions which may permit some to remain accounted for as services.

Management has not yet assessed the impact of this standard to the company. Typical areas where the standard will have a significant impact are; arrangements with other operators, shared network assets arrangements, arrangements where network equipment is embedded in the supply of communication services and leases of network sites and retail space.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report);

- The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.
- The amendment must be applied retrospectively.

The company is now required by the Botswana Stock Exchange to report its interim financial information following a successful listing on 8 April 2016 (note 29). The company will be reporting its interim fiancial information for the first time in the half-year ending 30 September 2016.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2015; It is effective for accounting periods beginning on or before 1 January 2018. IFRS 15 will have a material impact on the Company's reporting of revenue and costs as follows:

- IFRS 15 will require BTCL to identify deliverables in contracts with customers that qualify as "performance obligations". The transaction price receivable from customers must be allocated between the Company's performance obligations under the contracts on a relative stand-alone selling price basis. Currently revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services; this restriction will no longer be applied under IFRS 15. The primary impact on revenue reporting will be that when the Company sells subsidised devices together with airtime service agreements to

STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

customers, revenue allocated to equipment and recognised when control of the device passes to the customer will increase and revenue recognised as services are delivered will reduce.

- Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the balance sheet and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees.

- Certain costs incurred in fulfilling customer contracts will be deferred on the balance sheet under IFRS 15 and recognised as related revenue is recognised under the contract. Such deferred costs are likely to relate to the provision of deliverables to customers that do not qualify as performance obligations and for which revenue is not recognised; currently such costs are generally expensed as incurred. This will give rise to increase in total assets on first-time adoption due to the capitalization of contract assets and customer acquisition costs

- IFRS 15 will impact prepaid arrangements with customers by earlier recognition of breakage elements in such arrangements. This is a result of BTCL not necessarily being required by customers to fully satisfy their service performance obligations. When the Company expects to be entitled to a breakage amount, the expected breakage would be recognised as revenue in proportion to the pattern of rights exercised by the customer. This estimation would also take into account if this will result in a significant reversal of revenue, in which case breakage revenue is recognised when the prepaid voucher expires.

The Company is currently assessing the impact of these and other accounting changes that will arise under IFRS 15; however, the changes highlighted above are expected to have a material impact on the statement of comprehensive income and statement of financial position. It is expected that the Company will adopt IFRS 15 on 1 April 2018. The Company is considering the clarifications issued by the IASB on 12 April 2016 and will monitor any further developments.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the group's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities as they involve assessments or decisions that are particularly complex or subjective within the next year.

Revenue recognition and presentation

Revenue arrangements including more than one deliverable:
This relates to fixed lines and mobile installations. In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each of the units of accounting based on the cash cap method. The cash cap method is applied to multiple-element post-paid mobile arrangements. Under the cash cap method, revenue is allocated to the different elements of the agreement, but the value allocated to the handset is limited to the amount of cash received for it, which may be zero, because the remainder of the revenue in the transaction is contingent upon BTCL providing the monthly services.

Determining the value allocated to each deliverable can require complex estimates due to the nature of goods and services provided. The entity generally determines the fair value of individual elements based on prices at which the deliverable is usually sold on a standalone basis, after considering volume discounts where appropriate.

Presentation: Gross versus Net

Determining whether the entity is acting as a principal or an agent requires judgement and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the entity and its independent service providers are reviewed to determine each party's respective role in the transaction. Distribution network for prepaid arrangements and sale of content are based on volume and value of transactions. The revenue is recognised gross of discounts. Revenue is recognised net of discounts when the discount are granted to the customer.

Development grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Initial capitalisation of costs is based on management's judgment that the attached conditions will be complied with. Revenue is recognised over the useful lives of the assets purchased using the grant. The current portion of development grant is estimated by amortising existing government grants received at reporting date and assuming that there will be no grants received and no additional capital expenditure in the financial year 2015/2016. Further details are given in Note 14.

Revaluation of land and buildings

Land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Management considers that valuations are performed frequently enough (after every three years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The independent valuer has made the following assumptions during the revaluation process and at arriving at the property values:

Accounting Policies

continued

31 March 2016

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Revaluation of land and buildings (continued)

That the property are free from any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials.

That the properties are not contaminated and that the sites have stable ground conditions. Futher details are given in Note 7.

Lease classification

Operating leases

The company as the lessor has entered into property rental lease arrangements. The Corporation has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases. These property lease arrangements relate to: Office space being rented in various locations around Botswana.Further details are given in Note 20.

Finance leases

The company has transferred some of the immovable property to Botswana Fibre Networks (BOFINET) (see Note 7) as per presidential directive (CAB 21/2012). BTCL entered in to a possession and use agreement that gives BOFINET full control of these assets pending legal tittle transfer. BTCL does not charge BOFINET for the use of these assets nor have the right to control physical access to the underlying assets. On 1 April 2014 BTCL entered into a ten year indefeasible right of use (IRU) to acquire capacity from Botswana Fibre Networks (BOFINET). Because BTCL has no control over the use of these assets and will not obtain the majority of the benefits from the assets, the possession and use and IRU agreements are not considered to be leases in terms of IFRIC 4 .

Related parties

Government, parastatals and key management personnel are considered as being related to the company. The government is still a related party despite privatisation and public listing as the shares are currently held 100% by the Government of Botswana as at 31 March 2016. Significant management judgment is required to determine as to who qualifies for being a related party, based on the type of the relationship especially on entities also controlled by the Government. Further details are given in Note 21.

Allowances for slow moving inventory

Based on prior management practice, inventory that has not moved for a 12-month period is considered to have no normal sale value. Obsolete and discontinued products are considered to have no normal sale value. The provision is raised based on the full cost or net realisable value of the product. Further details are given in Note 10.

Depreciation Charges and Residual Values

For depreciation purposes, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant component with different useful lives are depreciated separately. The useful life of an asset is determined with reference to its design life as prescribed by internal experts. The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, customer relationship period, product life cycles and the intention of management.

The residual value of an asset is determined by estimating the amount that the entity would currently obtain from the disposal of the asset after deducting the estimated cost of disposal, if the asset were already of age and in the condition expected at the end of its useful life. The estimation of the useful life and residual value of an asset is a matter of judgment based on the past experience of the company with similar assets and the intention of management. Further details are given in Note 7.

Debtors impairment

This allowance is created where there is objective evidence, for example the probability of insolvency/bankruptcy or significant financial difficulties of the debtor, that the company will not be able to collect all the amounts due under the original terms of the invoice. An estimate is made with regards to the probability of insolvency and the estimated value of debtors who will not be able to pay. Financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Further details are given in Note 11.

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Management expresses judgement and estimates on the impact of technological changes and expected nature of use of the respective assets in the generation of revenue in the near future. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Initial Fair Value of financial Instruments

Financial liabilities have been valued based on the expected cash flows discounted at current rates at grant date applicable for items with similar terms and risk characteristics. This valuation requires the company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in note 23.9.

ACCOUNTING POLICIES

Employee Benefits

Post employement benefits

The company operates a defined contribution pension fund for its eligible citizen employees. The fund is registered under the Pension and Provident Funds Act (Chapter 27:03). The Corporation contributes to the fund 14% of the pensionable earnings of the members. Pension contributions on behalf of employees are charged to profit or loss in the year to which they relate to and as the related service is provided.

31 March 2016

ACCOUNTING POLICIES (continued)

Short-term employment benefits

The cost of short term employee benefits are recognised when the employee has rendered service to the Company during the annual reporting year. The short -term employee benefits of the Company include the following : salaries,paid annual leave and paid sick leave, bonuses and non-monetary benefits (car, housing medical aid and subsidised goods and services).

Termination benefits

The cost of termination benefits is recognised only if the company is demonstrably committed without any realistic possibility of withdrawing the commitment, by a formal plan to prematurely terminate an employee's employment. When benefits are offered to encourage voluntary departure from the company, the cost is recognised if it is probable that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

In terms of their conditions of employment, expatriate and contract employees receive gratuities at the end of their contract. The cost of employee benefits is recognised during the period the employee renders services, unless the entity uses the services of employee in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related item of property, plant and equipment item. Other than the regular contributions made, the company does not have any further liability in respect of its employees' pension arrangements.

REVENUE RECOGNITION

Revenue, which excludes value added tax, comprises the value of national & international telephone services, local and access services (rentals & installations), sale of equipment to customers, data communications and other services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties. The company provides telephone and data communication services under postpaid and prepaid payment arrangements. The various revenue categories are explained below:

National & International Telephone services comprise of the following product and or services:

Prepaid products

Upon purchase of an airtime scratch and dial card or electronic vouchers the customer receives the right to make outgoing voice calls and data usage to the value of the airtime scratch and dial card. On initial recognition, the amount received is deffered and revenue is recognised as the customer utilises the airtime available or upon expiration of the usage period, whichever comes first. The expiration of the usage period is twelve (12) months.

Postpaid products

BTCL post paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. Revenue is recognised based on usage.

Interconnect - national and international

National and international interconnect revenue is recognised on a usage basis. This is revenue that BTCL realises from network interconnection and access interconnection with other Telecommunications or Cellular operators both Nationally and Internationaly. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect.

Customer Premises Equipment comprise of the following products and or services:

Sale of goods

Customer Premises Equipments includes sale of equipments such as PABX, modems and telephone instruments. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Local and Access Services comprise of the following products and or services:

Subscriptions, connections and other usage for fixed line and mobile services

Revenue includes fees for installation and activation which are recognised as revenue upon activation. Local access services are mainly providing telephone lines to both business and residential customers. Revenue includes fees for installation and activation which are recognised as revenue upon activation. There are no installation and activation fees for mobile.

Data and Private Circuits comprise of the following products and or services:

Data income

Data income includes services such as internet services, websites & domains, voice mail, caller identification, call forwarding and short message services. Revenue is recognised based on usage.

Private circuits

Private circuits are services provided to customers who require exclusive connectivity between two or more geographically separated sites, with an always on service and a guaranteed high level of service availability. Private circuits are used to transport data, internet or voice between two points using a fixed bandwidth. Revenue is recognised based on usage.

Other Services comprise of the following products and or services:

Interest income

Revenue is recognised as the interest accrues, using the effective interest rate (EIR).

Rental income

The main equipment that are rented out are network towers which are leased to other cellular operators and PABXs which are rented to both private and corporate individuals. Revenue is recognised on a straight line basis over the lease term on ongoing leases. The revenue recognised here is classified under other services in note 1.

Accounting Policies
continued

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REVENUE RECOGNITION (continued)

Construction contracts
Construction contracts include cost of works projects such as providing fibre optic access and copper wire access to both residential and business customers. Contract revenue and contract costs are recognised as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract.

Directory services
Revenue is recognised when telephone directories are released for distribution, as the significant risks and rewards of ownership have passed at that point.

Mobile Revenue comprise of the following products and or services:

Prepaid products
Upon purchase of an airtime scratch and dial card and electronic vouchers the customer receives the right to make outgoing voice and data calls to the value of the airtime scratch and dial card. On initial recognition, the amount received is deferred and revenue is recognised as the customer utilises the airtime available or upon expiration of the usage period, whichever comes first. Dealers are given discount, which is expensed as part of cost of sales when incurred.

Postpaid products
Mobile post paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. Revenue is recognised based on usage. All post paid products are sold by BTCL, there are no dealers or agents involved.

Interconnect - national and international
National and international interconnect revenue is recognised on the usage basis. This is revenue that mobile realises from network interconnection and access interconnection with other Telecommunication or Cellular operators both Nationally and Internationaly. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect.

Handset Revenue
Revenue from the handset is recognised when the handset is delivered. The bundled arrangement is allocated to each deliverable based on the cash-cap method of each deliverable. The value allocated to the handset is limited to the amount of cash received for it.

Customer Loyalty Programmes
Award credits given to mobile prepaid customers are accounted for as a separate component of the initial sales transaction. The amount allocated to the award credit is equal to the fair value of the awards for which the credits could be redeemed.

INVENTORIES
Inventories comprise items of equipment used in the construction or maintenance of plant (work-in-progress), and consumable stores and other inventories. Inventories are stated at the lower of cost, determined on the weighted average basis, and estimated net realisable value after due consideration for slow moving and obsolete items.

Work-in-progress includes contracts carried out for customers and is stated at the lower of cost and estimated net realisable value after due consideration for provisions for any foreseeable losses. Advance payments in respect of such work-in-progress are included under trade and other payables.

BORROWING COSTS
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

There were no borrowing costs capitalised during the period under review.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment is stated at historical cost less accumulated depreciation and subsequent accumulated impairment loss, where applicable. Property, plant and equipment includes all direct expenditure and costs incurred subsequently, to add to, replace part of, or major inspection thereof if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a component, as appropriate, only 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. All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Land and buildings are measured at fair value less accumulated depreciation on buidings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Land and buildings are revalued independently by professional valuers using the open market value method. Revaluations are conducted at intervals of three years. Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit or

PROPERTY, PLANT AND EQUIPMENT (continued)

loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of the asset. The revaluation reserve is amortised over the expected useful lives of land and buildings and an amount equal to the depreciation charge attributable to the revaluation portion of such land and buildings, is transferred from the revaluation reserve to accumulated profits. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred to accumulated profits. Improvements to assets held under operating leases are capitalised and depreciated over the remaining lease term.

Capital work-in-progress (plant and equipment in the course of construction) comprises costs incurred in constructing property, plant and equipment that are directly attributable to the construction of the asset. Assets remain in capital work in progress until they have been put into use or are commissioned, whichever is the earlier date. At that time they are transferred to the appropriate class of property, plant and equipment. Further details are given in Note 7.

An item of property ,plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

DEPRECIATION

For depreciation purposes, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant component with different useful lives are depreciated separately. Depreciation is not provided on freehold land as it is deemed to have an indefinite life and plant and equipment in the course of construction as they are not yet available for use.

Depreciation is provided on other property, plant and equipment on a straight line basis. This is from the time they are available for use, so as to write off their cost over the estimated useful lives taking into account any residual values. The residual value of an asset may be equal to or greater than the asset's carrying amount. If it is the case, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount.

The estimated useful lives assigned to groups of property, plant and equipment are:

Buildings - 40 years
Leasehold land and buildings - unexpired portion of lease or 50 years, whichever is shorter
Network Assets - 5 to 20 years
Other plant and equipment - 3 to 10 years

Where the expected useful lives or residual values of property, plant and equipment have changed due to technological change or market conditions, the rate of depreciation is adjusted so as to write off their cost or valuation over the remaining estimated useful lives to the estimated residual values of such property,plant and equipment.

The useful lives, residual values and depreciation methods of property, plant and equipment are reviewed at each financial year end, and adjusted in the current period if expectations differ from the previous estimates. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or asset held for distribution; or is included in a disposal group that is classified as held for sale or held for distribution the date that the asset is derecognised. Further details are given in Note 7.

IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which it belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Management's estimates of future cash flows are subject to risk and uncertainties. It is therefore reasonably possible that changes could occur which may affect the recoverability of the company's assets. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash- generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings, in which case the impairment loss is treated as a decrease in the revaluation reserve to the extent of the value of this reserve relating to this particular asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in the revaluation reserve after reversing the portion previously recognised in profit or loss.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will principally be recovered through sale rather than continuing use. For an asset to be classified as held for sale it must be available for immediate sale in its present condition and the sale must be highly probable. Management must

Accounting Policies
continued

31 March 2016

NON-CURRENT ASSETS HELD FOR SALE (continued)

be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets and disposal groups held for sale are measured at the lower of the asset's carrying value before being classified as held for sale and its fair value less cost to sell. Fair value is the price that is deemed reasonable in an arm's length transaction. While a non-current asset is classified as held for sale, it is not depreciated (or amortised). Interest and other expenses attributable to the liabilities of an asset held for sale continues to be recognised.

INTANGIBLE ASSETS

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Amortisation of intangible assets with finite lives is over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.Amortisation period and amortisation method are reviewed at least at the end of each reporting period for all intangible assets with a finite useful life.The amortisation expense on intangible asset with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised,but are tested for impairement annually,either individually or at the cash-generating unit level.

Licences

The company made upfront payments to purchase licenses.Licences for the use of intellectual property are granted for periods ranging between 5 and 15 years depending on the specific licences.The licences are renewed at little or no cost and are assessed as having an indefinite useful life. As a result the licences are not amortised.

Derecognition of intangible asset

Gains or losses arising from de-recognition of an intangible asset are measued as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

FOREIGN CURRENCY TRANSLATION

Transactions in currencies other than Botswana Pula are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates of exchange approximating those ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Profits and losses arising on translation of foreign currencies attributable to the company are dealt with in profit or loss in the year in which they arise.

The International Telecommunications Union uses USD as the currency to settle international operator debts. The USD rate is linked to the Special Drawing Rights (SDR) rate, which is fixed at 1.51824:1 (SDR).

INDEFEASIBLE RIGHT OF USE (IRU)

The company entered into a capacity arrangement with Bofinet. As per the agreement, the grantor grants the grantee an indefeasible, exclusive and irrevocable right of use of the transmission IRU. The transmission IRU is defined as a network capacity between such points as are referred to in the order form, and in respect of which the grantee is granted an indefeasible, exclusive and irrevocable right of use.

The assets are not specified under the IRU arrangements and BTCL does not have any control over the operation or physical access of the asset, thus IFRIC 4 requirements are not met. Although the price paid is not a market related price, it is likely that other users will be able to use more than a significant amount of the output of the asset. Therefore the IRU arrangement does not constitute leases in terms of IFRIC 4. The expense are recognised over the period in which the company receives the service. Payments are recognised as a prepayment if made in excess of the service received and accrued should the services received exceed the payments made.

DEVELOPMENT GRANTS

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grants received by the company to specifically fund the acquisition or construction of property, plant and equipment are reflected as development grants and classified as non- current liabilities. Grants that are going to be used in the next financial year are classified as current liabilities. Where the grant relates to an asset, the fair value of the grant is credited to a deferred income account called development grants and is released to profit or loss on a systematic basis over the expected useful lives of such property, plant and equipment.

DEFERRED REVENUE

As per certain rental agreements, certain amounts of revenue are received in advance. Revenue received in advance for the renting of property, plant and equipment is recognised as income over the remaining life of the lease term.

STATED CAPITAL

Botswana Telecommunications Corporation Limited, a statutory body, was converted to a public company limited by shares issued on the 1st November 2012. During the year ended 31 March 2016, the Company splitted its shares in the ratio 1:800, resulting to eight hundred million shares at the end of the year. As at the date of the share splitting , the Government of Botswana remained the sole shareholder.

Prior to conversion to a public company the company was constituted in terms of the Botswana Telecommunication Corporation Act CAP 72:02. The Act did not provide for share capital. However,

31 March 2016

STATED CAPITAL (continued)

by agreement with the Government of Botswana, the company created a notional share capital account of P21.03 million. These shares were neither registered under the Companies Act nor recorded by the Registrar of Companies. The Notional share capital (excluding the capital portion of preference shares) was recognized at the fair value of the consideration received by the company at a notional par value. The notional share capital did not have any attached rights and obligations and rights and obligations with respect to dividends were not constituted. However, dividends based on a Government directive CAB 40/2004 and which were not linked to the value of the share capital, were paid.

RELATED PARTY TRANSACTIONS

The Government of the Republic of Botswana and its various local authorities and Parastatals constitute a significant portion of the company's revenues. Other related parties are the members of key management personnel. Services to Government, other local authorities, Parastatals and subsidiaries, are provided at arm's length.

TAXATION

Current Income tax

Taxation is provided in the financial statements using the gross method of taxation. Current taxation is charged on the net income for the year after taking into account income and expenditure, which is not subject to taxation, and capital allowances on fixed assets.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except when the the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination,at the time of transaction,affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities which affect neither the tax profit nor the accounting profit at the time of the transaction.

The carrying amount of deffered tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deffered tax asset to be utilised.Unrecognised deffered tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future profits will allow the deferred tax asset to be recovered.

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 substantially enacted at the reporting date.

Deffered tax assets and deffered tax liabilities are offfset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deffered taxes relate to the same taxable entity and the same taxation authority.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the company has become a party to the contractual provisions of the instrument. When financial instruments are initially recognised, they are measured at fair value plus in the case of instruments not at fair value through profit or loss, directlty attributable transactions costs.All regular way purchases and sales of financial instruments are recognised on the trade date, which is the date that the company commits to purchase the instrument.

Financial Assets

The company's principal financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less. Cash on hand and cash equivalents are carried at amortised cost using the effective interest rate method. For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and deposits, net of outstanding bank overdrafts.

Trade and other receivables

These are classified as loans and receivables. Subsequent to initial recognition, trade receivables and loans are recognised at amortised cost using the effective interest rate method, which approximates the original invoice amount less an allowance for any uncollectible amounts.

Gains and Losses for Financial Assets

Gains and losses are recognised in profit or loss when the loan and receivable is derecognised or impaired as well as through the amortisation process.

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.
Significant financial liabilities include the liability portion of preference shares and trade and other payables.

Trade and other payables

Liabilities for trade and other payables are subsequently measured at amortised cost using the effective interest rate method which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Accounting Policies
continued

31 March 2016

FINANCIAL INSTRUMENTS (continued)

Gains and Losses for Financial Liabilities
Gains and losses are recognised in profit or loss when the loan or payable is derecognised as well as through the amortisation process.

Equity instruments
Equity instruments are recorded net of direct issue costs.

Offsetting of financial assets and financial liabilities (Interconnect balances)
Financial assets and liabilities specifically in relation to interconnect charges are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities
The Company derecognises a financial asset when the right to receive cash flow from the asset have expired and it has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either the company has transferred substantially all the risks and rewards of the the asset or the company has neither transferred nor retained substantially all the risks and rewards of the the asset but has transferred control of the asset. The asset is only recognised to the extent that the Company has a continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Assets carried at amortised cost

Derecognition of financial assets and liabilities
The company assesses at each reporting date whether a financial asset or group of financial assets is impaired. An allowance for impaired debts is made when the agreed credit terms are not adhered to and the debtor is disputing the billed amount or was declared insolvent.

Impairment of financial assets
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised by adjusting the allowance account, to the extent that the carrying value of the asset does not exceed the value that would have been its amortised cost at the reversal date, had no impairment been recognised previously. The amount of the reversal is recognised in the profit or loss.

DIVIDENDS
Management determines the amount of dividends to be distributed to the shareholders. Dividends shall be declared in respect of each financial period based on the operating results of the period ,financial position of the Company , investment strategy ,future capital requirements and other factors that the BTCL. Dividends proposed after the reporting date is shown as a component of equity and reserves and not as a liability. The liability to pay dividends is recognised when dividends are declared.

PROVISIONS

General
Provisions are recognised when the company has a present legal or constructive 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 amount of the obligation. A past event is deemed to give rise to a present obligation if, taking into account all of the available evidence, it is more likely than not that a present obligation exists at reporting date.

Restructuring provisions
Restructuring provisions are recognised only when the company is committed to a restructuring program and the recognition criteria for provision is met.The Company has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the number of employees affected and a detailed timeline. A detailed plan is communicated to affected employees in a sufficiently specific manner to raise expectation in them that the Company will carry out the restructuring.

31 March 2016

GENERAL POLICIES

LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Operating leases do not transfer to the company substantially all the risks and benefits incidental to ownership of the leased item. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Company as lessor

Leases where the company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Lease income is recognised as income in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

Business Combinations

Business combinations are accounted for using the acquisition method, unless it is a combination involving entities or businesses under common control. Common control business combinations are accounted for using the pooling of interest method and comparative information is restated as if the business combination had occured previously. The amounts are restated as if the transaction had taken place at the beginning of the comparative period. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

Financial Guarantee Contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make the payment when due in accordance with the terms of a debt instrument. Financial contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

		2016 P'000	2015 P'000
1	**SALES OF GOODS AND SERVICES**		
	Telephone - national	**228,806**	233,115
	Mobile Revenue	**473,580**	422,710
	Telephone - international	**52,919**	55,801
	Local and Access Services	**85,788**	106,836
	Data	**384,180**	450,134
	Private circuits	**74,286**	82,612
	Customer Premises Equipment	**147,935**	91,106
	Other Services	**38,345**	37,676
		1,485,839	1,479,988
2	**OPERATING COSTS**		
2.1	**Cost of services and goods sold :**		
	Payment to International carriers and local operators (Interconnection)	**268,327**	221,441
	Depreciation		
	Land and buildings	**15,216**	7,415
	Network Assets	**206,171**	156,388
	Amortisation of Intangible assets	**28,818**	10,922
	Equipment and material costs	**80,307**	70,438
	Installation of Customer Premises Equipment	**6,144**	8,578
	Write(up)/down of inventories - Note 10	**(6,993)**	8,801
	Cost of directory sales	**2,511**	2,933
	Cost of prepaid cards	**2,710**	2,688
	Cost of phones	**55,440**	26,490
	License fee - BOCRA	**46,931**	44,636
	Space segment rentals and other licence fees	**16,051**	13,919
	Total cost of services and goods sold	**721,632**	574,648
	Space segment rentals relates to access to some satellites which the entity rents.		
	Licence fees relates primarily to such licences as computer software licences.		
2.2	**Selling and distribution costs:**		
	Product Marketing costs	**42,188**	38,168
		42,188	38,168
2.3	**Administrative expenses**		
	Employee costs:		
	Salaries and wages	**341,884**	317,756
	Pension fund and group life contributions (defined contribution plans)	**17,201**	15,736
	Training costs	**9,459**	5,653
	Other related costs	**24,656**	21,527
	Total employee costs	**393,199**	360,671
	Employee costs relating to assets constructed capitalised	**(19,746)**	(325)
	Total employee costs charged to profit or loss	**373,454**	360,346
	Depreciation - Other equipment	**9,388**	27,345
	Repairs and maintenance- Non Telecommunications equipment	**23,559**	28,966
	Total Administrative expenses	**406,400**	416,658

Notes to the Financial Statements
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31 March 2016

		2016 P'000	2015 P'000
2	**OPERATING COSTS (CONTINUED)**		
2.4	**Other expenses**		
	Other operating expenses	317,038	315,666
	Total other expenses	317,038	315,666
	Total operating costs	1,487,259	1,345,139
	Operating costs include the following items :		
	Audit fees - Current year	1,488	1,400
	- Prior year	289	252
	Board members' fees	186	154
	Consultancies	51,434	41,111
	Legal costs	1,205	363
	Impairment of debtors	1,927	64,656
	Financial charges	19,800	8,241
	Billing costs	36,445	24,693
	License -system and software	20,993	15,562
	Utilities-electricity and water	18,213	13,342
	Operating lease charges - rentals	13,932	11,795
	Dealers Rebates	76,747	72,017
	Foreign exchange net gains	(7,368)	(3,743)
3	**OTHER INCOME**		
	Development grant recognised as income (note 14)	24,397	24,397
	Deferred revenue recognised as income	907	15,254
	Profit on disposal of property plant and equipment	4,121	-
		29,425	39,651
4	**INTEREST INCOME**		
	Call Accounts	26,451	26,066
		26,451	26,066
5	**EARNINGS PER SHARE**		
	(Loss)/Profit attributable to ordinary shareholder for basic and diluted earnings per share	(370,820)	146,755
	Stated capital - number of shares (note 12)	800,000,000	800,000,000
	Earnings per share (thebe)	(46.35)	18.34

The Company has Stated capital of 800,000,000 shares during the financial year.
The Government of Botswana is still the sole shareholder.

Notes to the Financial Statements
continued

31 March 2016

	2016 P'000	2015 P'000
6 INCOME TAX		
The components of income tax expense for the year ended are:		
Statement of Comprehensive income		
Taxation expense		
Corporate tax	-	43,911
Deferred taxation	(97,127)	9,903
Taxation expense	(97,127)	53,814
Tax rate reconciliation		
Profit before tax	(467,947)	200,569
Company tax at 22%	-	44,125
Non-taxable income	-	(5,367)
Non-deductible expenses	(97,127)	15,056
Taxation expense	(97,127)	53,815
6.1 DEFERRED TAX		
Accelarated depreciation for tax purposes	(28,584)	(88,372)
Unrealised gain	1,648	2,413
Revaluation of land and buildings(OCI)	-	53,235
Indefeaseable right of use	21,121	7,480
Unutilised scratch cards	(2,994)	(2,235)
Impairment	(114,929)	-
Other	-	868
Deferred tax assets	(123,738)	(26,611)
Assessed loss		
Balance brought forward	-	-
Movement for the year	28,089	-
Total	28,089	-
6.2 MOVEMENT IN DEFERRED TAX ASSET		
Opening balance	(26,611)	(89,750)
Movement in Profit and Loss	(97,127)	9,904
Movement in other comprehensive income	-	53,235
Closing balance	(123,738)	(26,611)

All income taxes and deferred tax were computed at the statutory tax rate of 22%.

31 March 2016

	Land & Buildings P'000	Network Assets P'000	Plant & Other Equipment P'000	Capital Work in Progress P'000	Total P'000
7 PROPERTY, PLANT AND EQUIPMENT					
31 March 2016					
COST OR VALUATION					
At beginning of the year	647,398	2,269,220	189,514	849	3,106,981
Additions	203	139,332	17,037	67,001	223,573
Reclassification - intangible assets (note 8)	1,060	(16,878)	-	-	(15,818)
Disposals	-	(8,913)	(5,937)	-	(14,850)
At end of the year	648,661	2,382,761	200,614	67,850	3,299,886
DEPRECIATION AND IMPAIRMENT					
At beginning of the year	169,273	1,246,010	165,258	-	1,580,541
Depreciation charge for the year	15,216	206,171	9,388	-	230,774
Impairment- (Note 9)	-	522,404			522,404
Reclassification - intangible assets (note 8)	559	(5,063)	-		(4,504)
Disposals	-	(8,913)	(5,937)	-	(14,850)
At end of the year	185,048	1,960,609	168,709	-	2,314,366
NET BOOK VALUE					
At beginning of the year	478,125	1,023,210	24,255	849	1,526,439
At end of the year	463,613	422,152	31,905	67,850	985,520

Notes to the Financial Statements
continued

31 March 2016

	Land & Buildings P'000	Network Assets P'000	Plant & Other Equipment P'000	Capital Work in Progress P'000	Total P'000
7 PROPERTY, PLANT AND EQUIPMENT					
31 March 2015					
COST OR VALUATION					
At beginning of the year	229,064	3,033,297	367,444	6	3,629,811
Revaluation	339,807	-	-	-	339,807
Additions	247	223,455	6,947	843	231,492
Reclassification- land and buildings	78,280	(33,253)	(45,027)	-	-
Reclassification -Network assets	-	97,655	(97,655)	-	-
Reclassification -Intangible assets	-	(53,330)	-	-	(53,330)
Retired	-	(998,605)	(42,196)	-	(1,040,800)
At end of the year	647,398	2,269,220	189,514	849	3,106,980
DEPRECIATION AND IMPAIRMENT					
At beginning of the year	19,768	2,078,339	285,542	-	2,383,648
Depreciation charge for the year	7,415	156,388	27,345	-	191,148
Reclassification- land and buildings	44,259	(16,204)	(28,055)	-	-
Reclassification -Network Assets	-	77,379	(77,379)	-	-
Reclassification -Intangible assets	-	(51,286)	-	-	(51,286)
Retired	-	(998,605)	(42,196)	-	(1,040,800)
Revaluation	97,831	-	-	-	97,831
At end of the year	169,273	1,246,010	165,258	-	1,580,541
NET BOOK VALUE					
At beginning of the year	209,296	954,959	81,903	6	1,246,163
At end of the year	478,125	1,023,210	24,255	849	1,526,439

A fixed asset registration project was undertaken to ensure that BTCL's fixed asset register complied with the requirements of IFRS at 31 March 2016. This entailed:

The revaluation of land and buildings was performed on 31 March 2015 by Willy Kathurima associates. The revaluation adjustment regarding the prior year revaluation is reflected in Note 15 and is reported in the prior year Statement of Comprehensive income. The count and valuation, where possible of the identifiable asset components in Botswana, asset classifications, components and appropriate depreciation classes were standardised and residual values applied.

The standardisation of asset components through the fixed asset registration project resulted in significant reclassifications between the classes of tangible and intangible assets. The effect was that certain:

1) Other plant and equipment was reclassified to network assets and improvements to land and buildings.
2) Network assets were reclassified to land and buildings (cost of construction and improvements to network sites) and intangibles (network systems comprising network software and licenses).

Obsolete and fully depreciated assets which are of no future economic benefit to BTCL were retired in 2015 and the remaining assets were disposed in 2016.

Revaluation of Land & Buildings

If land and buildings were measured using the cost model, the carrying amount would be as follows:

	2016 P'000	2015 P'000
Cost	**173,910**	173,707
Depreciation	**(107,024)**	(104,724)
Carrying amount	**66,886**	68,983

	Computer & Billing Software P'000	Network Systems P'000	Total P'000
8 INTANGIBLE ASSETS			
31 MARCH 2016			
COST			
At beginning of the year	**110,965**	**94,488**	**205,454**
Additions	**17,476**	**13,521**	**30,997**
Reclassification to land and buildings - (note 7)	**-**	**(1,060)**	**(1,060)**
Reclassification from network assets - (note 7)	**-**	**16,878**	**16,878**
At end of the year	**128,441**	**123,828**	**252,269**
AMORTISATION			
At beginning of the year	**97,078**	**78,617**	**175,695**
charge for the year	**14,228**	**14,591**	**28,818**
Reclassification to land and buildings - (note 7)	**-**	**(559)**	**(559)**
Reclassification from network assets - (note 7)	**-**	**5,063**	**5,063**
At end of the year	**111,306**	**97,712**	**209,017**
NET BOOK VALUE			
At beginning of the year	**13,887**	**15,872**	**29,758**
At end of the year	**17,135**	**26,115**	**43,251**
31 MARCH 2015			
COST			
At beginning of the year	108,678	10,439	119,117
Additions	33,006	-	33,007
Reclassification from network assets	-	53,330	53,330
Reclassification to network systems	(30,719)	30,719	-
At end of the year	110,965	94,488	205,454
AMORTISATION			
At beginning of the year	103,773	9,714	113,487
charge for the year	10,444	478	10,922
Reclassification from network assets	-	51,286	51,286
Reclassification to network systems	(17,139)	17,139	-
At end of the year	97,078	78,617	175,695
NET BOOK VALUE			
At beginning of the year	4,905	725	5,630
At end of the year	13,887	15,871	29,758

Notes to the Financial Statements
continued

31 March 2016

9 ASSET IMPAIRMENT

During prior year, the company reduced its fixed line incumbent assets base due to technology changes which is in line with global trend.

During the year ended 31 March 2016, the management performed a valuation of the company based on a discounted cashflow technique in determining the recoverable amount which resulted an impairment of P522 404 393. The impairment calculations were done in accordance with IAS 36 (impairment of assets).

In determining the recoverable amount of BTCL cash generating unit (CGU) a discounted Cash flow valuation method was used. The whole business is regarded as one CGU .The recoverable amount was lower than a carrying amount indicating that the assets are impaired. Impairment amount of P522 404 393 was determined and it represents a write-down of some of the plant and equipment. The whole impairment was allocated to network assets category as the properties and buildings were fair valued during the prior year. The fair values of property and buildings were done by Willy Kathurima Associates on 31 March 2015 (note 7) and the valuation remains relevant for the year ended 31 March 2016.

Valuation key assumptions

The recoverable amount was determined based on value in use. The calculations used cash flow projections over a period of five (5) years based on financial forecasts and the growth rate of 5% was applied .

Assumptions

Discount rate (WACC) 2016: 12.79 %
Management determined these rates based on past experience as well as external sources of information.

	2016 P'000	2015 P'000
10 INVENTORIES		
Comprising:		
Consumable stores	**38,657**	29,481
Customer premises equipment	**39,999**	39,535
Other inventories	**13,696**	24,911
	92,352	93,928

The above inventory is disclosed at the lower of cost and estimated net realisable value. The inventory write up was P7,088,532 in the current year and in 2015 there was a write down amounting to P8,801,000. The write up in 2016 was due to high increase in stock demand for additional telephone lines and internet related accessories.

	2016 P'000	2015 P'000
11 TRADE AND OTHER RECEIVABLES		
Trade receivables	**149,385**	198,408
Receivables from related parties	**43,837**	35,490
Trade receivables from interconnect balances	**68,846**	127,120
Staff advances	**11,978**	8,391
Receivables from Global connectivity projects (EASSy & WACS)	**9,455**	9,455
Other receivables	**60,711**	91,203
	344,212	470,066
Prepayments and deposits	**13,479**	22,246
IRU prepayment	**96,000**	34,000
Debtors impairment	**(139,561)**	(164,926)
	314,129	361,387

The company's trade and other receivables are non-interest bearing. For terms and conditions relating to related party receivables, refer to Note 21. Trade receivables from interconnect balances and other receivables are generally 30 to 90 days terms, interest free, unsecured and settlement occurs in cash. Staff advances may be up to twelve months and they are non interest bearing.Staff advances and other receivables carrying value approximate their fair value.

Further details on receivables from Global connectivity projects (EASSY and WACS) have been disclosed in note 21.

31 March 2016

	2016 P'000	2015 P'000
Trade and other receivables at 31 March 2016		
Neither past due nor impaired	52,547	105,903
Past due but not impaired		
less than 30 days	26,899	28,743
between 30 days and 60 days	15,256	25,649
between 60 days and 90 days	39,047	36,795
more than 90 days	70,901	74,946
Net carrying amount	204,650	272,036

The movement in the provision for impairment of trade and other receivables is set out below.

	Individually Impaired P'000	Collectively Impaired P'000	Total P'000
At 31 March 2016			
At beginning of year	75,633	89,293	164,926
Additional amounts raised	489	949	1,438
Amount recovered during the year	-	(26,803)	(26,803)
At end of year	76,122	63,439	139,561
At 31 March 2015			
At beginning of year	59,778	40,492	100,270
Additional amounts raised	15,855	48,801	64,656
At end of year	75,633	89,293	164,926

	2016 P'000	2015 P'000
12 STATED CAPITAL		
Balance at the beginning and end of the year	228,892	228,892
Stated capital is made up as follows:		
Issued and fully paid		
800,000,000 (2015: 1,000,000) ordinary shares of no par value	228,892	228,892

The movement within the number of shares issued during the year:

	Number of shares 2016	Number of shares 2015
Shares of no par value in issue at the beginning of the year	1,000,000	1,000,000
Share split during the year	799,000,000	-
Shares of no par value in issue at the end of the year	800,000,000	1,000,000

A share split was effected on 27 November 2015 in terms of which each share in BTCL was split into 800 shares. This share split was effected in anticipation of the Listing.

	2016 P'000	2015 P'000
13 REVALUATION RESERVE		
Properties revaluation reserve		
Balance at the beginning of the year	351,574	174,267
Depreciation transfer for land and buildings	(14,427)	(11,434)
Increase for the year	-	188,741
Balance at the end of the year	337,147	351,574
Total other reserves	337,147	351,574

Notes to the Financial Statements
continued

31 March 2016

		2016 P'000	2015 P'000
14	**DEVELOPMENT GRANTS**		
	Balance at the beginning of the year	**192,380**	216,778
	Recognised as income during the year	**(24,397)**	(24,398)
	Balance at end of the year	**167,983**	192,380
	Current portion of development grant	**24,397**	24,398
	Non -Current portion of development grant	**143,586**	167,982
		167,983	192,380

The cumulative grants received to date are P509,325,983.70 (2015:509,325,983.70). These grants are for the purpose of funding the Company's expansion in rural districts in terms of National Development Plan 8 called Nteletsa projects. The portion of the grants recognised as income during the year is based on the useful life of plant and equipment which was funded by the above grants.

		2016 P'000	2015 P'000
15	**DEFERRED REVENUE**		
	Balance at beginning of the year	**907**	16,160
	Deferred revenue recognised as income		
	- Network Upgrade -Government of Botswana (GOB)	**(907)**	(15,254)
	Balance at end of the year	**-**	907
	Current portion of deferred revenue	**-**	907
	Non-current portion of deferred revenue	**-**	-
		-	907

Network upgrade comprise of P151,495,933 from the Government of Botswana to upgrade the network and systems; and a further P42,000,000 to upgrade the DWDM network.

		2016 P'000	2015 P'000
16	**TRADE AND OTHER PAYABLES**		
	Trade payables	**118,038**	122,338
	Interconnection balances	**1,208**	9,630
	Accruals and Other payables	**54,044**	95,703
		173,290	227,672

Trade payables and accrued expenses are non interest bearing and are normally settled on 30-60 day terms and are not secured. Other payables are non interest bearing and have an average settlement date of three months and are not secured.

Interconnection balances relates to terminating charges owing on BTCL outgoing calls to international operators and for other mobile networks. These are settled on a 30-90 day term and are not secured. Included in accruals and other payables is the mobile deferred revenue amounting to Pula 13,608,612.00 (2015: Pula 10,160,507.32).

		Leave Pay P'000	Gratuity P'000	Other P'000	Total P'000
17	**EMPLOYEE RELATED PROVISIONS**				
	Opening balance (2015)	22,288	33,529	4,395	60,212
	Charged to employee expenses	6,859	30,887	2,260	40,005
	Utilised	(13,928)	(27,160)	(3,493)	(44,581)
	Closing balance (2016)	15,219	37,256	3,162	55,636

Employee related provisions comprise of leave pay, gratuity and other. In terms of BTCL policy, employees are entitled to accumulate vested leave benefits, there is no cap to the number of days that can be accumulated within the leave cycle. Gratuities are normally paid at the end of an employee's contract which in the case of BTCL is on average between 1 to 3 years.

31 March 2016

		Notes	2016 P'000	2015 P'000
18	**STATEMENT OF CASH FLOWS**			
18.1	**Operating profit before working capital changes:**			
	Net (loss) /profit before financing costs		**(467,947)**	200,569
	Adjustment for non cash movements:			
	Depreciation and amortisation of intangible assets	7-8	**259,593**	202,070
	Impairment of property plant and equipment		**522,404**	-
	Profit on disposal of property, plant and equipment	2.4	**(4,121)**	-
	Interest income	4	**(26,451)**	(26,066)
	Exchange loss unrealised		**8,852**	(9,351)
	Development grant recognised as income	16	**(24,397)**	(24,397)
	Deferred revenue recognised as income	17	**(907)**	(15,254)
	Movement in provisions	19	**(4,576)**	(12,963)
	Operating profit before working capital changes		**262,450**	314,608

For the purpose of the consolidated cash flow statement the working capital changes arising from trade and other receivables and trade and other payables take into account the cash effects of the interest receivable and payable at both the beginning and end of the year.

		2016 P'000	2015 P'000
18.2	**Net cash and cash equivalents at end of the year:**		
	Cash at bank and on hand	**32,294**	19,008
	Short term deposits	**357,734**	346,969
	Net cash and cash equivalents at end of the year	**390,029**	365,977

The call deposits had effective interest rates of between for 1% and 3% (2015: 1% and 3%). Short- term deposits are made for varying periods of between one day and three months,depending on the immediate cash requirements of the Company. At year end the short term deposits were maturing within 90 days (2015: 90 days).

18.2.1 Banking Facilities

The Company has facilities with its bankers amounting to P110,000,000 (2015 : P110,000,000) in respect of letters of credit and guarantees.The banking facilities are unsecured.

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31 March 2016

	2016 P'000	2015 P'000
19 CAPITAL COMMITMENTS		
Contracted but not paid	219,854	108,656
Authorised but not contracted	212,704	323,902
Total capital commitments	432,558	432,558
These commitments will be financed by equity contributions, development grants, long term borrowings and internally generated funds.		
20 OPERATING LEASE COMMITMENTS-COMPANY AS LESSEE		
Future minimum lease payments payable under non-cancellable operating leases are as follows:		
Operating leases	24,192	20,141
	24,192	20,141
Balance due within one year	10,318	6,669
Balance due between two and five years	9,490	8,286
Balance due after five years	4,384	5,186
	24,192	20,141
OPERATING LEASE COMMITMENTS-COMPANY AS LESSOR		
Future minimum lease receivables under non-cancellable operating leases are as follows:		
Operating leases	4,733	6,114
Balance due within one year	1,520	1,381
Balance due between two and five years	1,877	2,887
Balance due after five years	1,336	1,846
	47,337	6,114

In addition to the above, the Company has entered into service and maintenance contracts with third parties. The majority of the operating leases with the company as lessor are in respect of sites on which radio site premises have been built and sub-let by the company to its customers. These leases comprise of fixed rentals payable on a monthly basis with annual escalations of 10% per annum generally with a one month notice period.

21 RELATED PARTY TRANSACTIONS

Relationships

Owner with 100% ownership	Government of Botswana
Members of the Board of Directors	Refer to General information Page 151
Members of Key management	Paul Taylor
	Anthony Masunga
	Abel Bogatsu
	Thabo Nkala
	Mokgethi Nyatseng
	Christopher Diswai
	Same Kgosiemang
	Boitumelo Masoko
	Kaelo Radira
	Masego Ndwapi
	Goitseone Tshiamiso

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Trading transactions
The following related party transactions were on an arm's length basis:

	Revenue billed		Balance due	
	2016 P'000	2015 P'000	**2016 P'000**	2015 P'000
Sales and outstanding balances from related parties				
The Government of the Republic of Botswana	**345,134**	382,443	**34,267**	26,757
Parastatals	**66,860**	69,769	**9,571**	8,733
	411,994	452,212	**43,837**	35,490
Purchases from related parties				
Parastatals	**214,710**	269,759	**16,521**	20,866

Terms and conditions of transactions with related parties
The sales to and purchases from related parties are the rendering or receiving of services and are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Individually significant transactions

Global connectivity projects (EASSY and WACS):
The Government of Botswana owes BTCL P9,455,477.63 (2015 : P9,455,477.63) for payments which were made on behalf of the government towards procuring the Indefeasible right of use (IRU). BTCL is now leasing on an arms length basis network capacity from the government of Botswana on an operating lease basis.

BOFINET (Botswana Fibre Network)
BOFINET offered BTCL an IRU worth Pula 340 million for 10 years which translates to an annual charge of Pula 34 million.
The cumulative payments to date amount to P164 million (2015: P68 million).

	2016 P'000	2015 P'000
Compensation of key management personnel		
Short term benefits	**14,429**	12,030
Termination benefits	**4,565**	4,156
	18,994	16,186

The Compensation of Key management personnel figures above are inclusive of remuneration paid to members of the Board of Directors of BTCL and executive management. The remuneration for key management staff is determined by the remuneration committee and that of directors is consistent with Government rates.

The non-executive members of the Board do not receive pension entitlement from the Company.

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22 RELATED PARTY TRANSACTIONS (continued)

Directors' Interests
Emoluments per director (in Pula) (2016)

Director	Fees	Remuneration	Performance bonus	Fringe and other benefits	Total
Paul Taylor (Managing Director)	-	2,903,700	1,486,225	355,392	4,745,316
Daphne Matlakala	38,768	-	-	-	38,768
Alan Boshwaen	22,470	-	-	-	22,470
Choice Pitso	40,110	-	-	-	40,110
Serty Leburu	20,160	-	-	-	20,160
Rejoice Tsheko	35,490	-	-	-	35,490
Gerald Nthebolan	29,400	-	-	-	29,400
Total emoluments paid by BTCL	186,398	2,903,700	1,486,225	355,392	4,931,714

Directors' Interests
Emoluments per director (in Pula) (2015)

Director	Fees	Remuneration	Performance bonus	Fringe and other benefits	Total
Leonard Makwinja	6,090	-	-	-	6,090
Paul Taylor (Managing Director)	-	3,790,670	643,243	362,349	4,796,261
Alan Boshwaen	23,100	-	-	-	23,100
Choice Pitso	26,204	-	-	5,789	31,993
Serty Leburu	22,050	-	-	-	22,050
Rejoice Tsheko	24,360	-	-	-	24,360
Gerald Nthebolan	20,790	-	-	-	20,790
Daphne Matlakala	31,710	-	-	-	31,710
Total emoluments paid by BTCL	154,304	3,790,670	643,243	368,138	4,956,354

31 March 2016

23 FINANCIAL RISK MANAGEMENT

23.1 Financial risk management objectives and policies

The Company's principal financial liabilities are trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Exposure to currency, liquidity, interest rate and credit risk arises in the normal course of the Company's business.

23.2 Currency risk:

The Company undertakes certain transactions denominated in foreign currencies with international operators and other foreign suppliers. Hence, exposure to exchange rates fluctuations arise. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows (the analysis below gives a combined impact of assets and liabilities):

	Exchange Rates		Amount in Foreign Currency	
Currency	**2016 P'000**	2015 P'000	**2016 P'000**	2015 P'000
Liabilities:				
Euro	**0.0790**	0.0910	**(639,256)**	(313,360)
Rand	**1.3245**	1.1875	**(2,916,271)**	(3,746,886)
SDR	**0.0674**	0.0703	**(2,729,267)**	(2,754,133)
US Dollar	**0.0885**	0.0970	**(3,445,569)**	(1,859,354)
Assets:				
SDR	**0.0628**	0.0750	**3,438,318**	3,445,973
US Dollar	**0.0950**	0.1035	**2,338,256**	665,926
Euro	**0.0825**	0.0950	**51,686**	-
Combined Net Liability Position			**(3,902,103)**	(4,561,834)

The Company's currency risk exposure is partly hedged by USD ,EURO and RAND deposit accounts held which at 31 March 2016 amounted to USD 31,077.60 (2015: 54,826.86) ; EURO 719,483.57 (2015:1,107.95) and RAND 2,472,672.45 (2015: 467,622.14).

23.3 Foreign Currency sensitivity analysis

The Company is mainly exposed to the currencies of South Africa (Rand), the United States (US Dollar), the European Union (Euro) and the SDR (Special Drawing Rights) which is a potential claim on the freely usable currencies of International Monetary Fund members.

The following table details the Group's sensitivity to a 10% increase and decrease in the Pula against the relavant foreign currencies. 10% is the sensitivity rate 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 monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit.

Notes to the Financial Statements
continued

31 March 2016

23 FINANCIAL RISK MANAGEMENT (continued)

23.3 Foreign Currency sensitivity analysis (continued)
The analysis below gives a combined impact of assets and liabilities.

Pre Tax Profit/(Loss)

	2016 Pula	2015 Pula
10% decrease		
Euro	(5,050)	(2,852)
Rand	(386,260)	(444,943)
Special Drawing Rights (SDR)	(18,404)	(19,362)
United States Dollar	(30,493)	(18,036)
Net Effect	(440,207)	(485,191)
10% increase		
Euro	5,050	2,852
Rand	386,260	444,943
Special Drawing Rights (SDR)	18,404	19,362
United States Dollar	30,493	18,036
Net Effect	440,207	485,191

23.4 Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables
Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

Cash & cash equivalents
Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Significant concentrations of credit risk
The Company does have significant credit risk exposure to single counterparties or groups of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities and this include sectors such Corporate clients, Government clients, etc. The credit risk related to these counterparties or groups of counterparties is however limited since the counterparties are Government agencies or businesses possessing high credit ratings.

Below is the significant concentration of credit risk per counterparty:
Government agencies: P30,948,413 (2015: P26,757,063)
Banks: P3,903,679 (2015: P3,095,976.87)

Guarantees given to financial instituition in respect of loans relates to loans given to employees where the Company has an agreement with the Bank that in an event that employees default payments, the liability to the Bank then lies with the Company.

The carrying amount of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk. The Company holds no collateral with which to secure its financial assets.

31 March 2016

	2016 P'000	2015 P'000
Financial assets and other credit exposures		
Trade debtors and other receivables	**204,650**	339,142
Short term call deposits	**357,734**	346,969
Cash and bank	**32,294**	19,008
	594,678	705,118

23.5 Financial instruments designated at fair value through profit and loss

At the reporting date the Company held no financial instruments designated at fair value through profit and loss (FVTPL).

23.6 Financial assets held or pledged as collateral

At the reporting date the Company neither held nor received financial assets as collateral and had not pledged any of its financial assets as collateral.

23.7 Interest income and expense by financial instrument category

	Loans and Receivables P'000	Total P'000
2016		
Interest income	**26,451**	**26,451**
Net interest income	**26,451**	**26,451**
2015		
Interest income	26,066	26,066
Net interest income	26,066	26,066

23.8 Liquidity and interest risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group anticipates that the cash flow will occur in a different period.

Financial Assets	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	Total P'000
2016				
Trade and other receivables	**52,547**	**81,201**	**70,901**	**204,649**
Cash at bank and on hand	**32,294**	**-**	**-**	**32,294**
Short term deposits	**-**	**357,734**	**-**	**357,734**
	84,841	**438,935**	**70,901**	**594,678**
2015				
Trade and other receivables	105,903	91,187	74,946	272,036
Cash at bank and on hand	19,008	-	-	19,008
Short term deposits	-	346,969	-	346,969
	19,008	**438,156**	**74,946**	**638,014**

Notes to the Financial Statements
continued

31 March 2016

23 FINANCIAL RISK MANAGEMENT (continued)

23.9 Liquidity and interest risk management (continued)

The following table details the Company's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Financial Liabilities	Less than 1 month	1 - 3 months P'000	3 months to 1 year P'000	1 - 5 years P'000	5+ years P'000	Total P'000
2016						
Trade and other payables	**-**	**173,290**	**-**	**-**	**-**	**173,290**
	-	**173,290**	**-**	**-**	**-**	**173,290**
2015						
Trade and other payables	-	227,672	-	-	-	227,672
	-	227,672	-	-	-	227,672

23.10 Interest rate sensitivity analysis

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relate to the fixed deposits and call deposits with the financial institutions.

To manage interest rate risk, the Company enters into fixed deposits with financial institutions , in which the Company accrues interest at specified intervals.

The table below has been determined based on the exposure of financial instruments to interest rates at the reporting date. For variable rate assets, the analysis is prepared assuming the amount of the assets held at the reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's asssessment of the reasonably possible change in interest rates.

23.11 Interest rate sensitivity analysis

If the Company's interest rates had been 1% higher/lower and all other variables were held constant, the change in the Company's profit and equity reserves would be as shown in the table below:

		Increase/ (decease) in pre tax profit/(loss) for the year P'000
2016		
Interest rate risk		
Change in interest rate	**+1%**	**15,521**
	-1%	**(15,521)**
2015		
Interest rate risk		
Change in interest rate	+1%	19,229
	-1%	(19,229)

31 March 2016

24 FAIR VALUE HIERACHY

The revalued land and buildings consist of:

1 Commercial (including certain urban network sites), light industrial and residential properties in the major urban areas in Botswana, and
2 Network sites located outside of the major urban areas in Botswana.

Management determined that these constitute one class of assets under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the properties was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location (urban vs rural) and condition of the specific property. The properties' were revalued on 31 March 2015, fair values are based on valuations performed by Willy Kathurima Associates, an accredited independent valuer who has 25 years valuation experience for similar properties in country. Fair value measurement disclosures for revalued land and buildings are provided below:

Assets measured at Fair Value	Date of Valuation	Significant unobservable inputs (level 3) 2015 P'000
Land & Buildings	31/3/2015	339,807

The significant unobservable valuation inputs were:		Price range per square metre		Total square meters	Average value per square metre
Land		From	To		P'000
Urban area	Pula	100	2500	209,163	592
Rural areas	Pula	10	65	566,424	34

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

Significant unobservable inputs for the revaluation done on 31 March 2015 have been disclosed above.

Valuation techniques used to derive level 3 fair values

The comparable market valuation method was used to value land, land improvements, buildings, building improvements in urban areas and land in rural areas. Valuation inputs as disclosed above are for the comparable method approach. Rural land improvements were valued on the basis of the replacement cost of the land improvements.

Notes to the Financial Statements
continued

31 March 2016

25 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure continuity as a going concern for the Company while at the same time maximising the shareholders' return through the optimisation of the debt and equity balances. The Company has access to financing facilities, the total unused portion amounting to P110 million (2015: P110 million) at the reporting date. The Company expects to meet its other obligations from operating cash flows and the proceeds of maturing financial assets. The capital structure of the Company consists of trade and other payables (note 18), Share capital, reserves and retained earnings.

	2016 P'000	2015 P'000
Debt		
Trade and other payables	**173,290**	227,672
Total debt	**173,290**	227,672
Equity		
Stated Capital	**228,892**	228,892
Revaluation reserve	**337,147**	351,574
Accumulated profits	**986,071**	1,342,464
Total equity	**1,552,110**	1,922,930
Total capital	**1,725,400**	2,150,602
Gearing ratio	**11%**	12%

Total capital is derived by adding total equity and total debt less cash and short term deposits.

26 SEGMENT REPORTING

BTCL refreshed its Fixed ,Mobile and Fixed Mobile Convergence strategy in order to bring synergy in its business operations. Both identifiable Fixed and Mobile business units were brought together to share resources including human capital. Therefore operating expenses, assets, liabilities are operated at a group level. Monthly management accounts are reported as such, only separating revenues. There is therefore no identifiable operating segments. All operations takes place in Botswana.This is still applicable for current reporting period.

27 COMMITMENT AND CONTINGENCIES

The entity entered into capacity arrangement with BOFINET for 10 years effective 01 April 2014. As per the agreement,the grantor grants the grantee an indefeasible, exclusive and irrevocable right of use of the transmission (IRU). BTCL will be purchasing band-width capacity for Pula 340 million over the 10 years thus Pula 34 million per year. The payment schedule is as below:

Payment to date - P164 million as at 31 March 2016
Third payment - P96 million payable on 1 April 2016
Final payment - P80 million payable on 1 April 2017

28 EVENTS AFTER THE REPORTING PERIOD

28.1 Listing Disclosures

The Botswana Stock Exchange approved the BTCL listing of its entire issued ordinary stated capital on the Domestic Main Board.

28.2 Stated capital immediately after listing:

Issue price per share was P1.00

	Number of shares	P'000
Number of shares at 31 March 2016	800,000,000	278,892
Number of shares issued on listing	250,000,000	250,000
Number of shares after listing	1,050,000,000	478,892

Notes

TEN YEAR REVIEW

Year ended 31 March

	2016	2015	2014
Statement of operational data (P 000's)			
Revenue (adjusted)	**1,486,748**	1,495,243	1,463,931
Cost of services excluding depreciation	**465,284**	391,345	361,909
Selling and distribution costs	**48,332**	46,746	42,955
Employee costs	**373,454**	360,344	329,134
Other operating costs, repairs and maintenance	**336,476**	344,632	279,497
Earnings before interest, depreciation, taxation and amortisation (EBIDTA)	**263,202**	352,176	450,436
Depreciation net of amortisation	**235,196**	177,673	175,112
Operating profit	**28,006**	174,503	275,324
Interest income	**26,451**	26,066	25,144
Earnings before interest and taxation (EBIT)	**54,457**	200,569	300,468
Interest costs (Financing costs)	**-**	-	208
Earnings (Net income) before restructuring costs	**54,457**	200,569	300,260
Impairement of property, plant and equipment	**522,404**	-	266,051
Restructuring costs	**-**	31,189	531
(Loss)/profit before taxation	**(467,947)**	**200,569**	**3,020**
Taxation	**(97,127)**	53,814	2,880
(Loss) /Profit for the year	**(370,820)**	**146,755**	**140**
Capital expenditure	**254,570**	264,498	194,846
Balance sheet data (P 000's)			
Total assets	**1,949,019**	2,404,101	2,129,932
Current liabilities (excluding current portion of long-term debts)	**173,290**	227,672	234,085
Long-term debts (including current portion, net of protection)	**-**	-	1,416
Employee related provisions	**55,636**	60,212	73,175
Tax liabilities	-	-	-
Development grant and deferred income	**167,983**	193,287	232,936
Shareholder's equity	**1,552,110**	1,922,930	1,588,320
	-	-	-
Earnings ratios			
Revenue (adjusted) (Turnover) growth (%)	**(0.6)**	2.1	5.8
Basic and diluted earning per share (Pula) (800,000,000 shares)	**(0.46)**	0.18	0.00
EBIDTA to revenue margin (%)	**17.7**	23.6	30.8
Operating profit to revenue (%)	**1.9**	11.7	18.8
Return on average equity (%)	**(26.9)**	11.4	0.2
Return on average capital employed (%)	**2.8**	10.2	13.0
Return on average operating assets (%)	**2.5**	8.8	11.4
Other operational data			
Staff strength	**944**	934	932
Economic data			
Inflation (consumer price inflation)	**3.00**	4.50	8.20
Value of Pula (1 Pula equals to US $)	**0.09**	0.10	0.11
Cash and cash equivalents	**390.0**	366.0	353.5

2013	2012	2011	2010	2009	2008	2007
1,384,222	1,173,909	1,065,112	958,444	835,900	799,173	743,843
386,644	353,857	290,386	291,595	248,512	217,533	214,361
34,510	36,098	11,883	6,443	7,853	8,598	9,607
302,097	262,937	251,567	209,835	196,274	190,557	182,027
213,100	146,657	161,000	130,803	114,538	106,292	101,138
447,871	374,360	350,276	319,768	268,723	276,193	236,710
181,684	150,729	141,330	159,377	151,653	152,933	146,928
266,187	223,631	208,946	160,391	117,070	123,260	89,782
18,451	13,415	21,311	30,891	45,873	59,252	59,526
284,638	237,046	230,257	191,282	162,943	182,512	149,308
184	184	2,866	10,228	21,228	29,168	31,337
284,454	236,862	227,391	181,054	141,715	153,344	117,971
-	-	-	22,761	95,017	-	
283,923	**236,862**	**227,391**	**181,054**	**118,954**	**58,327**	**117,971**
10,277	-	-	-	-	-	-
273,646	**236,862**	**227,391**	**181,054**	**118,954**	**58,327**	**117,971**
333,896	380,456	401,915	348,318	167,727	371,994	125,226
2,607,343	2,383,432	1,947,461	1,823,075	1,658,263	1,643,236	1,601,661
218,976	193,312	175,242	272,420	194,344	204,887	115,854
1,416	1,416	1,416	58,734	107,273	200,813	238,711
42,065	42,414	39,519				
10,277						
340,980	367,087	270,831	213,596	228,220	239,301	277,938
1,993,629	1,779,203	1,460,455	1,278,325	1,128,426	998,235	969,158
-	-	-	-	-	-	-
17.9	10.2	11.1	14.7	4.6	7.4	8.4
0.34	0.30	0.28	0.23	0.15	0.07	0.15
32.4	31.9	32.9	33.4	32.1	34.6	31.8
19.2	19.1	19.6	16.7	14.0	15.4	12.1
15.1	14.6	16.6	15.0	11.2	5.9	12.7
12.7	12.4	14.1	12.7	9.7	6.0	10.1
11.4	10.9	12.2	11.0	8.5	5.4	9.4
962	942	950	905	905	1,057	1,067
6.20	8.20	6.20	9.20	10.60	9.80	7.20
0.15	0.14	0.15	0.15	0.13	0.16	0.18
405.6	292.863	283.3	344.1	399.7	404.1	

SHAREHOLDER ANALYSIS

As at 7th April 2016

	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
1-2000	26,883	53.44%	34,040,000	3.24%
2001-5000	14,596	29.02%	64,165,100	6.11%
5,001-10,000	4,689	9.32%	43,798,300	4.17%
10,001- 50,000	3,207	6.38%	84,718,100	8.07%
50,001-100,000	530	1.05%	45,749,600	4.36%
100,001- 500,000	320	0.64%	81,895,600	7.80%
500,001 - 1,000,000	53	0.11%	43,763,808	4.17%
1000,001 - 100,000,000	24	0.05%	63,869,492	6.08%
over 100,000,000	1	0.00%	588,000,000	56.00%
Total	**50,303**	**100.00%**	**1,050,000,000**	**100%**

Top 25 shareholders

GOVERNMENT OF BOTSWANA	588,000,000	56.00%
FNB BOTSWANA NOMINEES (PTY) LTD RE:AA BPOPF EQUITY	14,665,055	1.40%
FNB BOTSWANA NOMINEES (PTY) LTD RE:ACB BPOPF EQUITY	8,362,688	0.80%
FNB BOTSWANA NOMINEES (PTY) LTD RE: ACB BPOPF WPPP	5,325,828	0.51%
MOTOR VEHICLE ACCIDENT FUND	4,232,400	0.40%
FNB BOTSWANA NOMS(PTY) LTD RE: IAM BPOPFP 10001031	3,624,426	0.35%
BOTSWANA PRIVATISATION ASSET HOLDINGS LIMITED	3,000,000	0.29%
FNB NOMS BOTSWANA(PTY) LTD RE:FAM BPOPF1-10001028	2,915,140	0.28%
FNB BOTSWANA NOMINEES (PTY) LTD RE: BIFM BPOPF-EQU	2,145,012	0.20%
STANBIC NOMINEES (PTY) LIMITED RE:INVESTEC RE DPF	1,980,430	0.19%
STANBIC NOMINEES RE: BIFM	1,566,480	0.15%
ASSOCIATED INVESTMENT AND DEVELOPMENT CORPORATION (PTY) LTD	1,369,513	0.13%
FAIZEL ISMAIL	1,369,513	0.13%
BOTSWANA POLICE SAVINGS AND LOANS GUARANTEE SCHEME	1,369,513	0.13%
REGINAH DUMILANO SIKALESELE VAKA	1,312,256	0.12%
FNB BOTSWANA NOMINEES (PTY) LTD RE: IAM BBDCSPF	1,157,740	0.11%
STANBIC NOMINEES (PTY) LTD RE:BIFM DEBSWANA PENSION FUND	1,151,247	0.11%
JAMALUDDIN KADER	1,140,482	0.11%
GOITEBETSWE HIRSCHFELD	1,025,967	0.10%
SIMON HIRSCHFELD	1,025,967	0.10%
JUSTICE TAWANA	1,025,967	0.10%
BABEREKI INVESTMENTS (PTY) LIMITED	1,025,967	0.10%
IMTIAZ MAHOMED IQBAL	1,025,967	0.10%
ABDUL KARIM KADER	1,025,967	0.10%
MUMTAZ BANOO KADER	1,025,967	0.10%
OTHERS	398,130,508	37.92%
	1,050,000,000	**100%**

Major Shareholder - Holder > 5%

Name	Total Shares	% Holding
GOVERNMENT OF BOTSWANA	588,000,000	56.00%

Category	Shareholders Number	Shareholders %	Shares held Number	Shares held %
Corporate bodies	377	0.75%	36,125,497	3.44%
Nominees companies	54	0.11%	67,059,970	6.39%
Private individuals	49,864	99.13%	358,176,533	34.11%
Trusts	4	0.01%	495,000	0.05%
Non Public shareholders	4	0.01%	588,143,000	56.01%
	50,303	**100%**	**1,050,000,000**	**100%**

Analysis of Non-Public Shareholders

Name	Total Shares	% Holding
Government of Botswana	588,000,000	56.00%
Director - Gerald Nthebolan	23,000	0.0022%
Director - Alan Phemelo Boshwaen	20,000	0.0019%
Director - Choice Pitso	100,000	0.0095%

NOTICE OF THE 2016 ANNUAL GENERAL MEETING

Notice is hereby given that the 2016 Annual General Meeting of BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED will be held at 09:00 Hours on Monday, 31st October 2016 at BOIPUSO CHAMBER HALL, Gaborone Botswana to transact the following business:

Agenda:

1. To read the notice convening the meeting.
2. **Ordinary Resolution No.1**
   To receive, consider and adopt the Audited Financial Statements for the year ended 31 March 2016 together with the Report of the Auditors.
3. To appoint the following individuals to the Board as additional directors in accordance with the provisions of Clause 17.4 of the Constitution.
   a. **Ordinary Resolution No.2**
      Mr. Maclean C Letshwiti - Non-Executive Director
   b. **Ordinary Resolution No.3**
      Ms. Lorato Boakgomo-Ntakhwana - Non-Executive Director
4. To note the retirement of Mr Paul Taylor as the Managing Director with effect from 19th July 2016.
5. **Ordinary Resolution No.4**
   To ratify the appointment of Anthony Masunga as acting Managing Director until further notice.
6. To note the retirement of Ms. Daphne Matlakala as a Director of the company, who retires by rotation in terms of Clause 17.4.1 of the Constitution.
7. To re-elect the following Directors of the company, who retire by rotation in terms of Clause 17.4.1 of the Constitution and, being eligible, offer themselves for re-election.
   a. **Ordinary Resolution No.5**
      Mrs. Serty Leburu
   b. **Ordinary Resolution No.6**
      Mr. Alan Boshwaen
8. **Ordinary Resolution No.7**
   To consider and approve the remuneration paid to Non-Executive Directors for the year ended 31 March 2016.
9. **Ordinary Resolution No.8**
   To approve the revision of the Board sitting fees.
10. **Ordinary Resolution No.9**
    To ratify the distribution of dividend as recommended by the Directors and paid by the Company.
11. **Ordinary Resolution No.10**
    To approve the remuneration paid to the auditors for the year ended 31 March 2016 and appoint Ernst & Young as auditors for the ensuing financial year.
12. **Ordinary Resolution No.11**
    To ratify the amendments to the BTCL Employee Share Trust Deed.

SPECIAL BUSINESS

13. **Special Resolution No. 1**
    To consider and, if thought fit, pass with or without amendment the following resolution as a special resolution:

    To specially resolve in terms of Section 128 of the Companies Act Cap 42:01 and ratify the donations made by the company to the BTCL Foundation in the sum of Pula 3.2 million for the year ended 31 March 2016.
14. **Any other business**
    To answer any questions put by shareholders in respect of the affairs and the business of the company.
15. **To close the meeting**

Voting and Proxies

A member entitled to attend and vote may appoint a proxy (who need not be a member of the company) to attend and vote for him/her on his/her behalf. The instrument appointing such a proxy must be lodged at or posted to the Transfer Secretaries at the below stated address not less than 48 hours before the meeting. PriceWaterHouseCoopers, are authorized to receive and count postal votes.

Note to Shareholders

Shareholders to note that a copy of the amended "BTCL Employee Share Trust Deed" will be available for inspection at the registered office and a copy of the same can be made available within five days from the date of receipt of a written request from a shareholder.

By order of the Board

KAELO RADIRA
Company Secretary

Transfer Secretaries

PriceWaterHouseCoopers
P.O.Box 295
GABORONE
Plot 50371
Fairgrounds Office Park
Gaborone

PROXY FORM

For completion by holders of Ordinary shares

For completion by holders of Ordinary shares
Please read the notes overleaf before completing this form
For use at the Annual General Meeting of Shareholders of the company to be held at ________________________________at

I/We ____
(Name in block letters) ____
Of (Address) ____
____

Hereby appoint 1. ____
or failing him/her, ____
or failing him/her, ____

The Chairman of the meeting ____

As my /our proxy to act for me/us at the 2016 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name in accordance with the following instruction

	Number of ordinary shares			
		For	Against	Abstain
Ordinary resolution 1	Agenda No 2			
Ordinary resolution 2	Agenda No 3			
Ordinary resolution 3	Agenda No 3			
Ordinary resolution 4	Agenda No 5			
Ordinary resolution 5	Agenda No 7			
Ordinary resolution 6	Agenda No 7			
Ordinary resolution 7	Agenda No 8			
Ordinary resolution 8	Agenda No 9			
Ordinary resolution 9	Agenda No 10			
Ordinary resolution 10	Agenda No 11			
Ordinary resolution 11	Agenda No 12			
Special resolution 1	Agenda No 13			

Signed at: ____
Date: ____

Signature: ____
by (where applicable)

Each shareholder who is entitled to attend and vote at a General Meeting is entitled to appoint one or more persons as proxy to attend speak and vote in place of the shareholder at the Annual General Meeting and the proxy so appointed need not be a member of the company.
Please read notes 1 -7 on the reverse side hereof

NOTES TO THE PROXY FORM

1. A Shareholder must insert the names of two alternative proxies of the Shareholders choice in the space provided with or without deleting "Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholders instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholders votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.

3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.

4. The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.

5. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

6. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.

7. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian.

ANNEXURE A

Review of Board Remuneration

BTCL Board members are currently paid P840 and P1, 050 per sitting for ordinary Board members and Chairperson respectively. In addition to the sitting fees, Board members enjoy Fixed and Mobile phone related benefits. The remuneration rates date back to when BTCL was a statutory Corporation governed by the BTC Act.

Following the privatisation and listing of the Company, Board members now carry increased responsibility and risk as imposed by the Company's Act and the Botswana Stock Exchange Listing Requirements.

An analysis of Board remuneration rates of comparable companies in the market show that on average an ordinary Board member's sitting fees range from P10,000 to P30,000 and Chairman's fees range from P30,000 to P50,000.

Recommendation

In recognition of the increased responsibility and risk, and to over time align BTCL Board remuneration with market rates, an upward review of sitting fees is proposed as follows:

a) P5,000 per sitting for ordinary Board members

b) P7,000 per sitting for the Chairman and Chairmen of Committees.

This change will further allow the Company to attract and retain high calibre Board members.

ANNEXURE B

AMENDMENTS TO THE BTCL EMPLOYEE SHARE SCHEME

At the time of the Initial Public Offer ("IPO") Launch, the Government of the Republic of Botswana had reserved 5% of the Company's total shares in issue (being 52,500,000 shares) for the benefit of the Company's citizen employees. The Prospectus states that the shares are to be held in an Employee Share Trust and dividends accruing from the shares will be distributed to the citizen employees in terms of the Trust Deed. Upon leaving the company's employment, an employee would cease to benefit from the Employee Share Trust.

On 30th of March 2016 the Government, through a Presidential Directive (CAB 10(A)/2016) (**the "Directive"**) amended the terms of the Employee Share Scheme. The Directive determined that the shares would go directly to citizen employees through an Employee Share Ownership Plan as opposed to being held in the Employee Share Trust, allowing the employees to directly purchase shares from the shares reserved for employees (**the "5% Pool**").

Furthermore, it was stipulated that employees who had applied for shares during the IPO should be allocated shares from the 5% Pool. At the time the Directive was issued i.e. 30th March 2016, the offer for subscription had closed. Employees had applied for 19,269,200 shares during the IPO.

Due to timing and legal challenges, changes to the Employee Share Trust Deed to give effect to the Directive could not be effected prior to the listing of the Company's shares which took place on 8th April 2016. Subsequent to listing, the Trust Deed was amended to give effect to the Directive. Details of the amendments to the BTCL Employee Share Trust Deed are available for inspection at the Company's registered office.

Acting on the terms of the Directive, employees who had applied for shares during the IPO were not allocated shares from the public offer pool (being 44% of the Company's total shares in issue) on the understanding that they would be allocated shares from the 5% Pool. Unfortunately it was not possible at the time to allocate employees shares from the 5% Pool as the Prospectus states that the said shares will be allocated to the Employee Share Trust. In terms of section 312 of the Companies Act, the changes to the Prospectus cannot be effected within six months of listing and requires approval by shareholders.

In order to avoid disenfranchising the employees who had applied for shares during the IPO, a waiver was sought from the Botswana Stock Exchange to allocate the 19,269,200 shares to the concerned employees (leaving a balance of 33,230,800 shares which are yet to be allocated) on condition that ratification would be sought at a subsequent annual general meeting of the Company.

RECOMMENDATION

Shareholders are therefore requested to ratify and approve the following;

a) the amendment of the BTCL Employee Share Trust Deed to allow BTCL citizen employees to directly purchase BTCL shares with full voting,trading and profit participation rights from the reserved 5% of the Company's total shares in issue.
b) the sale and allocation of 19,269,200 shares to BTCL employees under the Employee Share Ownership Plan.
c) the sale and allocation of the remaining 33,230,800 shares to BTCL employees under the Employee Share Ownership Plan.

ANNEXURE C

Mr M C Letshwiti is an entrepreneur of note. He has retired and looks after his personal business interests. He was instrumental in setting up the Avis Rent a Car franchise in Botswana and acted as its CEO from 1986 to 1991. In 1992, he assumed the role of Group Executive Chairman of Avis Rent A Car and Fleet Services (Botswana) (Pty) Limited, an associate of the first Avis Company, a position he held to date. He has served on the Board of listed companies like Letshego Holdings Limited and Botswana Insurance Holdings Limited of which he was the Chairman. He has also been a Board member of FEDICS and Botswana Housing Corporation. He has acted as a Trustee for government agencies like Citizen Entrepreneurs Mortgage Assistance Equity Fund (CEMAEF) and University of Botswana Foundation.
He holds a BA degree in Administration from University of Botswana.

Lorato Boakgomo-Nthakwana is a career banker currently self-employed. Her immediate past appointment was as the Deputy CEO of FNB International and Portfolio of Emerging countries serving the interests of First National Bank's operations in countries like Zambia, Mozambique, Lesotho and Swaziland. Prior to this role, she was the CEO of First National Bank of Botswana Limited for a term of 5 and half years ending in December 2014. She has been associated with the FirstRand group since August 2008. She has also been a member of the Technical Advisory Committee of the Botho College (now a University).

She holds a B Comm from the University of Botswana and a MBA from Loyola College in Baltimore USA.

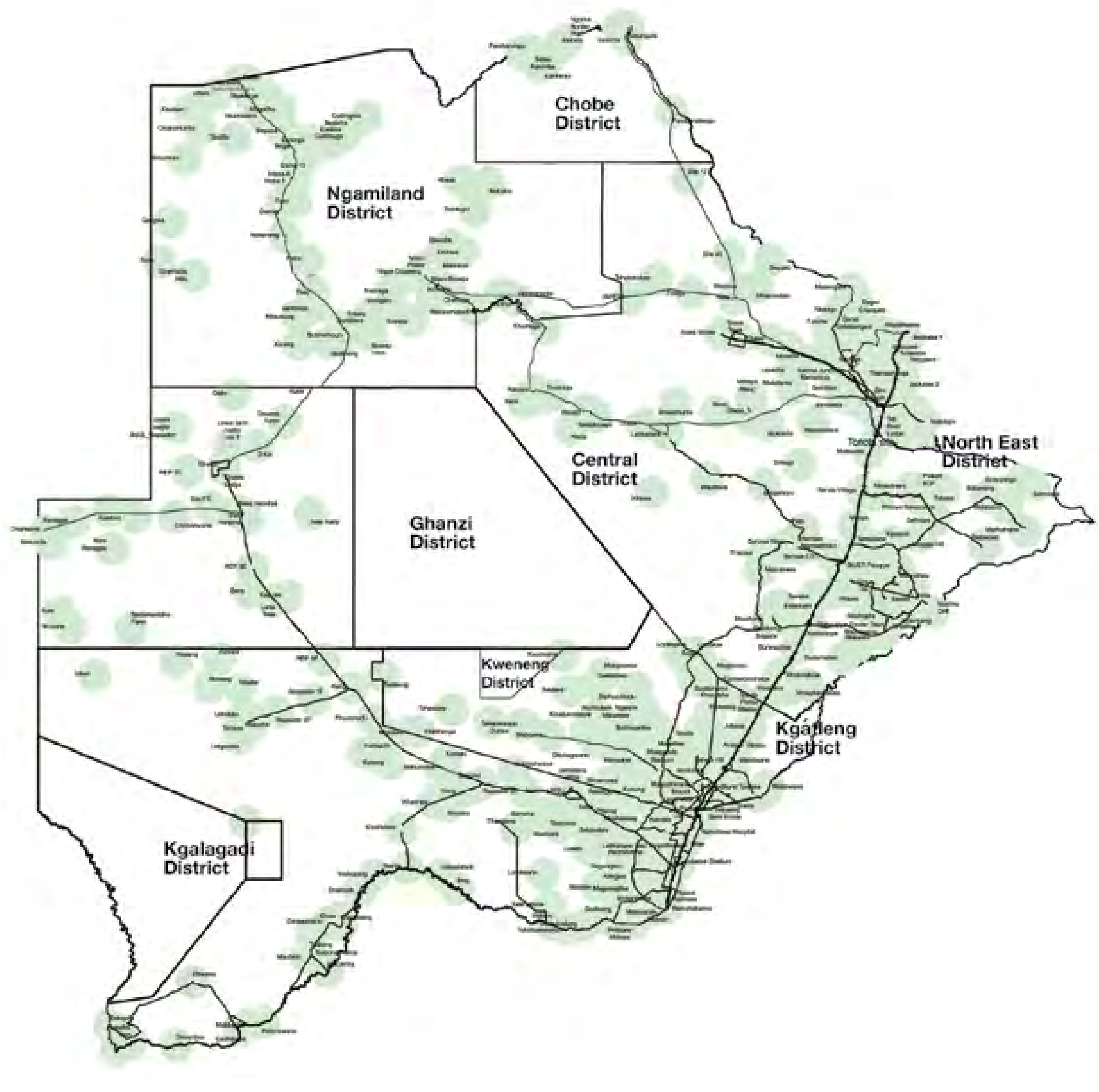
Notes

Network Footprint

A fundamental competitive advantage of BTCL is that its fixed, mobile and other products and services are offered in a convergent portfolio, given its legacy position as an incumbent fixed network operator. BTCL has a PTO Licence issued by the regulator, BOCRA. BTCL is, however, the only PTO Licence holder operating both the traditional fixed and mobile networks. BTCL has gained significant competitive advantage in the mobile domain, particularly in remote areas because of its extensive mobile coverage (c.90% population coverage).

BTCL contracted has provided telecommunication services to hundreds of under-serviced communities around the remotest parts of the country via mobile telephony, based on the GSM/GPRS-EDGE standard. The contract included Tele-centres, (commonly referred to as Kitsong Centres) which are internet cafes dimensioned and targeted for the rural communities, with typing, printing, photocopying, pre-paid calling, fax and internet services.

This network strength results 65% market share in fixed broadband and data services, 90% in fixed network voice services and 17% in mobile connections.



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