Botswana Telecommunications Corporation Limited

2019 Annual Report

btc

Live connected.

WHAT'S INSIDE THIS REPORT

1. ABOUT BTC

2. PERFORMANCE SUMMARY

3. STRATEGIC PERFORMANCE REVIEW

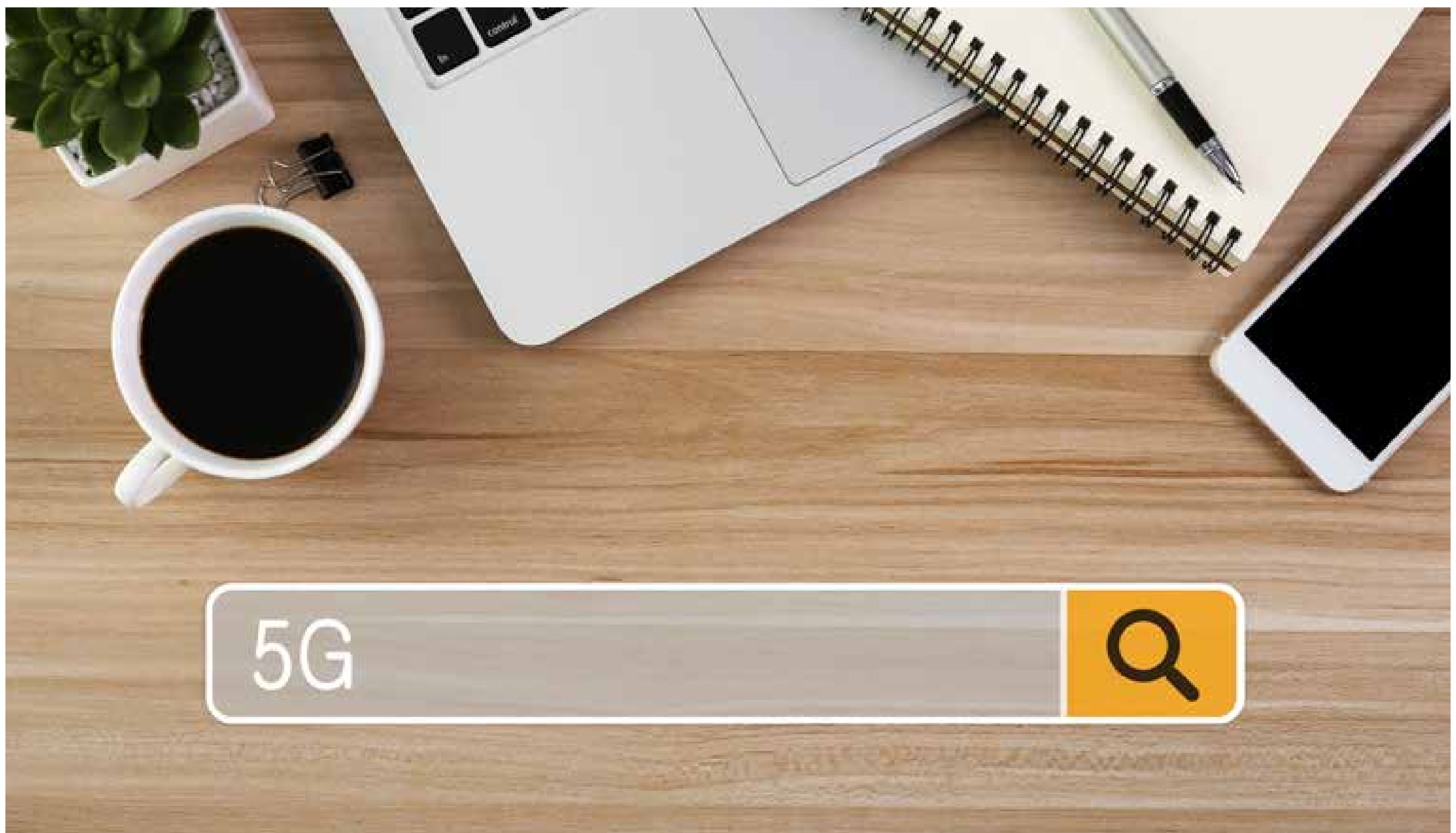
4. OPERATIONAL PERFORMANCE REVIEW

5. SUSTAINABILITY REVIEW

6. GOVERNANCE

7. FINANCIAL REVIEW

8. ANNUAL FINANCIAL STATEMENTS



Our reporting

PAGE

Our Performance Summary and high level views on page 19-100

Online

www.btcl.co.bw

fastest **Broadband Service** in Botswana

ABOUT BTC
A CULTURE OF PROGRESS IN OUR FIBRE

01

BTC is a proudly Botswana business that strives to operate and deliver to a truly international standard. In this section, we share more about our business, our history and the very essence of our brand.

INTRODUCTION

About BTC

Botswana Telecommunications Corporation Limited ("BTC") is a converged telecommunications operator offering fixed (voice and data), mobile (voice and data) and broadband services to consumers, enterprises and other licensed service providers.

Our Purpose

To provide superior communications solutions to Batswana anywhere and everywhere to enable them to live connected.

Corporate Information

Botswana Telecommunications Corporation Limited (BTC)
Incorporated in the Republic of Botswana
Company Registration Number 2012/12936

Registered Office
Megaleng House
Khama Crescent, Plot 50350,
P O BOX 700, Gaborone, Botswana

Transfer Secretaries
Central Securities Depository Company of Botswana
Contact details: 3674400 /09/11/12
Contact person: Masego Pheto
Postal address: Private bag 00417, Gaborone

Auditors
Ernst & Young
2nd Floor, Letshego Place
Khama Crescent
P O Box 41015
Gaborone, Botswana

Company Secretary
Sidney Mganga

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 Limited

About this Report

The theme of this Annual Report has been informed by something that wholly shapes our industry and our business; this being Digitisation.

This speaks to the increasingly prevalent digital culture or fourth industrial revolution as it is often termed.

As a global community, we are fast moving into an era of digital, networked and truly connected communication. Digital innovations underpin much of what we do and indeed how we do it. As BTC, we are wholly committed towards building a digital organisation in am impactful and sustainable manner. We further support Botswana's digital transformation strategy and journey. This commitment and passion is echoed throughout this Annual Report, in form, function, design and content.

2008
BTC launches its mobile service, "beMOBILE"

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

2013
BTC is incorporated as a limited company under the Companies Act 2003

2014
BTC completes its obligation to transfer the network assets to Botswana Fibre Network (BoFiNet) and readies for privatisation

CASE STUDY

BTC introduces its mobile network, beMOBILE

In 2008, BTC launched its mobile service, beMOBILE.

The cellular telephony wing was established following the liberalisation of the industry in 2007.

The liberalization of the telecommunications industry awarded all network operators Service Neutral Licenses (SNL) which permitted them to operate fixed line telephony as well as cellular telephony business.

The beMOBILE network grew and expanded to cover almost 90% of the country. The brand became synonymous with football development in Botswana after introducing the richest sponsorship to the local game, the beMOBILE Premier League.

MISSION

"We provide superior customer experience through innovative communication solutions"

Products and Services

Our product portfolio offers both mobile and fixed products and services through which customers can have access to voice, SMS and broadband.

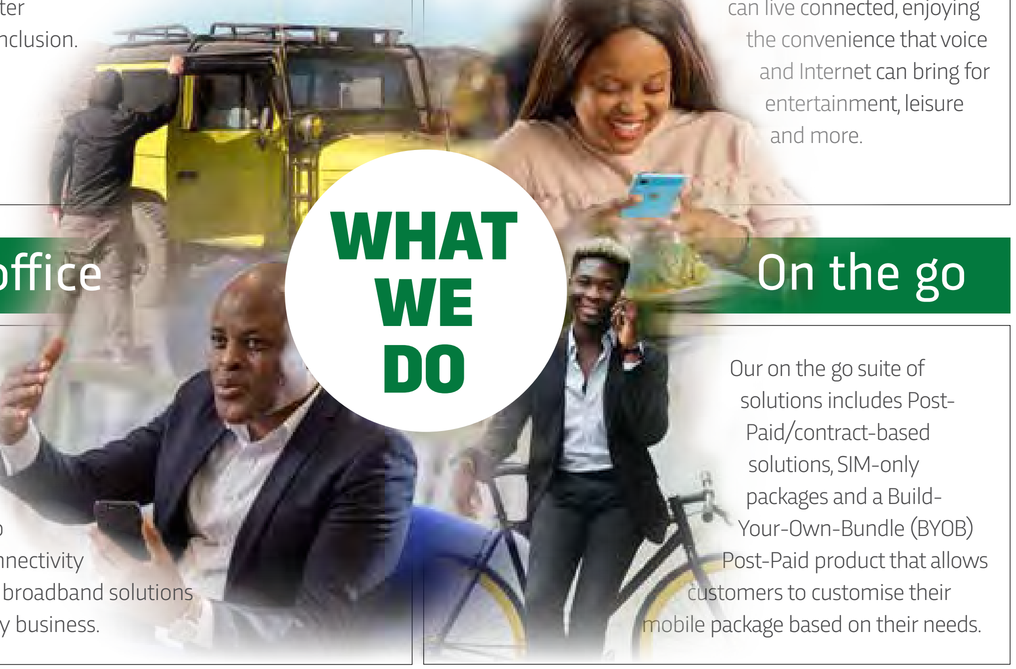
Our mobile and fixed products are offered in both Prepaid and Post-Paid packages. BTC also offers customers value added services which are mainly content based such as caller ring tones (CRBT), airtime credit and bulk SMS on mobile. The intention is to introduce more value-added services to enhance our customer value proposition.

Consumer

We offer solutions to individual customers including mobile voice, data and SMS offers. The primary focus is on data bundles, Mobile Financial Services, SMEGA, as we aim for greater convenience and inclusion.

At home

We provide residential solutions including broadband and fixed voice lines. We ensure that everyone can live connected, enjoying the convenience that voice and Internet can bring for entertainment, leisure and more.



WHAT WE DO

At the office

BTC has solutions for customers ranging from SMEs to large corporates; from single office set up to multi-office connectivity services. Even our broadband solutions fit the needs of any business.

On the go

Our on the go suite of solutions includes Post-Paid/contract-based solutions, SIM-only packages and a Build-Your-Own-Bundle (BYOB) Post-Paid product that allows customers to customise their mobile package based on their needs.

2015

BTC delivers Government Broadband Data Network

btc
Live connected.

2016

BTC lists on the BSE, becoming the first and only telecommunications services provider listed on the local bourse. The first privatisation initiative in Botswana's history brings over 50,000 Batswana shareholders to BTC.

2016

BTC integrates its beMOBILE and BTC brands into one, reflecting its position as a one-stop shop communication business. BTC no longer goes to market as beMOBILE, fixed lines or Broadband, but as one united BTC, with a single refreshed brand.

2017

BTC launches 4G network

CASE STUDY

Historic BTC IPO and Listing

The 8th of April 2016 will go down in Botswana history as the day the first successfully privatised entity, BTC, was listed on the local bourse.

462 million Shares of BTC were listed on the Domestic Main Board of the Botswana Stock Exchange (BSE).This was a momentous occasion for Batswana, signaling the part ownership of everyday Batswana in a company that, in many ways, they have helped build over the years.

A total of 50,301 qualifying applications were received. This equated to Offer for 776,333,400 Shares, representing a 1.68 times over-subscription, and thus making it amongst the largest and most historic IPOs in Botswana's history.

In yet another record for Botswana, the BTC IPO also saw an unprecedented majority of Offers made by individuals, with over 90% of the 462,000,000 accepted offers received from individuals and citizen-owned companies. The balance was received from institutional investors, who drove the IPO to its oversubscription status.

This was an incredible and truly historic time for Botswana and a truly humbling moment for all at BTC. The business welcomed thousands of citizen shareholders, more versed in what buying shares means by virtue of an intense nationwide public education drive, and keen to see BTC thrive. As we proclaimed then, and which remains true today, "BTC ke ya rona rotlhe!"

VISION

"Market leader in communication services"

Product Portfolio

Fixed voice constitutes 36% of our product portfolio, mobile 32%, broadband 29% and other 3%. BTC has seen a steady growth in mobile and we believe this will continue to be our primary growth driver going forward as we offer more data centric products to the different customer segments. Voice services continue to dominate over fixed lines.

FIXED VOICE
36%
OF PORTFOLIO

MOBILE SERVICES
32%
OF PORTFOLIO

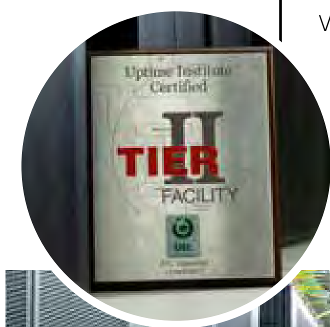
BROADBAND SERVICES
29%
OF PORTFOLIO

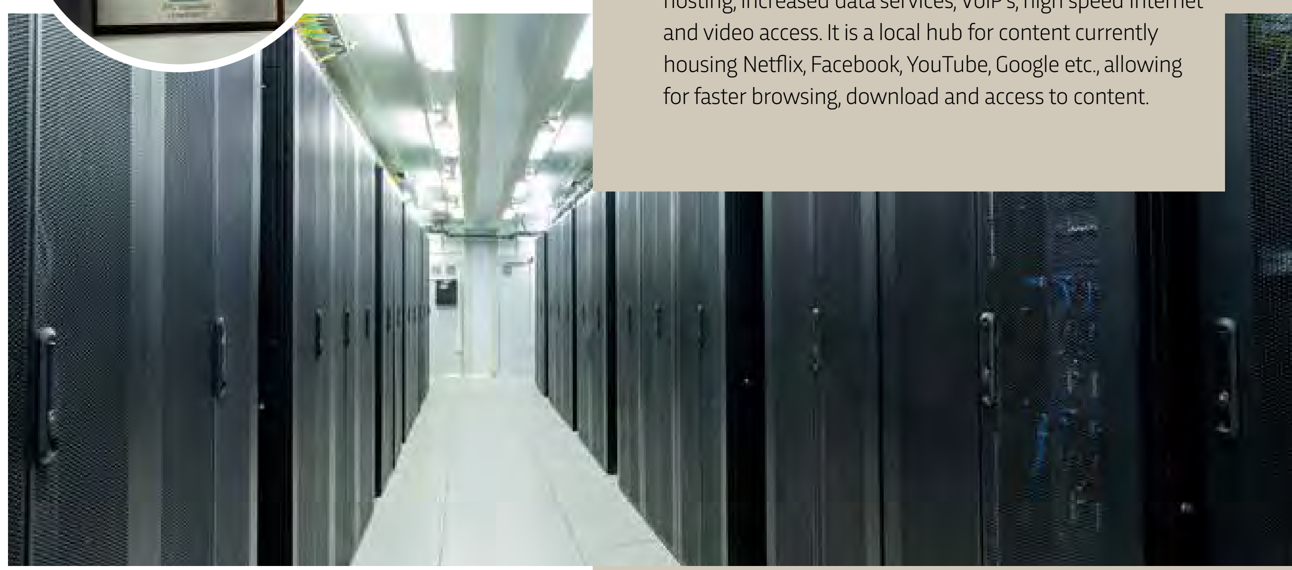
OTHER
3%
OF PORTFOLIO

2017
BTC embarks on network transformation

2018
BTC launches a new converged billing platform

2019
BTC launches Data Centre and improved VSAT capabilities





CASE STUDY

BTC Digital Innovation

March 2019

BTC Launches the Sentlhaga Data Centre

To live its brand promise, BTC has taken a bold and deliberate decision to invest heavily in its network and efficiencies for the benefit of the customer.

In March 2019, BTC launched the Sentlhaga Data Centre, an Uptime Institute Tier Certified Centre, the best top tier in the world guaranteeing 99.74% availability. Central to BTC's digital transformation, the Sentlhaga Data Centre is a 52 rack facility which conforms to the industry's most trusted and adopted global standard for the proper design, build and operation of data centres.

This next generation modular data centre solution is the backbone of the digital economy. It houses mission critical ICT infrastructure and applications as well as acting as a colocation facility.

The facility delivers world-class data centre and cloud services, enabling digital transformation, innovation, increased agility and simplification of IT operations, data hosting, increased data services, VoIP's, high speed Internet and video access. It is a local hub for content currently housing Netflix, Facebook, YouTube, Google etc., allowing for faster browsing, download and access to content.

Our Values

We will uphold the following Values in all our dealings with customers and key stakeholders:

Customer Base

Our customer base comprises individual consumers, enterprises and Government entities.

We offer fixed broadband to all our customers, and residential and enterprise customers can choose the level of bandwidth depending on their needs and requirements. In order to satisfy our enterprise customers' high demand for broadband internet, we offer them dedicated connectivity solutions which provide uncontended bandwidth and guaranteed quality.

1 Teamwork

We work effectively and efficiently collaborate in the workplace in pursuit of a common goal.

2 Ownership

We exhibit a sense of pride in the work we do and take accountability for the quality of our efforts and the organisation as a whole.

3 Delivery

We commit to the best customer experience through effective, efficient and agile service delivery within defined timeframes.

4 Simplicity

We provide seamless, easy-to-understand solutions and services to both our external and internal customers.

5 Innovation

We are agile and able to adapt to and embrace environmental changes.

Our Business Structure

BTC has three distinct operational areas comprising:
TECHNOLOGY UNIT, COMMERCIAL UNIT AND SUPPORT UNIT

1

The Commercial unit comprises: Marketing, Consumer Sales, Enterprise Sales & Service Quality. The Marketing division is responsible to ensuring we take the right products to the market per segment. The Consumer Sales focuses on Retail and SME customers whereas Enterprise focuses on corporates, parastatals and Government and resellers.

PAGE Find additional information from page 53 in the printed section of the Annual Report.

2

The Technology unit comprises: Technology (Telecommunications Networks), Information Systems (IS), Security Services and Transformation Office. The unit is responsible for network planning, build and operations. The function also oversees the IT environment, overall corporate security services, and the delivery of company- wide strategic initiatives and programmes.

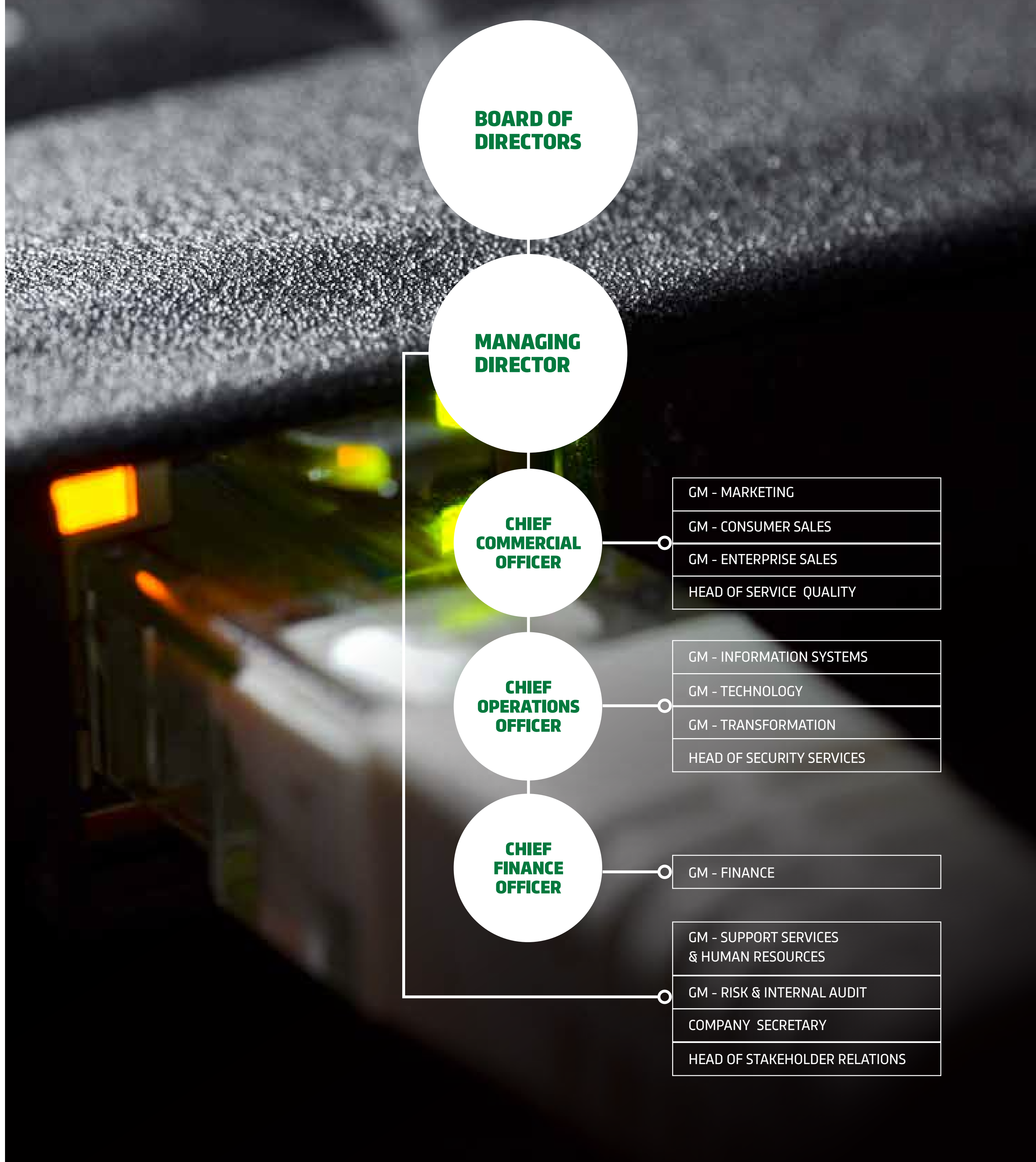
PAGE Find additional information on page 59 in the printed section of the Annual Report.

3

The Support unit comprises: Support Services & Human Resources, Risk and Internal Audit, Finance, Company Secretary and Stakeholder Relations. These functions provide support to the core functions of the business.

PAGE Find additional information from page 103 in the printed section of the Annual Report.

Our Organisational Structure



Sentlhaga Data Centre Facility is a Tier II, Uptime certified Data Centre

PERFORMANCE SUMMARY

HIGH LEVEL VIEW/ SUMMARY

02

An important part of how we strategically shape our future is in looking back at what worked well in the past. In this section, we explore our performance in the year under review.

Highlights for 2019

This year showed a strong financial and operating performance.
We continue to invest in our network and capabilities.

1. **4G (LTE) – 88% coverage of major centres and higher speeds of up to 75mbps**
2. **Expansion of FTTx – Launched new high-speed internet for the residential market**
   - **81 Fibre to the Cabinet (FTTC) nodes commissioned in Gaborone, Francistown, Kasane and Maun**
   - **Fibre to the Home (FTTH) now available in Phakalane and Gaborone North, other areas ongoing**
3. **Sentlhaga Data Centre – Uptime Institute Tier II Certified**
4. **Launched mobile financial service, SMEGA, and BTC mobile App (post reporting period) and introduced new data products.**

Key Highlights:

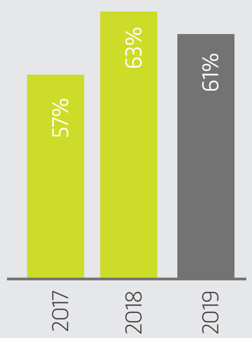
This year showed a strong financial and operating performance. We continued to drive sustained investment.

Sustained investments, included:

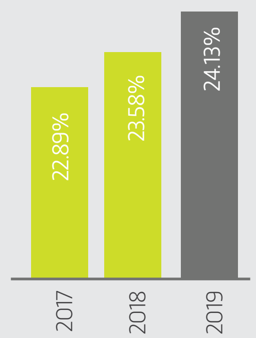
- Fixed network modernisation and mobile network expansion
- Significant increase in LTE coverage footprint covering Urban, Semi Urban and villages across Botswana
- Improved VSAT service
- Modernisation of IT infrastructure
- Investment in and migration of customers to a converged billing platform

Our **mobile subscriber** base **increased** by

2%

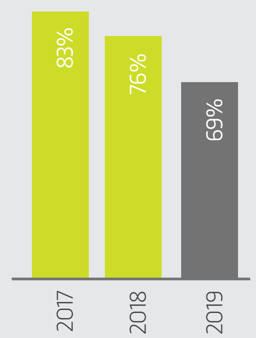


Gross Profit Margin went
down 2%



EBITDA Margin went
up 0.55%

Net Profit Margin went
down 3%



Asset Turnover went
down 7%

Chairperson's Statement

Executive Summary

I am privileged to once again write to you about the performance of Botswana Telecommunications Corporation Limited (BTC) at the end of yet another profitable year. This statement serves to give you an overview of our performance against our Strategy; to recognize our achievements, acknowledge and address challenges we faced during the year, and last but not least, to share our outlook and future plans with you.

P138.9 mil

was paid in dividends to our shareholders.

The first 2 years of our Strategy cycle have been intense. Transformation and Growth are complex undertakings and require an integrated company-wide effort to achieve sustained results.

Lorato Boakgomo - Ntakhwana
Board Chairperson

Chairperson's Statement

continued

The year under review was the second of our three-year Strategy. I noted in my previous statement that the first year was the laying of the foundation and doing the necessary groundwork.

This statement is therefore an update on the progress we have made since then as we look back and ask some very pertinent questions, i.e. have we been able to raise the wall, and if yes, to what level? Is the foundation strong enough? Are we going to complete what we set out to build by the end of the three years? etc. These are necessary questions. We promised our shareholders that we are going to grow and transform BTC, and deliver an agile, healthy and profitable Company by 2020. I would like to state that the Board remains completely committed to this endeavour.

The first two years of our Strategy cycle have been intense. Transformation and Growth, coupled with culture change, are complex undertakings and require an integrated Company-wide effort to achieve sustainable results. For many organisations, the pursuit of transformation precedes the pursuit of growth, but we strongly believe that we should not embark on transformation without thinking about growth, challenging as it may be, hence our concurrent pursuit of Transformation and Growth.

OPERATING PERFORMANCE OVERVIEW

We measure our performance in the context of the operating environment, industry trends and market dynamics. Changes in market dynamics, technology, economic indicators, the investment climate and regulatory landscape, etc., have implications on our performance.

Economic activity during the year under review was slow, despite an estimated year on year increase in real Gross Domestic Product (GDP) growth of 4.2% in 2018, up from 2.4% in 2017. This increase does not appear to have translated into increased spending as reflected in the reduced spend across our different customer segments.

This trend was also reflected across the sector; total revenue for the telecommunications sector came under pressure during the reporting period. Customers continued to demand cheaper and lower margin products and services, further putting pressure on the top line; revenue declined by 8% to P1.45billion.

We notably faced challenges in our mobile business, which registered a decline of 12% despite the launch of new products and services in the market and efforts to promote their uptake. We will be keeping a close eye on this area in the next financial year.

We registered significant cost savings during the year under review. Our total costs declined by 4.2% to P1.269 billion. We have reinvested the funds from the cost savings back into the business. Despite a decline in the cash balance it is still at healthy levels as at year end, registering P305m down from the balance of P450m in the previous year. The decline was as a result of expenditure on completion of strategic transformational projects. During the year under review, we paid P138.9million in dividends to our shareholders. The cash balance remains sufficient to fund planned Capital expenditures and dividend payments.

For many organisations, the pursuit of transformation precedes the pursuit of growth, but we strongly believe that we should not embark on transformation without thinking about growth, challenging as it may be, hence our concurrent pursuit of Transformation and Growth.

We registered significant cost savings during the year under review. Our total costs declined by

4.2%

to P1.269 billion.

As you will see in the next few pages, we have taken decisions which will move the business in the right direction, even if they are not profitable in the short-term. To deliver true Transformation, our emphasis is on sustainability and maintaining a medium to long-term perspective.

STRATEGY

We have made some notable progress against our Strategic Objectives. Our investments during the year focused on the three Transformation pillars: Technology, Commercial and Cultural Transformation. We are deliberate about our efforts to build an organisation that is technologically, commercially, and culturally future-focused and able to generate results and deliver sustainable value to our stakeholders. It is our belief that organisations that invest in capabilities over the long-term outperform their peers and achieve more sustainable growth. We have thus invested in Transformation and Growth initiatives which are cross functional, whilst at the same time streamlining and prioritising initiatives which deliver the most value.

From a Cultural Transformation perspective, we continued to make efforts to instil a culture of high performance by improving our people's competencies and changing their mindsets through implementation of behavioural change programmes. We have strengthened our leadership

Our investments during the year focused on three Transformational pillars: Technology, Commercial and Cultural Transformation.

Chairperson's Statement

continued

capabilities, developed a leadership succession plan, and a new talent management programme.
During the period under review, to support our technology transformation, more than 85% of our capital expenditure was spent on transformative projects such as the LTE and, Fibre to the "X" (FTTx) rollouts, the Converged Billing System and the Data Centre. These investments have been able to offer new digital capabilities and have brought us a step closer to fulfilling one of our Transformative objectives of building a digital organisation.

The LTE and fixed broadband rollouts have expanded network coverage and improved network performance. We currently have the widest 4G coverage in the country. We also improved our VSAT capabilities. Our new VSAT service offers improved geographical reach.

We have started leveraging the new digital capabilities which have enabled us to reduce our costs, increase speed to market and offer our customers more value for money. During the year, we launched new mobile and fixed broadband propositions, details of which are available throughout this Report. As the Board, we are supportive of Management's efforts to transform and grow the business, within the confines of good governance and business principles. We understand that pursuing growth that is transformative takes time and comes at a cost.

PEOPLE

As mentioned above, we strongly believe that our team are our most valuable asset. They are the 'engine' of all Transformation efforts and we cannot achieve Transformation and growth without them. We identified capabilities which are required to deliver Transformation and Growth in line with sectoral trends and these informed the development of the recently implemented new organisational structure.

85%

of our capital expenditure for the period was spent in transformative projects such as the LTE and FTTx rollouts

We have, through the implementation of the new organisational structure, been able to align the right people with the right roles, to the greatest extent possible. We see this as a continuous exercise. The Board has availed resources, leadership, financial and otherwise, to ensure that the business can achieve its Cultural Transformation objectives.

We have also ensured that the right and capable leadership is in place. Most Executive positions have been filled, except for a few which we expect to fill in the new year. Post the reporting period, we have also approved the change of structure and introduced a Chief Financial Officer role.

In the long-term, we aim to align the interests of employees to those of BTC to ensure employees are fully vested in BTC's performance.

GOVERNANCE

During the year under review, there was a spotlight on governance as we were faced with news of alleged corrupt practices in both the private and public sector. I would like to assure our stakeholders that BTC endeavours to adhere to the highest corporate governance standards. To that effect, during the year under review, the Board established a new Committee: the Directors Affairs and Governance Committee (DAGC). Its mandate includes, amongst other things, to oversee the process of nominating, electing, and appointing of Directors, performance and evaluation of the Board and to review compliance with the Code of Ethics and Conduct by Executive and Non-Executive Directors.

The BTC Board functions as a key strategic partner and sounding board for Management, without losing sight of their oversight responsibility. This results in very robust discussions, sometimes with strong disagreements, but at the end of the day we make decisions, no matter how difficult, to build a better, transformed BTC. Our Board Members are diligent in their fiduciary duties.

To enhance our corporate governance, the Board continuously assesses its composition in terms of skills and experience. Two new members joined the Board, namely, Mr. Thari Pheko and Mr. Bafana Molomo as Independent Non-Executive Directors. BTC is fortunate to have a Board which possesses a wide variety of skillsets and is able to offer diverse perspectives, from both the public and private sector, rooted in deep experience in finance, industry, and human resources.

We continue to instil a culture of risk management across the organisation. BTC established mechanisms to understand, control, and manage the impact of various risks on its high impact strategic projects. We continue to test our business continuity plans. I am happy to report that the results of all these efforts have been satisfactory.

REGULATORY ENVIRONMENT

BTC operates in a highly regulated and dynamic industry. We value and maintain a high level of engagement with our various regulators, which include the Botswana Communications Regulatory Authority (BOCRA), and the Botswana Stock Exchange Limited (BSE), amongst others. We continue to advocate for regulatory reform that increases competition and maintains a level playing field, enhances transparency, promotes good governance, supports sustainable growth, and protects the interests of consumers and investors.

Towards the end of the financial year under review, effective January 2019, the BSE introduced new Listings Requirements. The new rules require a higher level of disclosure for BTC, Directors and Senior Management. For example, companies are now required to publish Audit and Review Opinions, and Directors and Senior Management are required to notify shareholders of their dealings in the Company's securities.

We continue to discuss and monitor the impact of the new accounting standards, notably IFRS 9 and 15, have on our financial reporting.

We welcome these regulatory developments and we will continue to lend our voice and provide thought leadership on a wide range of regulatory reform issues considering the long-term benefits of the industry and BTC. We do our utmost to ensure compliance with all regulatory requirements.

SUSTAINABILITY

As BTC, we are alive to the growing expectation on companies to drive social and economic impact. We welcome these deliberations because we believe that we can only thrive if societies where we operate also thrive and we are committed to contributing to the socio-economic development of Botswana.

We have for the year under review through, the BTC Foundation, ploughed back more than P500,000 in support of projects and causes in line with the Foundation's focus areas. Details of these investments are found under the Corporate Social Investment (CSI) Report elsewhere in this report. I am happy to note that, during the year, the Foundation approved in excess of P4million towards CSI projects. We take a long-term view with respect to our CSI. We are more concerned with impact and sustainability than with immediate results.

We value collaborative efforts with different stakeholders which allow us to leverage each other's capabilities to open doors of opportunity for our people and bring developments to Batswana, and for Botswana. For example, through our contribution to the Universal Access and Service Fund (UASF), a collaborative initiative between the Government of Botswana, BOCRA and other stakeholders, we continue to bring quality telecommunication services to Batswana. For the year under review, BTC undertook a project to upgrade 3G sites and base stations to 4G in the Ghanzi area covering 18 villages. Through this initiative residents of these villages are now able to access faster Internet and use the various data-centric services.

OUTLOOK

The next financial year, 2019-2020, marks the last year of our three-year Strategy. Over the last two years, we have achieved more clarity on what is possible and how we can improve performance. We will be focused on monetising the network from a commercial perspective which will deliver the financial objectives, and we will be riding on the BTC's new digital and connectivity capabilities, whilst we explore new ways to leverage these capabilities and develop additional ones.

As mentioned earlier, we are aware that Transformation is a process and is evolving. We are therefore open to adapting our planned strategic initiatives in light of future changes in our ecosystem to continue generating consistent Growth over time.

APPRECIATION

Let me take this opportunity to thank my fellow Board Members, whose commitment to steer BTC in the right direction remains unquestionable despite the challenges which come with the process of Transformation. I would also like to thank the Staff and Management of BTC for their hard work and dedication during year. Together, we can achieve as we journey on these Transformation and Growth initiatives as a team.

Lorato Boakgomo - Ntakhwana
Board Chairperson

Managing Director's Statement

Dear Investors and Stakeholders,

It is my pleasure to present to you our 2018-19 Annual Report, a summary and review of Botswana Telecommunications Corporation Limited's (BTC) activities during the year, with a focus on performance against our strategic objectives.

Operating Costs were under control and declined by

4% ▼

The overall mobile market subscriber base increased by

2% ▲

EBIDTA margin increased to

24% ▲

from 23%

We take our role in spurring the growth and transformation of our economy to improve our global competitiveness and enable broad-based socio-economic development and inclusion very seriously.

Anthony Masunga
Managing Director

Managing Director's Statement

continued

At BTC, we strive to ensure all our customers have more to discover, taking their Internet experience to the next level.

The year under review marks the end of the second year of our three-year strategy of Growth and Transformation. Consistent with our transformation efforts, we remain committed to our founding Purpose, which is "To provide superior communications solutions to Batswana anywhere and everywhere to enable them to live connected." We are also aware of our role in the much-needed economic transformation of Botswana. As a converged telecommunications operator, we are an integral part of the Information Communication Technology (ICT) sector which has been identified as a critical enabler for the attainment of the National objective of transforming Botswana into a knowledge-based economy. We take our role in spurring the growth and transformation of our economy to improve our global competitiveness and enable broad-based socio-economic development and inclusion very seriously.

OPERATING ENVIRONMENT

The sluggish growth of the Botswana economy during the year under review resulted in low ICT spend across all customer segments. The Telecommunications sector, as a result, registered suppressed revenue for the period.

In line with global trends, consumers continued to switch to newer and cheaper alternative products with lower margins, i.e. shifting from voice to data centric services, thus increasing pressure on margins. I am, however, pleased to announce that 2018-19 was yet another profitable year for us.

FINANCIAL PERFORMANCE OVERVIEW

BTC recorded a profit after tax of P162m for the Financial year under review, a decline of 25% compared to P217m recorded in the previous year. This is mainly attributable to an 8% decline in total revenue to P1,448m (FY18: P1,567m), and a 28% increase in depreciation to P199m (FY18: P156m)

Our Customer Satisfaction Index has shown an improvement, as turnaround times have improved. The Index improved by

2%

from 66% to 68%.

The satisfaction of our customers is one of our greatest priorities.

due to an increase in investment on mobile and fixed networks. Operating costs were under control and declined by 4% to P693m (FY18: P723m). This resulted in a 5% decline in earnings before interest, taxation, depreciation and amortisation (EBITDA) to P349m (FY18: P368m). Despite the decline in revenues, EBIDTA margin increased from 23% to 24%.

The overall decline in revenue is mainly attributable to unfavourable trading conditions. This saw restrained consumer spend, resulting in a 12% decline on the mobile business despite the introduction of new products and services in the market and other initiatives to promote uptake.

Other revenue lines, such as fixed voice, remained relatively flat, whilst fixed broadband declined marginally. Recovery from the challenges experienced during the year was further exacerbated by mobile customer migration into the new Converged Billing System, which took longer than expected.

MARKET SHARE

Botswana remains a dual SIM market, with mobile penetration in excess of 100%. The overall mobile market subscriber base increased by 2% during the period from 3.18m to 3.35m. We registered a 2% growth in total mobile subscribers; however, our mobile market share declined marginally to 15% (FY2018: 16%). This was a result of the general growth in the overall mobile market subscriber base and an intensely competitive mobile market. We expect to continue to see some SIM cards falling off the market as operators continue to enforce compliance with the SIM registration requirements.

BTC remains the dominant player in the fixed broadband market with 72% market share. We have, however, received some pressure from new and existing Internet Service Providers (ISPs) on the fixed broadband product offering, but have been able to maintain our market leadership position primarily due to our extensive fixed network and improved quality, as well as our simplified and affordable Internet product offering. As a result, we have seen an increase in usage, led by the residential segment, and have registered a 4% increase in fixed broadband usage.

Our suite of data and voice solutions are designed to go beyond the ordinary

Managing Director's Statement

continued

OUR THREE-YEAR STRATEGY TO 2020

The year under review is the second year of our three-year Growth and Transformation strategy which is anchored on three transformation Pillars: Commercial, Technological and Cultural.

OUR EFFORTS TO ACHIEVE OUR STRATEGIC OBJECTIVES AND TO POSITION BTC FOR SUSTAINABLE GROWTH, WHICH STARTED IN THE PREVIOUS YEAR, CONTINUED INTO THE YEAR UNDER REVIEW.

01

The First Year

The first year of our Strategy was to lay the foundation which will allow us to achieve our strategic objectives. We started with alignment of our Technology, Commercial and Cultural objectives to ensure our strategic initiatives are complementary.

We started making investments in expanding, modernising and future-proofing our telco infrastructure, modernising our IT Enterprise systems, developing a new commercial and segmented approach to market and developing plans to build and instil a high-performance culture.

02

The Second Year

For the second year, we continued with the modernisation of our telco infrastructure, and during the year under review, built on the network infrastructure upgrade and continued to roll out LTE and Fibre to the X (FTTx) sites. As part of modernising our IT Enterprise Systems towards building a digital organisation, we rolled out a converged billing platform and commercialised our Data Centre. On the commercial side, we made efforts to monetise the technology investments by rolling out products and services in line with market demand to grow our mobile and fixed broadband market share and improve our customer experience.

03

The Third Year

In the final year, the focus will be on monetising our network through a robust sales and marketing strategy. We will continue our efforts to build a digital organisation in order to differentiate ourselves through improved operational efficiencies and capabilities to offer innovative, customer-centric solutions.

Digitalisation will also increase our scope of service provision, including new digital channels which will improve customer experience and ways of doing business. Post the reporting period, we have already been able to launch our Mobile App, which provides self-service capabilities.

Managing Director's Statement

continued

COMMERCIAL TRANSFORMATION

Our Commercial Transformation efforts are informed by our Commercial Strategy which is anchored on a segmented approach to market and superior customer service. We target the various market segments with relevant and affordable products for their specific needs. As competition intensified, BTC continued to launch new and improved products which resonate with the various customer segments. During the year under review, we launched mobile voice and data products such as Live Social, revamped Turnup Bundles, Live Freely, video bundles, etc., targeting the consumer market. We also launched fixed data products, such as the Net Connect product suite for the Enterprise market, FTTx (FTTC and FTTH) for the Residential market and improved VSAT services, which cut across all market segments.

We also launched some value-added services to improve customer retention and conducted various promotions to stimulate usage of our network. These initiatives were positively received by the market. Post the reporting period, we re-launched our revamped mobile financial service, SMEGA, and have already seen significant uptake of the product.

To improve customer service and experience, during the year under review BTC focused on the Customer Service strategy and implemented a customer service programme to improve turn-around times for installations and repairs, thus enhancing customer experience. Our Customer Satisfaction Index has shown an improvement, as turnaround times have improved. The Index improved from 66% to 68%.

TECHNOLOGY TRANSFORMATION

Over the first two years of the Strategy, we were focused primarily on our technology transformation efforts which are a primary enabler for Commercial Transformation. In these two years, we have significantly increased the number of LTE/4G sites, covering all major locations (urban and rural) of the country. This will improve the customer experience on data, ensuring more coverage and significant speeds. We have also rolled out a fixed broadband expansion programme throughout major centres, providing both Fibre to the Cabinet (FTTC) and Fibre to the Home (FTTH). This deployment assists us in maintaining our leadership position in the provision of fixed broadband services.

During the year under review, we commercially launched our world class Uptime Institute Certified Tier II Data Centre and improved Very Small Aperture Terminal (VSAT) services and have already experienced increased uptake of these platforms.

The new VSAT service offers improved geographical reach (where terrestrial technologies are not available) and is capable of delivering high speed and affordable Internet connectivity of up to 50Mbps anywhere in Botswana. These services have improved service quality and customer experience and BTC has seen an increase in customer retention.

As a result of the expansion of our 4G (LTE) network during the year, BTC has the widest 4G coverage with more than 400 sites covering economically viable parts of Botswana, delivering mobile data speeds of up to 75Mbps. We saw an increase in smartphone penetration on the network as customers continue to switch from feature and basic phones to our affordable 4G-enabled devices in line with our Mobile Device Strategy. The overall mobile subscriber base increased by 6%.

The FTTx expansion of an additional 87 sites has enhanced the BTC's capability to offer higher speed fixed data products such as the improved home internet (now available at 4, 20 and 50Mbps) and the Net Connect product suite for key market segments. We have started to realise some of the anticipated returns as our fixed broadband subscriber base increased by 7% and we expect the positive trend to continue.

The improved quality of our network and increased network capacity will continue to differentiate us from other players in the market, ensuring improved customer experience. We completed the migration of all our customers onto the converged billing platform post reporting period, which will enable us to deliver converged fixed and mobile products across the business. This will continue to be a key enabler to our objective of building a digital organisation.

CULTURAL TRANSFORMATION

As part of our Cultural Transformation programme, BTC continued to make strides in building a high performing company characterised by a strong and capable leadership, and supported by a robust leadership succession plan.

A new organisational structure was approved by the Board and rolled out during the year. BTC also rolled out behavioural change programmes to improve work culture and productivity levels to ensure that we serve our customers more efficiently. This will enable BTC to sustainably achieve results that are above those of our peers. A new Performance Management System tool has been developed and approved and is now being rolled out.

We continue to enjoy a cordial working relationship with the Botswana Telecommunications Employees' Union (BOTEU), premised on a common desire for the success of BTC, mutual respect and an understanding of each others, objectives.

Customers continue to switch from feature and basic phones to our affordable **4G-enabled devices** in line with our Mobile Device Strategy.

4% increase in overall subscriber base

87 additional FFTx sites enable BTC's capability to offer higher speed fixed data products such as the improved home internet

Managing Director's Statement

continued

REGULATORY DEVELOPMENTS

We operate in a highly regulated environment and the regulatory landscape continues to evolve.

Last year, I mentioned that we continued to lobby the Regulator for a more equitable and competitive landscape which is in the best interest of Mobile Network Operators (MNOs) and the public, with a focus on number portability. Post the period under review, the Regulator has announced the commencement of preparations for number portability to be implemented in 2020. This is a welcome development for us as we believe it will significantly contribute to levelling the playing field.

As expected, the enforcement of SIM registration requirements has started to impact the mobile subscriber base. In the year under review, we saw a marginal increase in our subscriber base but expect a downward trend to develop as we continue to enforce compliance with SIM registration. This initiative is expected to result in SIM card disconnections and a reduction in the mobile subscriber base across the board.

There are other regulatory developments which came into effect during and post the year under review which will impact the way we do business. These include the enactment of the New Electronic Payment Service Act, Data Protection Act, and Spectrum Management Strategy, etc. We will continue to keep a close eye on these and manage their impact on the business.

"We will continue to launch more **innovative offerings** that will capitalise on **our high-speed Internet** and **grow data usage.**"

OUTLOOK

The focus for the 2019-20 financial year is to monetise and commercialise the significant investments made in both mobile and fixed networks and IT infrastructure. This in order to position BTC for sustainable growth and to deliver an unparalleled customer experience.

The completion of the Fixed and Mobile Broadband Network (FBB & MBB) has positioned BTC as the best and widest data network in the country, which enables us to offer higher speed Internet through mobile and fixed broadband. We will continue to launch more innovative offerings that will capitalise on our high-speed Internet and grow data usage. We will also continue to expand the value proposition that we offer to all our key market segments.

We expect to see an increase in the volume of transactions from the newly launched digital channels of Mobile Financial Services (SMEGA) and the BTC Mobile Application which offer more convenience to the customer.

To improve profitability margins, BTC will focus more on driving efficiencies in the areas of transmission, billing systems convergence and consolidation of system support contracts. As part of our digital transformation, we intend to automate most of our processes to give customers a seamless digital experience through easier access and usage of our communication technologies.

We believe that, given the investments that have been made, BTC is now better positioned to deliver value to its investors and stakeholders in the future.

APPRECIATION

I would like to thank the Board, Executive team and Staff for their continued support and assistance.

All our plans, objectives and achievements would not be possible without our dedicated employees. Their hard work, commitment and sacrifice will not go unnoticed.

Anthony Masunga
Managing Director

Find **your location** accurately and faster

STRATEGIC PERFORMANCE REVIEW

03

BTC has a clear and transparent strategic intent to create shareholder value. We are committed towards ensuring we deliver, meaningfully and sustainably, on our strategic plan. In this section, we look at our strategic performance in the year under review.

Strategic Themes

The Strategic Intent pursued by BTC is to create shareholder value through the delivery of innovative solutions, increasing mobile and broadband market share, and to fix the basics in order to be able to deliver a superior customer experience.

BTC has identified five broad thematic areas central to executing this intent. These key result areas are Growth, Customer Experience, Efficiency, Innovation, and a High-Performance Culture.

The strategic plan focuses on five key themes:

1. **Growth –** BTC growth will be driven by an improved mobile and broadband customer experience, new products, and new market growth both locally and regionally.
2. **Customer Experience –** BTC will create a superior customer experience by delivering the right products and services to customers in response to established needs.
3. **Efficiency –** BTC will demonstrate cost leadership through improved revenue margins, reduced operational costs, and improved returns.
4. **Innovation –** BTC will develop new products and lines of business that give us a competitive advantage.
5. **High Performance Culture –** BTC seeks to transform itself into a high performing company that is characterised by superior leadership ability and talented people who are results oriented.

Brand Purpose

Our Brand purpose is Powering Botswana with connectivity to advance life.

Coverage Wherever You Go - Widest coverage network always connecting people to opportunities, wherever they go.

Simplicity and Ease - Expertise in service innovation to simplify convergence and provide an easy user experience.

Convergence for a Better Botswana - BTC is the only operator with a fixed mobile convergence infrastructure to boost the economy and the spirit of Botswana.

Strategic Focus to 2020

BTC's three-year strategic focus to 2020 remains one of Growth and Transformation, themed around Technology, Commercial and Culture.

The achievements under each theme are summarised below:

01

TECHNOLOGICAL TRANSFORMATION

BTC is transforming and modernising its network and at the same time improving the quality of user experience.

We continuously invest in our networks in order to offer our customers the widest coverage, fastest speeds and the best network quality, while making our services more affordable. Investing in the latest generation network technology allows us to lower operating costs while improving our capacity to handle increased traffic volumes.

This means that BTC can pass more cost savings onto customers while providing higher levels of service quality on demand, even as volumes increase.

02

COMMERCIAL TRANSFORMATION

Our approach to the market is segment based - we want to engage with our customers and gather essential insights to improve our value proposition and provide a seamless customer experience. We have developed an integrated Commercial Strategy with the intent of growing revenue and gaining our market share while giving value to our customers.

03

CULTURAL TRANSFORMATION

BTC seeks to transform into a High Performing Company that is characterised by superior leadership ability and talented, results oriented people with the requisite skills. This will enable BTC to remain competitive and sustainable.

Strategy Performance Update

BTC identified the following strategic programmes to anchor the three transformation pillars:

01

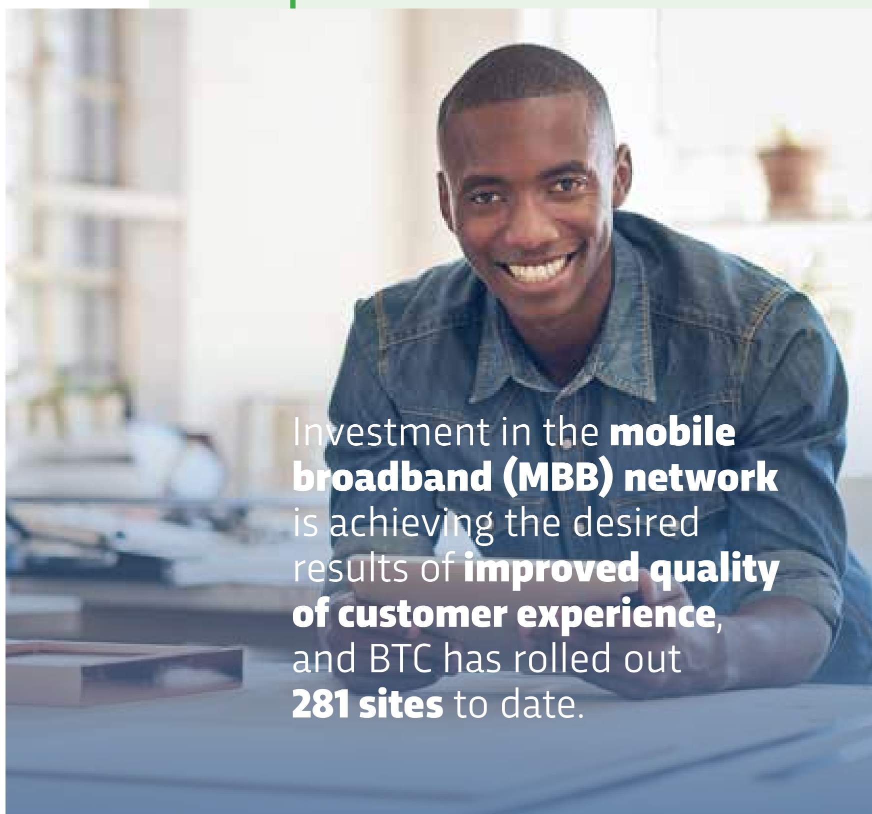
TECHNOLOGY TRANSFORMATION

CONVERGED BILLING

Phase 1 of the Converged Billing Platform was implemented in March 2018. Mobile Prepaid, Mobile Post-Paid and Fixed Prepaid platforms were migrated. Migration of Fixed Post-Paid customers was completed in June 2019.

DATA CENTRE AND INFRASTRUCTURE CONSOLIDATION.

As part of the BTC digitisation program, the Data Centre and IT Infrastructure Consolidation Project was commercially launched in March 2019, and there has since been an increase in uptake of customers hosted in the Data Centre.



MOBILE BROADBAND

Investment in the Mobile Broadband (MBB) network is achieving the desired results of improved quality of customer experience, and BTC has rolled out 281 sites to date. The deployment of MBB has resulted in BTC 4G being the best in the country, both in terms of coverage footprint and download speed. This has led to an upsurge in mobile data usage and an increase in 4G subscriptions.

The quality of voice service on the mobile network has also improved and exceeded set targets with reductions in network congestion rates and drop call rates.

FIXED BROADBAND

In the Fixed Broadband space, BTC has deployed and commissioned a total of 81 Fibre To The Cabinet (FTTC) nodes in Gaborone, Francistown, Kasane and Maun, and has extended Fibre to The Home (FTTH) in Phakalane Golf Estate and Gaborone North, providing fibre-based connectivity to hundreds of households. The FTTx service was launched in major centres and customers are now able to experience high-speed Internet connectivity; up to 50Mbps for FTTC and 100Mbps for FTTH.

VSAT

BTC upgraded its VSAT system to a state-of-the art platform which is capable of delivering high speed and affordable Internet connectivity up to 50Mbps. As a result of improved service quality, BTC has seen an increase in customer retention. VSAT services have seen increased uptake particularly from farming communities, as well as tourism and hospitality facilities countrywide.

Strategy Performance Update

continued

02

COMMERCIAL TRANSFORMATION

Efforts to **improve customer experience** are beginning to bear fruit.

GROW MOBILE BROADBAND

The roll-out of the 4G sites enabled BTC to introduce new mobile data products targeted to different segments of the market. We launched new propositions such as Live Social bundles, revamped turn up bundles and video bundles. For post-paid we were able to offer customers Pro connect bundles which offers customers a range of data bundles, voice and an option of 4G high-end device.

GROW FIXED BROADBAND

We introduced:

- New internet home packages (4, 20 & 50 Mbps). The roll-out of FTTH in Phakalane & Gaborone North also has enabled BTC to offer even higher speeds of more than 50Mbps.
- Net connect suite offers, broadband products which give SME businesses reliable and burstable internet speed.
- "My internet my office" solution for Corporates, which is a solution that offers corporate the ability to have internet for their office premises, the customers and their employees all at once.

Other Offerings

- We also introduced a new VSAT offering, which gives our customers, including those in remote hard to reach areas, access to the Internet and transmits and receives data, voice, fax, or video conferencing via satellite.
- BTC has relaunched its money financial service called SMEGA. This allows customers to deposit or withdraw money, pay bills, buy electricity, airtime or data bundles from their wallet. The service has a Bank to wallet feature and a new innovation called Motshelo group as well as Bulk payments.
- We have also introduced Mobile App that gives customers convenience to access our services through their phones and online application for services.

As part of our customer experience programme, BTC introduced "In a day service" which is aimed at improving customer service turnaround times. Customer Satisfaction index improved from 66% to 68%, an indication that efforts to improve customer experience are beginning to bear fruit.

03

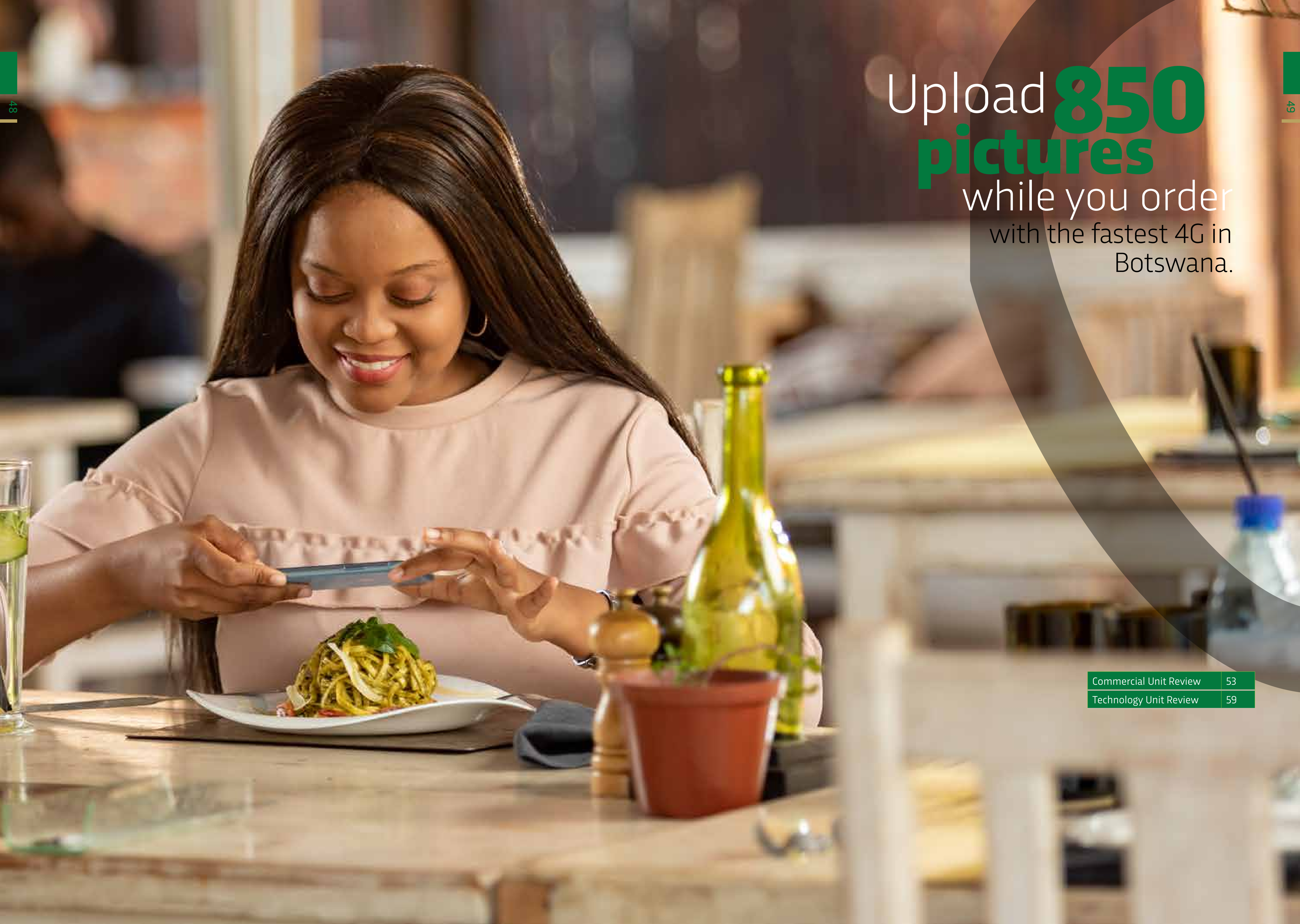
CULTURAL TRANSFORMATION

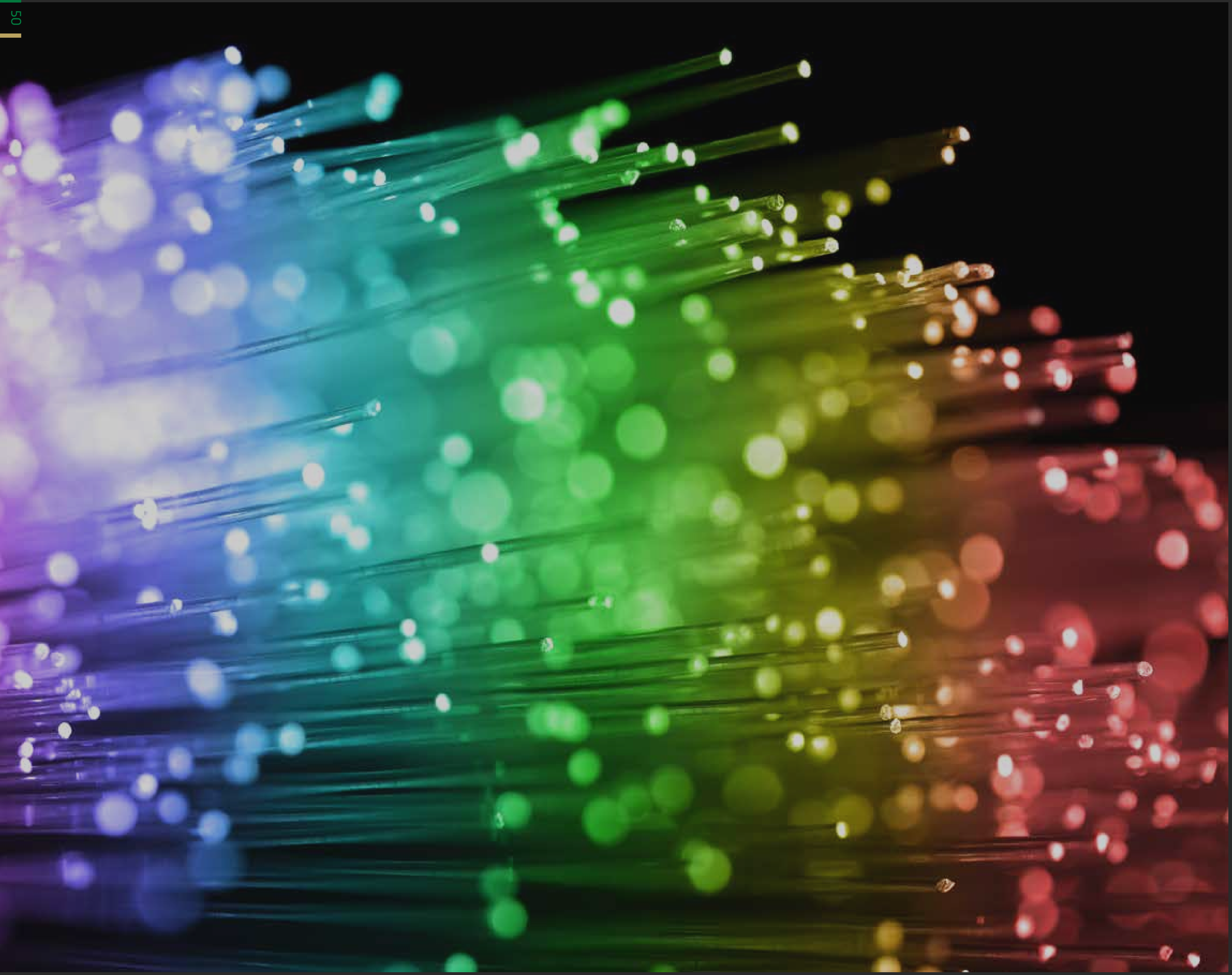
BTC undertook three strategic initiatives:

- Organisational Structure review and implementation,
- Build Strong and Capable Leadership, and
- Leading at the Speed of Trust (LSOT).

BTC was able to achieve the following:

- COMPLETION OF THE RESTRUCTURING EXERCISE WITHIN THE ANTICIPATED TIMEFRAME
- SUCCESSION PLAN DEVELOPED AND APPROVED BY THE BOARD
- NEW PMS TOOL DEVELOPED AND APPROVED AND NOW BEING ROLLED OUT
- ROLL OUT OF THE BEHAVIOURAL CHANGE PROGRAMME


Upload 850 pictures
while you order
with the fastest 4G in Botswana.



OPERATIONAL PERFORMANCE REVIEW

COMMERCIAL AND TECHNOLOGY

04

A key part of what helps us ensure we truly deliver on our strategic intent is making sure that, from an operational perspective, everything is clear, purposeful, and seamless. This section speaks to our operational performance in the year under review.

Commercial Unit Review

Like all growing economies, Botswana is part of a rapidly developing and technology-dependent world in which everyday life is heavily digital BTC continues to play its central role in the digital transformation of Botswana.

The growing use of smartphones, the Internet, Apps and Artificial Intelligence (AI), and more technology-driven means of interaction are changing how we communicate. This is something we at BTC are wholly alive to.

Why BTC?

1 CONVERGENCE

Offers Mobile and Fixed Broadband Services
Seamless Hybrid (Postpaid with Prepaid)
1 Stop shop

2 PROXIMITY

Widest Network Coverage
Largest footprint countrywide for technical and commercial support
24/7 contact and fault report centre (121 or 1333)

3 BEST SOLUTIONS

Largest and fastest growing 4G rollout across the country
Competitive rates
Bespoke solutions
Best value added services

Commercial Unit Review

continued

CONSUMER PRODUCTS

BUILDING A DIGITAL LEADER IN DATA COMMUNICATIONS

The Commercial Unit is capitalising on the BTC's digital transformation programme and has made strides through enhanced product and service offerings to improve customer experience, increase revenue and reduce operational cost.

The focus of the past financial year has been to evolve the BTC's customer base, to use more data centric products and introduce convenient channels through which customers can easily access our services e.g. purchase airtime through BTC's newly launched mobile financial service platform, SMEGA.

During the year BTC rolled out more LTE sites to increase its 4G coverage for an improved customer experience. The 4G roll-out has enabled customers to experience faster internet offering a better and faster browsing and downloading experience than any other network in Botswana. Increasing demand for social media consumption, video downloading and browsing gave BTC the opportunity to introduce new data-driven products such as Live Social bundles (a social media-based product bundle), revamped TurnUp data bundles (data bundle that gives customers all access to internet, whether it is browsing, streaming or gaming) and video-based bundles for DStv customers who can now enjoy watching their favourite programmes on the go. These products cater for the Prepaid segment. We intend to launch more content propositions to leverage on the 4G network and enable our customers to enjoy an improved user experience.

BTC also rolled out a new Smartphone Strategy by offering customers a range of affordable low end to high-end 4G devices to enable them to enjoy the 4G experience.

Through the recently launched mobile financial service, SMEGA, customers are able to pay their BTC and utility bills, and to purchase airtime and data for themselves and for others with the click of a button on their mobile devices.

This service creates convenience for customers who now can simply use their phone as a bank to save money and make a variety of payments. It promotes greater access and inclusion in an increasingly fintech environment.

BTC also has post-paid offers such as Pro-connect which allows customers to get device plus data, voice packages based on their usage or through the SIM only package select a bundle that caters for their need. Our high usage data customers have the option of selecting Pro-data bundle which is designed for data only users or customise their package through our Build Your Own Package (BYOP) offer.

These packages are suited for the customers that prefer to have fixed bundle or product package of 6, 12 or 24 months.

The BTC LTE network offers customers **a better and faster browsing, gaming and downloading experience** than any other network in Botswana.

CONSUMER SALES

The consumer products are sold and distributed through multiple channels, both direct and indirect.

The primary direct distribution channel for consumer products is through our retail outlets. These include our 23 retail stores spread across the country, with more scheduled to be opened in the next financial year, including in Shakawe and Letlhakane.

During the year, we introduced a Mobile Service Truck which has enabled us to reach previously unserved areas across Botswana, enabling us to further live our purpose of providing superior communication solutions to Batswana anywhere and everywhere to ensure that they live Connected.

INDIRECT SALES

In addition to retail outlets, BTC has indirect sales distribution channels for consumer products, which use third party dealers, sub dealers, street vendors (commonly known as runners or "Mma Sekhukhu") and Banks to distribute BTC Products and Services.

We have extended our indirect retail foot print to include "BTC Service Points". Service Points are provided through partnerships will small local businesses to offer BTC products and services in areas where BTC's presence was previously limited. More than 250 service centres were set up during the year under review, with more expected in the next financial year. These channels sell airtime, SIM cards, SIM replacement and also offer SMEGA services.

In a bid to embrace digital transformation, BTC has improved the USSD menu for runners, which protects them against erroneous transactions - mostly as a result of human error. The plan is to introduce PIN-less transactions and Omni channels to give customers multiple product purchase and utilisation options on the various platforms.

Commercial Unit Review

continued

ENTERPRISE SEGMENT

The Enterprise segment is critical for facilitating and supporting customer operations by providing products and services that are relevant to their businesses.

ENTERPRISE PRODUCTS

- INTERNET FOR YOUR OFFICE
- NETWORK SOLUTIONS
- VOICE & COLLABORATION
- ON THE GO SOLUTIONS
- CLOUD SERVICES
- HIGH VALUE MANAGED SERVICES

BTC is the partner of choice for Enterprises as it offers an assortment of mobile, fixed voice and broadband products and solutions in one place. BTC fixed voice products include a fixed line and a PABX suite, while fixed data products include dedicated Internet lines, MPLS lines and Enterprise WIFI to cater for all corporate Internet needs. BTC also offers employers who want to have a mobile arrangement for their employees automated credit loading (ACL) product.

BTC has continued to evolve its Enterprise offering with the new state-of-the-art Sentlhaga Data Centre. The Data Centre is the first and only Uptime Institute Certified Data Centre in Botswana and one of only a few in Africa. Built to be the heart of BTC connectivity and digital capabilities, the facility offers a secure, scalable, cost effective environment to house customers' ICT platforms and is the home to BTC's Cloud Connect offerings. It offers a balance between managing critical business data and offering a secure facility to host IT systems, providing customers security and reliability that meet their business needs.

Customers registering for Sentlhaga Colocation Services get a secure, dedicated space to physically house their ICT equipment in a controlled environment, with a regulated power supply. A connectivity service is an additional value-add offered as part of the colocation.

BTC also revamped its VSAT (Very Small Aperture Terminal) platform communication solution that offers enhanced connectivity for businesses and homes that are situated in remote areas of the country that are not traditionally able to access the internet.

This is a step towards the realisation of the ultimate goal of seamlessly connecting anyone - whether at home, at a business or elsewhere.

The new improved satellite platform offers customers greater efficiency and higher bandwidth capacity.

ENTERPRISE SALES

We have a team of dedicated Relationship Managers who ensure personalised relationships that result in a better understanding of customers' business requirements, thus enabling BTC to provide customised solutions tailored to addressing customers' identified needs.

The Relationship Managers are further supported by a back-office team that ensures that customer requirements are quickly fulfilled. The Enterprise segment also has a team dedicated to managing and growing BTC's footprint in both roaming and international interconnect to ensure customers are able to roam on every continent and that BTC customers are able to select their international operators of choice.

BTC's Enterprise approach is to be the partner of choice for businesses so that services advance and support customers' business needs.

CUSTOMER EXPERIENCE

One of our key strategic objectives is to drive and enhance customer experience.

It is our priority to ensure that our customers have a great experience at all our customer service points, whether in person, over the phone or online.

Our primary Post Sale customer service point is the Contact Centre. Through the contact centre we endeavour to provide customer query resolution on first contact.

The contact centre system has been upgraded, and now includes a web-based platform which allow for easier interaction through different media platforms. The Centre is supported by a technical team, which is roped in for more complex queries.

To further enhance our customer experience, the Company launched additional service channels. Customers are now able to apply for services online 24/7 from the comfort of their homes. We also post reporting period launched a Mobile App, with similar capabilities as a retail front office service consultant.

The interactive app allows customers to have access to their bills, information on product and services, purchasing capabilities, store locations and contacts, with more services to be added in the near future. The ultimate goal remains a paperless process through an interactive self-service platform that gives the customer greater control.

We also have a team of dedicated Relationship Managers who take care of our SME and Corporate customers and are the main liaison between the customers and the business.

BTC Towers
Widest coverge

Technology Unit Review

BTC continued to make significant investments in modernising its telecommunications infrastructure.

The investments were geared towards fixed network modernisation and mobile network expansion founded on the latest technologies which are based on Software Defined Networks (SDN) and Network Function Virtualisation (NFV).

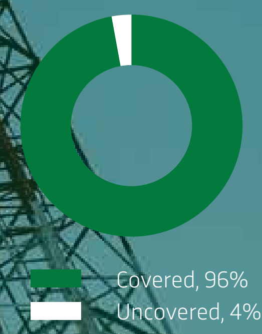
Widest Coverage

LTE COVERAGE FOOTPRINT IN URBAN AND SEMI URBAN LOCATIONS AND VILLAGES

400+

sites across Botswana

POPULATION COVERED BY BTC NETWORK



Technology Unit Review

continued

MODERNISATION OF THE TELECOMMUNICATIONS INFRASTRUCTURE

BTC continued to enhance the ability of the transmission network to support the radio access network by connecting more base stations with fibre and high-speed IP microwave transmission, thus improving the quality of service and extending access.

The continual enhancement of the telecommunications environment is a basis for competitiveness in the telecommunications industry and is an important element of improving customer experience and ensuring customer satisfaction.

As a customer-centric and proactive mobile network operator, BTC has implemented an integrated Fault Management and Performance Management Solution as a strategic initiative of the integrated network management platform. This was done to improve the quality of and ensure overall visibility of the network performance. Continual monitoring of these has helped in guiding the installation of additional capacity to where it is most needed, thereby resolving capacity constraints.

NETWORK COVERAGE AND RELIABILITY

BTC mobile network coverage continues to be the widest in the country and covers over 96% of the population. BTC has significantly increased its LTE coverage footprint, covering urban and semi urban locations and villages across Botswana, with over 365 sites commissioned as at end of the year under review. Additional sites will be deployed during the 2019/20 financial year to address coverage gaps and for densification in the two cities, Gaborone and Francistown. BTC has also improved its fixed broadband services with Fibre to the "X" (FTTx) deployed in urban areas. BTC commissioned its VSAT service that uses a High Throughput Satellite (HTS) delivery high speed broadband connectivity anywhere in the country.

OUR MOBILE AND FIXED NETWORKS

BTC continued to deploy FTTx in urban areas to facilitate access for the ever-growing high-speed broadband market. In collaboration with BoFinet, BTC has already started deployment of Fibre to Homes (FTTH) and businesses. It is expected that all cities will be covered by either FTTC, FTTH or wireless broadband solutions during the 2019-2020 financial year, while major villages and towns will be covered with wireless broadband (WTTX) technologies. This will significantly improve the quality of customer experience due to the high-speed broadband capability of the new technology systems.

BTC also continued to invest in the deployment of 4.5G LTE services across the country. The LTE network provides the fastest mobile broadband speed within the allocated spectrum and is being delivered in partnership with one of the leading international vendors. The rollout ensures adequate coverage in all targeted locations. The 4.5G LTE and the VSAT system provide ubiquitous connectivity to all localities within the boundaries of Botswana including hard-to-reach places in the Okavango Delta and remote farming areas. The fixed broadband network and VSAT systems are capable of delivering internet speeds up to 50Mbps.

The 4.5G LTE technology is also used for fast deployment of fixed wireless broadband (Wireless to the X or WTTX) in areas that FTTX has not reached yet. The wireless technology used is a combination of WTTX and Point-to-Multi Point depending on the suitability of the solutions with respect to the type of connectivity and service required by a particular customer.

SPECTRUM & LICENSES

BTC has spectrum on the following frequencies:

GSM900 – 6Mhz,
GSM1800Mhz - 12Mhz,
UMTS2100 - 10Mhz,
LTE1800 – 10Mhz,
FixedLTE2300Mhz – 40Mhz
Point-to-Multi-Point 3500Mhz – 30Mhz

This spectrum enables BTC to provide the highest speed wireless Internet services across the country at the highest throughput ever experienced in Botswana.

MODERNISATION OF ENTERPRISE IT INFRASTRUCTURE

In pursuit of a flexible, scalable IT environment that enables a digitised ecosystem, BTC continued the evolution towards a modernised Enterprise IT Infrastructure. The establishment of a first Uptime Instituted Certified Tier II Data Centre is complete, and focus has now turned to the commercialisation of the various associated products including colocation and cloud services for BTC clientele. Migration of services from the internal current IT services hardware to the virtualised environment within the new data centre has begun and will continue through the 2019-2020 financial year. BTC continues to be a leader in cloud and digital services resulting from the modernisation of its Enterprise IT Infrastructure.

THE CONVERGED BILLING SYSTEM

Phase 1 of the convergence of BTC billing systems was completed in March 2018. In this first phase, BTC migrated fixed prepaid and mobile services to the new converged billing system.The second phase of this project included migration of the fixed post-paid services to the new converged billing system. The project was completed post reporting period, in June 2019.

The converged billing platform is expected to yield a number of key benefits, and will:

1. Simplify the system's architecture and minimise systems integration points;
2. Reduce total cost of ownership due to operating multiple legacy billing systems;
3. Improve service turnaround time due to enhanced business process automation; and
4. Enhance customer experience.

DIGITAL TRANSFORMATION STRATEGY

With a focus on enhancing the customer experience, during the year under review, BTC embarked on a business process to develop the Digital Transformation Strategy, focusing on customer journey maps.

The Strategy seeks to enhance the roadmap for the customer-focused digital transformation of BTC.

The Strategy seeks to:

- Improve Customer Experience;
- Improve Time to Market;
- Offer Quad-Play services;
- Reduce IT complexity and improve service uptime and reliability; and
- Establish an Integration Centre of Excellence.

SECURE SERVICES, SECURE BATSWANA

While Internet accessibility and digital services continue to grow in Botswana, so do the cyber risks associated with these technological advancements.

BTC owns and operates some of the National Critical Infrastructures, making it imperative to implement a robust and effective Information Security Framework.

This is geared towards ensuring that there is increased reliability through secure services, regulatory compliance and, as a result, improving customer and business partner confidence.

Faster **connectivity** and interactivity

SUSTAINABILITY REVIEW
PEOPLE AND ENGAGEMENT

05

In our view, Sustainability must inherently go beyond short-term thinking and action. It is about driving a deep-rooted philosophy to create long-term shareholder and stakeholder value across ethical, social, environmental, cultural and economic spheres. In this section, we review our business sustainability.

Board of Directors

The Board's individual duties are primarily to define BTC's purpose and then to ensure a robust strategy is in place to execute the long-term purpose of the organisation.

1. MS. LORATO BOAKGOMO - NTAKHWANA
   Independent Non-Executive Director, Chairperson
2. MR. ANDREW JOHNSON
   Independent Non-Executive Director
3. MR. RANJITH PRIYALAL DE SILVA
   Independent Non-Executive Director
4. MR. BAFANA MOLOMO
   Independent Non-Executive Director
5. MS. CHOICE PITSO
   Independent Non-Executive Director
6. MR. MACLEAN LETSHWITI
   Independent Non-Executive Director
7. MR. THARI G. PHEKO
   Independent Non-Executive Director
8. MS. SERTY LEBURU
   Independent Non-Executive Director
9. MR. ANTHONY MASUNGA
   Managing Director

Board of Directors

continued

MS. LORATO BOAKGOMO - NTAKHWANA

INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIRPERSON

Board Chairperson
Chairperson - Directors Affairs and Governance Committee

Member: Human Resources Committee

Date of Appointment: October 2016
Nationality: Motswana

Ms. Boakgomo-Ntakhwana is a career banker whose professional experience spans over 30 years. She previously held a position of Deputy CEO of FNB International and Portfolio Executive for Emerging Countries. Prior to this role, she was the CEO of First National Bank Botswana Limited.

She has been associated with the FirstRand Group since August 2008 where she served as a Board Member and Board Committee Member in several countries. Currently, she is the Managing Director of Sally Dairy. Ms. Boakgomo-Ntakhwana has a Bachelor of Commerce degree from the University of Botswana and an MBA from Loyola College in Baltimore, USA, and holds several other professional qualifications.

MR. ANDREW JOHNSON

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson - Technology and Investment Committee

Date of Appointment: May 2017
Nationality: South African

Mr. Johnson is a telecommunications expert whose career in the industry spans over 34 years, with a special focus on mobile telecommunications and fibre infrastructure development. He has worked as Chief Technical Officer for the MTN Group, Chief Executive Officer for MTN Rwanda, and Chief Technical Officer for MTN Uganda, as well as other positions within the MTN Group. Prior to that, he worked as a telecommunications engineer for Eskom.

Mr. Johnson has extensive business and technology management consulting experience within the Sub-Saharan Africa and the Pacific regions in 18 different countries for the African Development Bank, World Bank and other entities and operators. He has worked as Principal Consultant at Tubitayeho Telecomms Consulting in South Africa for the past 11 years.

He previously served as a Director for MTN subsidiaries in Cameroon, Cote d'Ivoire, Nigeria, Rwanda and Uganda, whilst working for MTN Group and MTN International.

Mr. Johnson holds a BSc (Eng) Electrical - Light Current, from the University of the Witwatersrand in South Africa, with a specialisation in Telecommunications and Alternative Energies.

MR. RANJITH PRIYALAL DE SILVA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson - Audit and Risk Committee

Member: Human Resources Committee, Directors Affairs and Governance Committee

Date of Appointment: May 2017
Nationality: Sri Lankan

Mr. De Silva is a Chartered Accountant whose expertise covers Auditing, Accounting, Tax Planning, Financial Investigations and Fiscal Management.

Now retired, he has over 36 years of experience in the profession mainly spent at PriceWaterhouseCoopers (PwC) Botswana, where he was a partner for 19 years and Chief Operating Officer for 9 years. While still with PwC Botswana, he served a large portfolio of Audit/Tax clients and provided Business Advisory Services to many large privately-owned corporates in Botswana.

Mr. De Silva is an Independent Non-Executive Director for three Old Mutual subsidiaries in Botswana and Debt Participation Capital Funding Limited.

He is a member of numerous professional bodies including, Associate Member of the Chartered Institute of Management Accountants (CIMA) of UK and Fellow Member of the Botswana Institute of Chartered Accountants (BICA) and the Institute of Chartered Accountants of Sri Lanka.

MR. MACLEAN LETSHWITI

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member: Technology and Investment Committee

Date of Appointment: October 2016
Nationality: Motswana

Mr. Letshwiti is a respected entrepreneur whose expertise spans business management, commercial and industrial development, and project appraisal and monitoring. He was instrumental in setting up Avis Rent-a-Car.

He is currently a Director of several companies, namely: Kalahari Mining and Machinery, Laurelton Diamonds Botswana (a subsidiary of Tiffany and Co. and a company listed on the New York Stock Exchange), and Avis Rent-A-Car.

He has served on a number of Boards of listed companies, including the Botswana Insurance Holdings Limited (BIHL) Group, of which he was Chairman. He was also a Board Member of Botswana Housing Corporation (BHC), among other entities.

Mr. Letshwiti holds a Bachelor of Arts degree in Administration from the University of Botswana and Swaziland (Botswana campus) and other professional and leadership qualifications.

MS. CHOICE PITSO

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson - Human Resources Committee

Date of Appointment: April 2012
Nationality: Motswana

Ms. Pitso is Head of Human Resources (HR) at Metropolitan Botswana. She has over 15 years of general HR management and diverse industry experience in Government, private and parastatals ranging from Department of Mines, Laurelton Diamonds Botswana, Botswana Agricultural Marketing Board (BAMB), and Debswana Mining Company. Her experience includes development of human resources strategies, their integrated implementation across human resources functional areas of resourcing, learning and development, talent & succession management, staff remuneration and rewards and employee relations, as well as provision of HR operational leadership and internal HR consultancy.

She holds an MSc in Human Resource Management from the University of Manchester, UK, and a BA Social Sciences degree from the University of Botswana. She is also a member of the Institute of People Management (IPM) South Africa, and previously served as Publicity Secretary for Botswana Institute of Human Resources Management (IHRM).

Board of Directors

continued

MR. BAFANA MOLOMO

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member - Audit and Risk Committee, Directors Affairs and Governance Committee

Date of Appointment: September 2018
Nationality: Motswana

Mr. Molomo is co-founder and Managing Partner at Aleyo Capital, a Botswana-based private equity fund manager. He was previously the Chief Investment Officer at Botswana Development Corporation (BDC) having joined from Vantage Capital.

Prior to that, he was with VPB in Botswana and Namibia as a senior investment professional in their private equity team. He began his career as an investment analyst with Fleming Asset Management.

He brings extensive experience in private equity, corporate finance, strategy and project finance.

Mr. Molomo earned a Bachelor of Commerce (Economics and Finance) and an MBA from the University of Cape Town. He also holds a Post-graduate Diploma in Business from the University of Pretoria's Gordon Institute of Business Science. He has also held a number of Board roles in hospitality, healthcare, ICT, property, FMCG and beverage companies.

MS. SERTY LEBURU

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member: Audit and Risk Committee, Technology and Investment Committee

Date of Appointment: April 2009
Nationality: Motswana

Ms. Leburu is currently the Executive Director of Botswana Accountancy College (BAC). She was previously a Deputy Chief Executive Officer-Support Services at Botswana Housing Corporation (BHC). She served as Deputy Chief Executive Officer at Standard Chartered Bank of Botswana before joining BHC. Prior to joining Standard Chartered Bank, she spent 17 years in the diamond mining sector.

She has broad experience in all areas of strategy, finance, governance, supply chain, risk management, general administration and leadership.

Ms. Leburu graduated with a Bachelor of Commerce degree from the University of Botswana and is a Fellow Chartered Accountant (FCMA) with a CIMA qualification.

MR. THARI G. PHEKO

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member: Technology and Investment Committee

Date of Appointment: September 2018
Nationality: Motswana

Mr. Thari G. Pheko is the founding Chief Executive and Member of Botswana Communications Regulatory Authority (BOCRA) Board, having been the Chief Executive of the sector-specific regulator, Botswana Telecommunications Authority (BTA), for six years. (He successfully managed the transition from BTA to BOCRA, which saw adoption of a wider integrated ICT regulatory mandate.)

Mr. Pheko has consulted on the Information Society and ICT Development Strategy and the formulation of the National ICT Policy for Botswana.

He previously held Board Membership of Botswana Post. He was President of Botswana Information Technology Society and also a Commissioner of the Botswana National Commission for UNESCO. He is an ICT Consultant and serves on Boitumelo Foundation.

He holds a BSc. (Hons) in Business Finance and Economics and an MSc. in Management Information Systems from University of East Anglia, UK. He has attended numerous Executive Management Programme from University of Cape Town, University of Kent Canterbury, Rutgers University and other professional institutions.

MR. ANTHONY MASUNGA

EXECUTIVE DIRECTOR
MANAGING DIRECTOR

Date of Appointment: January 2017
Nationality: Motswana

As Managing Director, Mr. Masunga is tasked with leading the Transformation and Growth of BTC post BSE listing to deliver shareholder value. He provides overall leadership to the business, including ensuring adherence to the highest corporate governance standards, management of all financial and technical systems and processes, and development and management of human capital.

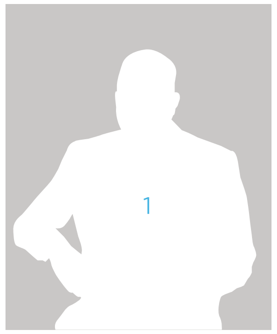
He was previously the Company's Chief Operating Officer, Acting Group General Manager Commercial and Privatisation Programme Manager, and is the founding General Manager of beMOBILE (now BTC Mobile).
He has over 20 years' experience in the field of Telecommunications and Information Technology. Mr. Masunga holds a BSc Computer Science degree from McGill University (Canada) and an MBA from De Montfort University (UK). He is an Alumni of the University of Stellenbosch Business School, having completed their Executive Development Programme.

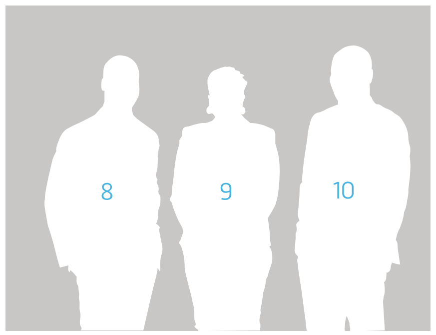
Executive Management

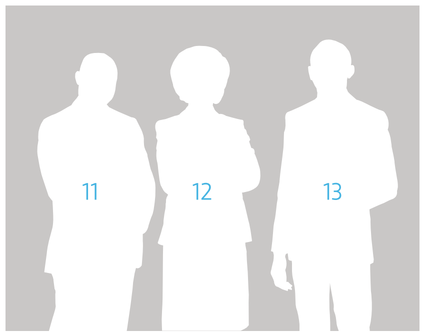
Executive Management

continued

BTC is proud to have an Executive Management team that wields unrivalled expertise and experience and who are are united in their ambition to deliver on BTC's Strategy.







1. ANTHONY MASUNGA
Managing Director
2. ALDRIN SIVAKO
Chief Operations Officer
3. EDWARD WICKS
Chief Commercial Officer
4. LEBUDI KGETSE
General Manager, Enterprise (A)
5. KUTLO MOKGOSANA
General Manager, Transformation
6. MALEBOGO MOSINYI
General Manager, Marketing
7. NELSON DISANG
General Manager, Information Systems
8. SIDNEY MGANGA
Company Secretary
9 MAMOTSE M. MONAGENG
General Manager, Support Services & Human Resources
10 PETER OLYN
General Manager, Technology
11. SAME READ KGOSIEMANG
General Manager, Internal Audit and Risk Management
12 BOITUMELO MASOKO
General Manager, Consumer Sales
13 ABEL BOGATSU
General Manager, Finance

1 ANTHONY MASUNGA

MANAGING DIRECTOR

Date of Appointment: January 2017

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He has over 20 years' experience in the field of Telecommunications and Information Technology. Mr. Masunga holds a BSc Computer Science degree from McGill University (Canada) and an MBA from De Montfort University (UK). He is an Alumni of the University of Stellenbosch Business School, having completed their Executive Development Programme.

2 ALDRIN SIVAKO

CHIEF OPERATIONS OFFICER

Date of Appointment: October 2017

Mr. Sivako is responsible for the technical arm of the business, being the Information Systems Division, Technology Division, Corporate Security Services, and the Transformation Office. He provides leadership in implementing BTC's Information Systems and Technology Strategy, corporate programmes portfolio delivery, corporate security initiatives and identifying and forging relationships with strategic partners.

He has 19 years of experience in the telecommunications industry, and He is highly experienced in strategy formulation and execution, business development, product development/ management, technology planning and design (fixed, mobile and technology convergence) and project management.

He holds a Master of Business Administration degree from the Management College of South Africa (MANCOSA) and a Bachelor of Engineering (Hons) degree in Telecommunication Systems from Coventry University (UK). He is an Alumnus of the University of Stellenbosch Business School Executive Development Programme.

3 EDWARD WICKS

CHIEF COMMERCIAL OFFICER

Date of Appointment: April 2018

Mr. Wicks oversees the commercial arm of BTC, directing and driving performance in the Dynamic Marketing, Enterprise Sales, Consumer Sales and Quality of Service functions within the organisation. He is responsible for the delivery of BTC's Commercial Strategy.

He has been in the telecommunications industry for more than 24 years and has in-depth knowledge and expertise in most aspects of telecommunications. This includes Commercial Management, Strategic Marketing, Product Development, Business Development and Distribution. He has held various senior positions and directorships in numerous companies. As a strategic consulting expert, he has also been involved in launching two new mobile networks.

He holds a Bachelor of Commerce (Hons.) degree from the University of Edinburgh (UK).

4 LEBUDI KGETSE

GENERAL MANAGER ENTERPRISE SALES (A)

Date of Appointment: November 2018

Mr. Kgetse's role is to develop and maintain a robust Sales Strategy for the Enterprise Market segment (Corporates, Government and Licensed Operators) that will drive sales and revenue growth, thus contributing towards the delivery of shareholder value for BTC.

He is also responsible for positioning BTC to be able to compete effectively in a highly competitive telecommunications market for Fixed and Mobile products.

He has over 19 years' experience in the Telecommunications industry having spent most of his career at BTC and rising through the ranks. He has experience in Customer Relationship Management (Front Office and Back Office) and Strategy Development, amongst others.

He holds a Master of Business Administration (MBA) from North West University (South Africa). He also holds a Bachelor of Commerce degree from the University of Botswana. His other qualifications include: Senior Management Development Programme from the University of Stellenbosch, Associate Diploma in Banking from Botswana Institute of Bankers and Prince2 Foundation Certificate in Project Management from Innolead Consulting / APGM International.

Executive Management

continued

5 KUTLO MOKGOSANA

GENERAL MANAGER TRANSFORMATION

Date of Appointment: October 2018

Mr. Mokgosana is responsible for driving the delivery of transformational, strategic programmes in line with BTC's Corporate Strategy. He is also tasked with ensuring synergies and collaborations in line with BTC's Corporate Strategy Management, Innovation and Digital Strategy and Quality & Processes functions to achieve high customer service standards.

He has over 15 years' experience from the mining and logistics sectors. He has a Bachelor of Accountancy from University of Botswana. He is a certified Prince2 Practitioner and a Balanced Scorecard Graduate. He is also an Alumnus of the London Business School Emerging Leaders Programme.

6 MALEBOGO MOSINYI

GENERAL MANAGER MARKETING

Date of Appointment: April 2019

Ms. Mosinyi is responsible for developing the Marketing Strategy and Marketing Plan, positioning BTC to compete effectively in a highly competitive and mature telecommunications market through Fixed and Mobile products and services.

She has 12 years' experience in Research and Marketing. She oversees product conceptualisation and insights, consumer and enterprise product development, MFS and brand marketing. She has worked in various organisations including BIDPA, Bank Gaborone, and KBL, before joining BTC in 2016.

She holds a Master of Commerce in Management Practice degree from the University of Cape Town. She also holds a Master's degree in Economics and Bachelor's degree in Social Sciences from the University of Botswana, and has also completed her Senior Management Development Programme (SMDP) through the University of Stellenbosch.

7 NELSON DISANG

GM INFORMATION SYSTEMS

Date of Appointment: September 2018

Mr. Disang is responsible for directing BTC's overall Information Systems (IS) Strategy to ensure that BTC's IS investments are aligned to the strategic business initiatives. He develops IT governance frameworks, policies and ensures implementation that enable the efficient and secure utilisation of BTC Information Technology platforms.

He has been in the Information Technology (IT) industry for 14 years and has in-depth knowledge and expertise in IT management, IT strategy planning, development and execution, risk optimisation, resource optimisation and benefit realisation. He has held various positions in companies including; Huawei Technologies - Botswana, Mascom Wireless, and, most recently, Botswana Power Corporation (BPC) where he was Head of IT department.

He has a Bachelor of Science Computer Engineering from Clarkson University, (United States). He is a certified Balanced Scorecard practitioner with the Balanced Scorecard Institute, a certified COBIT practitioner and a professional member of ISACA. He has undergone the Management Development Programme and Senior Management Development Programme with the University of Stellenbosch.

8 SIDNEY MGANGA

COMPANY SECRETARY

Date of Appointment: May 2018

Sidney is tasked with advising the Board and Company on governance matters and providing secretarial services to the Board. He also oversees the Legal and Regulatory functions of BTC to ensure compliance with statutory and regulatory requirements.

He has over 16 years' cumulative private sector experience in legal, compliance and regulation and corporate governance.

Sidney holds a Bachelor of Laws (LLB) degree from the University of Botswana and is also an Associate Chartered Company Secretary from the Institute of Chartered Secretaries and Administrators of Southern Africa (ICSA). Sidney also completed a Postgraduate Certificate in Advanced Tax & Audit from the Botswana Accountancy College (BAC). He has also undergone Senior Management Development Programme (SMDP) training with the University of Stellenbosch Business School.

9 MMAMOTSE M. MONAGENG

GENERAL MANAGER - SUPPORT SERVICES & HUMAN RESOURCES

Date of Appointment: January 2017

Ms. Monageng provides professional input and directs the BTC Human Resources function within an agreed strategic framework that supports the achievement of business objectives in a bid to promote high employee satisfaction and inculcate a high-performance culture. She is also tasked with providing strategic guidance in ensuring the delivery of high standard of safety health and environmental services.

She has more than 15 years of experience in the industry. She holds a Bachelor of Commerce degree majoring in Human Resource Management and Industrial Relations from Curtin University of Technology (Australia) and a Postgraduate Diploma in Strategic Management from the University of Derby.

10 PETER OLYN

GENERAL MANAGER TECHNOLOGY

Date of Appointment: January 2018

Mr. Olyn is mandated with planning, building and managing the operational functions of the vast BTC telecommunications network. He is also tasked with developing strategic plans to transform and deploy the BTC network to achieve business targets. He has over 19 years' experience in the telecommunications industry. He holds a Bachelor of Engineering in Electronics and Electrical Engineering from the University of Botswana. He is also an Alumnus of the Stellenbosch Business School, Senior Management Development Training Programme.

11 SAME READ KGOSIEMANG

GENERAL MANAGER INTERNAL AUDIT AND RISK MANAGEMENT

Date of Appointment: September 2011

Mr. Kgosiemang's role is to ensure that BTC has and maintains a robust Risk and Internal Audit Strategy. He oversees the Risk and Internal Audit Division, providing BTC Management and Board with an independent and objective assurance on risk management, internal controls and governance processes.

Reporting to the Managing Director and the Board, He has to ensure business continuity, sustainability and compliance with best practice corporate governance and reporting standards.

He has close to 23 years' experience in Internal Audit and Risk Management.

He is an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK, and a Fellow Member of the Botswana Institute of Chartered Accountants (BICA). He is also a member of the Institute of Internal Auditors (IIA) USA and the Institute of Risk Management (IRM) in the UK.

12 BOITUMELO MASOKO

GENERAL MANAGER CONSUMER SALES

Date of Appointment: October 2017

Ms. Masoko's role is to create and maintain a targeted strategy for the consumer market (mass, residential and SMME). She is responsible for developing and implementing a comprehensive sales plan for customer acquisition, retention and revenue growth. She was previously responsible for the overall Sales function of the business.

She has over 23 years' experience in the telecommunications industry, spent mainly at BTC.

She holds a Bachelor of Arts in Social Sciences degree from the University of Botswana as well as a Masters Degree in Science in Strategic Management from the University of Derby. She is also an alumna of the University of Stellenbosch Executive Development Programme and UNISA Graduate School of Business Leadership (SBL)

13 ABEL BOGATSU

GENERAL MANAGER FINANCE

Date of Appointment: November 2010

Mr. Bogatsu oversees the operation and management of all financial systems and processes within the business, which includes Treasury, Budgeting, Credit and Financial Control, etc., to ensure compliance with regulatory and financial reporting standards. He also provides professional finance input into the creation and maintenance of a BTC Business Strategy that delivers shareholder value.

He has more than 24 years' experience in both the private and public sectors. He possesses a Bachelor of Commerce degree in Accounting from the University of Botswana and is a Fellow of the Association of Chartered Certified Accountants (FCCA) and the Botswana Institute of Accountants (BICA). He is an Alumnus of the University of Stellenbosch Business School Executive Development Programme.

Human Resources

BTC values its employees and pursues employment practices that are designed to attract, retain and develop talented employees who are able to have a positive impact on BTC and associated communities.

This is achieved by providing the best service and improving stakeholder satisfaction levels.
BTC adheres to established policies and guidelines in its recruitment, and wherever possible,
BTC seeks to benchmark itself against industry best practice.
BTC is an equal opportunity, equal access employer.

Human Resources

continued

THE WORK ENVIRONMENT

In a quest to drive a high-performance culture, BTC continues to revamp its offices in the outstations to enable BTC to not only optimise the use of infrastructure and reduce rental costs, but to also provide a conducive environment for employees.

This has resulted in delivering a work environment that promotes a high-performance culture.

REWARDS AND REMUNERATIONS

Executive Management, in conjunction with the Human Resources and Remuneration and Nomination Committee, continuously reviews BTC's reward and incentive schemes. BTC has a Performance Appraisal System, the outputs of which are used as inputs for training employees and administering the rewards.

CODE OF CONDUCT

BTC employees are subject to and governed by comprehensive conditions of employment and a Code of Conduct that prohibits corrupt or unethical behaviour. BTC encourages staff to conduct themselves in an ethical manner during business and in their daily lives.

The Leading with Speed of Trust (LSOT) programme continues to be rolled out to staff to promote trust across the organisation, which in turn leads to speed of execution and agility.

LEARNING AND TRAINING

Besides formal job-related skills development, BTC encourages training and provides employees with learning opportunities through e-learning initiatives that focus on upskilling and leadership development, to enable them to lead, both inside and outside the organisation. BTC also conducts seminars, workshops and courses aimed at providing employees with broader personal development and improvements to their quality of life. BTC is committed to enhancing local skills in the telecommunications and ICT fields through the provision of technical and management training.

PERFORMANCE MANAGEMENT

BTC strives to become a high performing organisation and, as such, continues to improve the discipline of managing performance. The performance management tool has been reviewed with a view towards making it simple and more user-friendly. The new tool is more effective and efficient and will improve levels of employee engagement and boost competency levels, management culture within BTC.

The tool has been implemented and will improve the performance management culture in the Company.

EMPLOYEE PRODUCTIVITY

	2019	2018	2017
Total Employees at 31 March	911	920	924
Productivity			
Revenue per Employee	1,589,707	1,703,161	1,748,000
Value created per Employee	822,000	915,000	871,000
Average Employee cost	423,911	440,000	402,000

Average Employee Cost **Decreased** by 3.65%

Human Resources

continued

TALENT MANAGEMENT

BTC has developed and is in the process of implementing the Talent Management Framework. The implementation process entails assessing the current talent requirements and challenges in depth, assessing and segmenting the internal talent, assessing the succession bench strength, and developing current growth plans.

BTC is committed to recruiting, managing, developing and retaining talented employees to create an optimal workplace.

SUCCESSION PLANNING

BTC has developed a Succession Plan as a way of strengthening leadership capability. This will assist in managing risk exposure in the leadership cadre going forward. The Succession Plan will be reviewed on a yearly basis to ensure that it is up-to-date and relevant.

EMPLOYEE ENGAGEMENT

The Managing Director continues to undertake tours to BTC operations across the country to meet with staff and cascade the Corporate Strategy with clear objectives and deliverables. It is at these fora that the Managing Director informs staff on BTC's performance over the past year. Staff are given quarterly updates on performance against key projects through an internal newsletter.

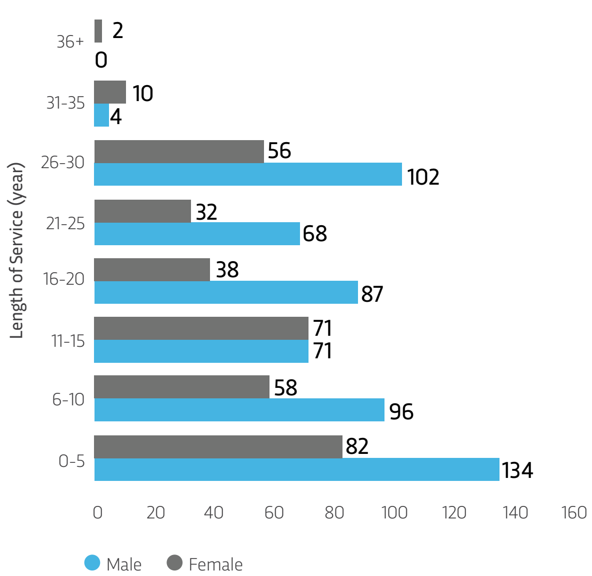
BTC also promotes social interaction among employees through participation in a variety of sporting codes and inter-country sports competitions involving Botswana, Lesotho, Swaziland and Namibia.

HEALTH, SAFETY AND WELLNESS

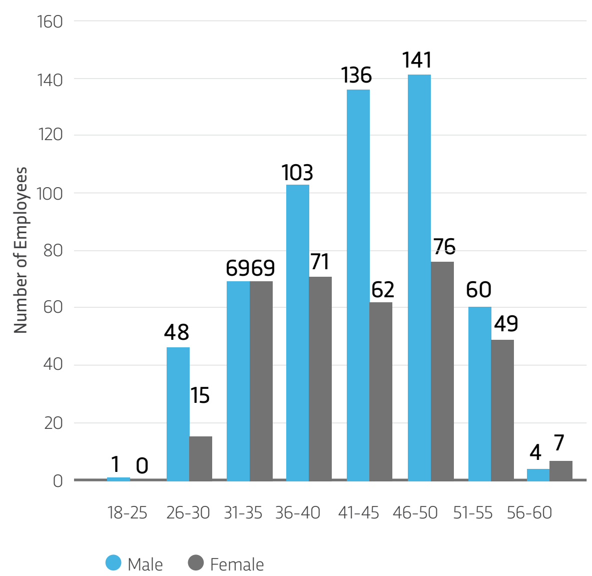
BTC is committed to health and safety in the workplace as part of its social responsibility towards employees and customers. BTC strives to ensure that everyone has a clear understanding of, and focus on, safety. BTC constantly tests safety performance and operational methods and regularly conducts independent safety surveys throughout the business.

BTC also undertakes financial literacy training and employee counselling, including for alcohol and drug abuse, and periodically carries out voluntary tests for non-communicable diseases as part of health and wellness activities.

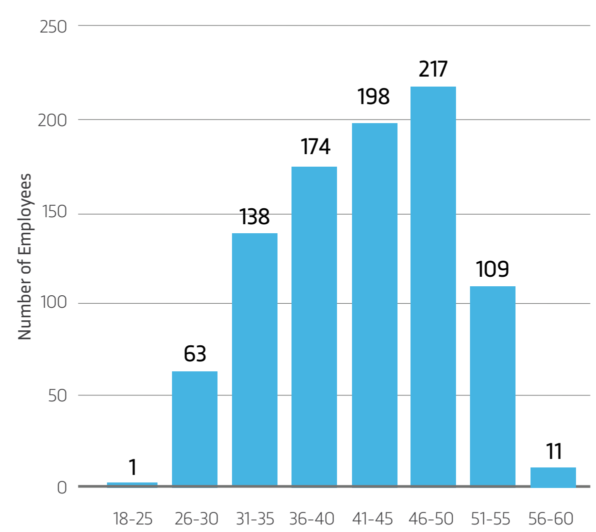
Length of Service & Gender Analysis



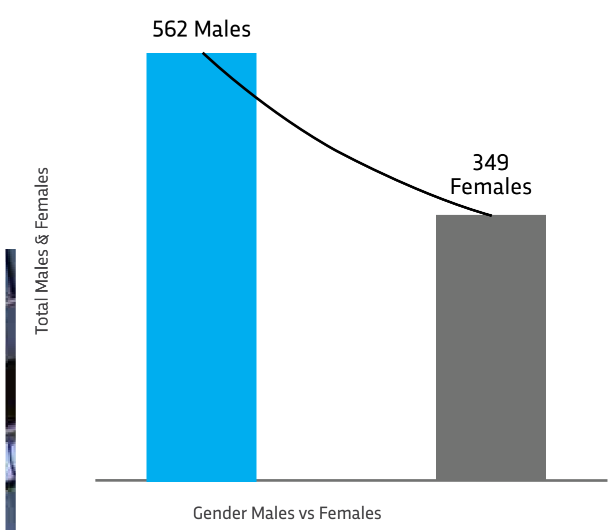
Age & Gender Analysis of BTC Team



Age Analysis



Males vs Females



Human Resources

continued

HEALTH, WELLNESS & WELFARE

Accidents & Incidents

YEAR	NUMBER OF INCIDENTS AND ACCIDENTS	COMMENTS
2018/19	**5 Accidents** **1 Incident**	**4** - Car Accidents **1** - Occupational with minor injuries **1** - Managed an incident of faulty fire alarm

TASK /ACTIVITY	STATUS	COMMENTS / NOTES
Emergency preparedness		Conducted fire drills at eight (8) BTC sites out of 15 sites
Safety compliance		Fifty – four (54) SHE representatives trained (Fire Marshals and First Aiders)
Occupational health medical examination		• Pre – employment medicals and high risk annual medicals were conducted for employees working at heights and those working at Debswana mines. • Two (2) ill health retirements cases recorded this year.
Monthly health promotions and motivational topics		• Financial Literacy, depression, World Safety Talk, Hypertension, safe male circumcision, HIV/AIDS testing, breast cancer, prostate cancer and blood donation drive.
Wellness and Sports Day		• Hosted Inter - Telco Games, participated at National events such as BTC Foundation walk, Y-Care, Diacore Gaborone Marathon, Makgadikgadi Walk and Jwaneng bush walk.
Employee Assistance Programme (EAP)		• 18 employees were assisted with counselling services.

ENVIRONMENTAL

Corrective Measures

ACTIVITY
PESTS CONTROL Rats control in equipment rooms at the following BTC sites; Call Centre and Galo shop; Bees colony removal in microwave dish at: Gantsi, Jwaneng and Mmopane.
Acquired a license for a Waste Management facility situated at Technical Engineering Centre at Gaborone West.

Stakeholder Relations Report 2019

BTC IS COMMITTED TO A POLICY OF EFFECTIVE COMMUNICATION AND CONSIDERS ENGAGEMENT WITH ITS STAKEHOLDERS AS A SIGNIFICANT VALUE DRIVER CRITICAL TO BUILDING A COMMERCIALLY SUSTAINABLE COMPANY FOR MUTUAL BENEFIT.

In keeping with its commitment to be responsive to matters of mutual interest with its various stakeholders, BTC has established a Stakeholder Relations Office to liaise with its broad stakeholder base.

Stakeholders are individuals or groups of individuals and organisations that have an interest in the business of BTC, whether through consumption of BTC products and services, investment in BTC, the provision of goods and services to BTC or who are affected by the BTC's performance or the way BTC conducts its business.

To continually improve and manage these relationships that are central to the sustainable success of the business, BTC constantly engages with its key Stakeholders through various platforms.

The engagements are an opportunity for BTC to share information and receive feedback about performance, prospects or any material developments or changes within the company.

THESE MESSAGES INCLUDE BTC'S					
ADHERENCE TO THE HIGHEST CORPORATE AND GOVERNANCE STANDARDS	CONTRIBUTION TO, AND DIGITISATION OF, THE LOCAL ECONOMY	SUPPORT FOR LOCAL BUSINESSES	VIABILITY AS AN INVESTMENT OPTION WHICH DELIVERS VALUE TO SHAREHOLDERS	BUSINESS SUSTAINABILITY	RESPONSIBILITY AS A CORPORATE CITIZEN THAT GIVES BACK TO BATSWANA AND SUPPORTS INITIATIVES THAT UPLIFT LIVES.

ENGAGEMENT PLATFORMS

During the year under review, BTC developed and implemented stakeholder engagement plans using the following platforms:

- STAFF ADDRESSES
- FORMAL ONE-ON-ONE MEETINGS WITH INSTITUTIONAL INVESTORS
- FORMAL ONE-ON-ONE MEETINGS WITH SELECT HIGH NET WORTH SHAREHOLDERS
- ANNUAL GENERAL MEETING
- MEDIA AND ANALYSTS' BRIEFINGS
- BREAKFAST MEETINGS
- COURTESY VISITS
- PARTICIPATION IN CONFERENCES AND FAIRS
- WEBSITES AND SOCIAL MEDIA UPDATES
- RADIO TALK SHOWS
- FOCUS GROUPS
- WORKSHOPS
- INVESTMENT FORUMS
- BOTSWANA STOCK EXCHANGE EXCHANGE NEWS SERVICE (X-NEWS)

The engagements are a proactive open communication platform offering an opportunity to engage, listen to and effectively address the concerns and issues of stakeholders.

Stakeholder Relations Report

continued

Stakeholder Engagement Goal

THE GOAL OF OUR STAKEHOLDER ENGAGEMENT IS TO ENHANCE STAKEHOLDER RELATIONSHIPS AND BUILD A SUSTAINABLE COMPANY THAT IS INTRINSICALLY LINKED TO COMMUNITIES IN WHICH IT OPERATES THROUGH A SHARED VALUE APPROACH.

Through the engagements, BTC hopes to be recognised as:

- A Company that delivers value to all stakeholders
- A Company that adheres to the highest corporate governance standards
- A viable investment option
- A sustainable business that is a responsible corporate citizen and positively impacts communities in which it operates
- A Company that enables Batswana to live connected everywhere and anywhere

Furthermore, BTC hopes to enhance transparency and access to information BTC's operations and performance to:

- Increase support for the Company Strategy, Management, and the Board of Directors
- Build and maintain relationships with existing and potential investors
- Receive important feedback and early warning of potential issues
- Increase brand affinity and liquidity and value for Company shares
- Be recognised as a company that plays a major role in the socio-economic development of Botswana

Stakeholder Satisfaction Index currently is at

75%

During the year under review, BTC conducted a Stakeholder Satisfaction Survey which determined the satisfaction index at 75%.

BTC STAKEHOLDER ENGAGEMENT FEEDBACK

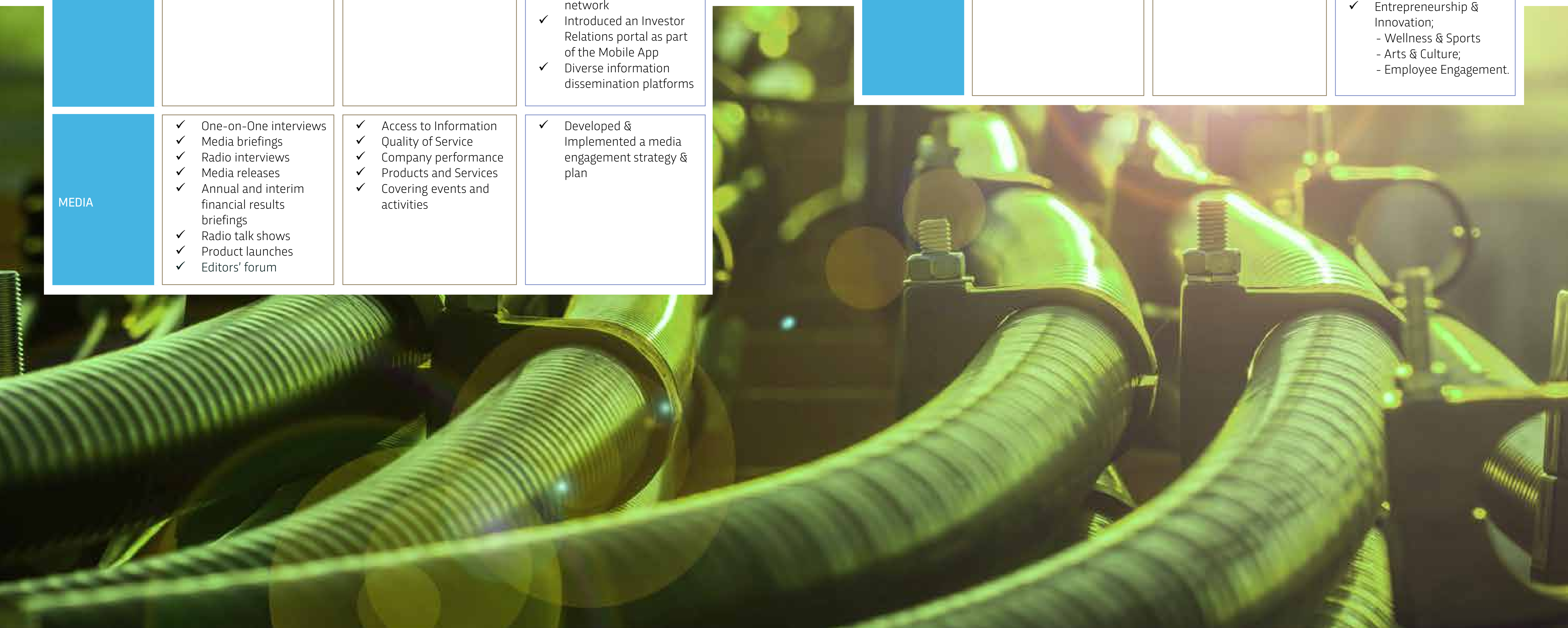
STAKEHOLDER	METHOD OF ENGAGEMENT	KEY AREAS OF INTEREST	BTC RESPONSE
EMPLOYEES	✓ MD Staff Addresses ✓ Divisional/Departmental meetings ✓ Intranet – Mowana Yammer, Share Point ✓ Company Newsletter ✓ Emails ✓ Leadership road shows (Patronage visits)	✓ Conditions of Service ✓ Career progression ✓ Staff welfare ✓ Company Performance ✓ Training and Development	✓ New Performance Management tool & rewards system. ✓ Talent Management Programme launched. ✓ Company-wide-Strategy cascade ✓ Monthly Safety, Health & Environment (SHE) awareness sessions
CUSTOMER	✓ Call centres ✓ Retail outlets ✓ Interviews and focus groups ✓ Social Media ✓ Bulk SMS ✓ Product launches ✓ Consumer fairs	✓ Quality of Service ✓ Better value offerings ✓ Faster data networks and wider coverage ✓ Making it simpler and quicker to deal with BTC (turnaround times) ✓ Converged solutions for business customers	✓ Significant investments in network modernisation & ✓ expansion to improve network quality and enhance customer experience ✓ New Converged Billing Platform ✓ New Mobile App.
SUPPLIERS	✓ Breakfast meetings ✓ Formal One-on-One meetings ✓ Where applicable, site visit audits	✓ Timely payment and favourable terms ✓ Debriefing on tenders ✓ Improving health and safety standards	✓ Introduced a supplier payment management process ✓ Timely processing of supplier invoices ✓ Promote SHE standards ✓ Relaunched Mobile financial service 'SMEGA'
POLICY MAKER AND REGULATORS	✓ Active participation in policy forums ✓ Formal periodic consultative bodies briefings ✓ Ad hoc engagement on regulatory matters ✓ Engagement through industry	✓ Licensing and compliance ✓ Quality of service and network performance ✓ Wider access to broadband communication services ✓ Tariff reduction ✓ ICT policy	✓ Compliance with regulatory requirements ✓ Engage as part of stakeholder management ✓ Improved service delivery turnaround times. ✓ Continuously reviewing tariffs for the benefit of our stakeholders ✓ Inputs to ICT policy formulation.

Stakeholder Relations Report 2019

continued

STAKEHOLDER	METHOD OF ENGAGEMENT	KEY AREAS OF INTEREST	BTC RESPONSE
SHAREHOLDERS AND ANALYSTS	✓ Annual General Meeting ✓ Print and Broadcast media ✓ Formal one on one meeting (Institutional Investors) ✓ Annual and interim financial results briefings	✓ Return on Investment (share price and dividends) ✓ Corporate Performance ✓ Corporate Governance ✓ Business sustainability ✓ Access to information ✓ Enhanced communication (in Setswana)	✓ Increased investments on future growth areas of the business ✓ Developed & Introduced a Dividend Policy ✓ Continuous monitoring of compliance with corporate governance standards ✓ Monetisation of the network ✓ Introduced an Investor Relations portal as part of the Mobile App ✓ Diverse information dissemination platforms
MEDIA	✓ One-on-One interviews ✓ Media briefings ✓ Radio interviews ✓ Media releases ✓ Annual and interim financial results briefings ✓ Radio talk shows ✓ Product launches ✓ Editors' forum	✓ Access to Information ✓ Quality of Service ✓ Company performance ✓ Products and Services ✓ Covering events and activities	✓ Developed & Implemented a media engagement strategy & plan

STAKEHOLDER	METHOD OF ENGAGEMENT	KEY AREAS OF INTEREST	BTC RESPONSE
COMMUNITY AND LOCAL LEADERSHIP	✓ Corporate Social Responsibility Programmes ✓ Print and Broadcast media ✓ Product launches ✓ Formal meetings	✓ Access to services ✓ Quality of Service ✓ Sponsorships and Donations ✓ Impact of our operations on the communities	✓ Increased customer service points ✓ Network expansion & modernisation. ✓ Implement CSI agenda through the BTC Foundation ✓ We give back to the community guided by four focus areas: ✓ Entrepreneurship & Innovation; - Wellness & Sports - Arts & Culture; - Employee Engagement.



Corporate Social Investment (CSI) Report

Our Corporate Social Investment(CSI) is driven by our strong belief that we can only thrive if societies where we operate also thrive, and our commitment to contributing to the socio-economic development of Botswana.

The BTC Foundation is a vehicle through which BTC delivers its CSI agenda. We take a long-term view with respect to our CSI; we are more concerned with impact and sustainability than with immediate results. The BTC Foundation's sustainable strategy document for the current three-year strategy to 2020 is in compliance with International Standards (ISO26000).

The Foundation therefore invests in sustainable socially and environmentally impactful community projects and initiatives. This is done through partnerships with like-minded Non-Profit Organisations, sponsorship of CSI projects and direct donations to support causes in line with its focus areas.

The BTC Foundation projects and activities are important stakeholder engagement platforms for BTC.

FOCUS AREAS

Foundation will be focused on supporting projects and initiatives in line with the following areas:

1. ARTS AND CULTURE
2. SPORTS DEVELOPMENT
3. ENTREPRENEURSHIP AND INNOVATION
4. ENVIRONMENTAL PROTECTION
5. EMPLOYEES

BTC Employees and sports clubs are always invited to participate in the BTC Foundation CSI projects as a way to inculcate a culture of Social Responsibility within the business.

During the year under review the BTC Foundation ploughed back more than **P500,000** in support of projects and causes in line with the Foundation's focus areas.

BTC Hawkers Challenge
Trailer Prize

BTC Foundation Projects

Arts and Culture

Thapong Visual Arts Partnership

THE BTC FOUNDATION PARTNERED WITH THE THAPONG VISUAL ARTS CENTRE TO LAUNCH **A THREE-YEAR SPONSORSHIP VALUED AT P1.7M.**

The objective of the partnership project is to enhance the arts and culture landscape in Botswana at grassroots level, to unearth artistic talent and empower the youth, (through the Phonebook cover competition, running of artists' development workshops and the Thapong Artist of the Year Awards (TAYA)). The Foundation sponsored the 2018 events to the value of P277,925.

The winners of the BTC Phonebook Cover and TAYA competitions were treated to a month-long arts exchange programme at the Bulawayo National Art Gallery in Zimbabwe.

Locally, the partnership enhanced arts training by running nationwide workshops for art teachers and artists in Gaborone, Francistown, Maun and Tsabong. The workshops engaged teachers, art trainers and artists with the objective of exposing them to new training methods, fresh arts ideas and opportunities.

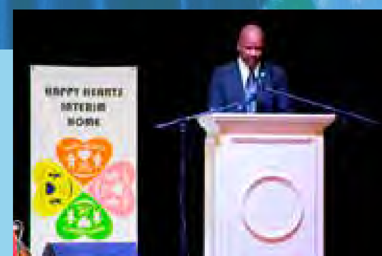
BTC Foundation Projects
continued

Sports Development and Wellness

2018 Jwaneng Desert Bush Walk

SPONSORED THE 4TH ANNUAL DESERT BUSH WALK WINTER 2018, THEMED "SPORTS AND TOURISM - GIVING BACK TO HEALTH AND EDUCATION" HELD IN JWANENG ON THE 28TH OF JULY 2018 TO THE VALUE OF P45,000.

The walk, organised by the CSI-Concepts Foundation raised funds in support of community projects, NGOs, children and underprivileged members of the community. More than 100 BTC employees, BTC Foundation Trustees, BTC Board Members and BTC Executives participated in the walk



The BTC Foundation contributed to the Cancer Association Botswana (CAB) fund raising initiative by buying **P8,000 worth of ticket**s to the gala dinner dubbed

"Happy Hearts"

- on the 9th of June 2018.

The dinner was to raise funds to build an interim paediatric home for cancer sufferers and survivors.

Cancer Association Botswana

FUNDRAISING DINNER INITIATIVE

BTC Foundation Projects
continued

Entrepreneurship and Innovation

WORLD TELECOMMUNICATIONS INFORMATION SOCIETY DAY (WTISD)

THE WTISD WAS HELD ON THE 17TH OF MAY 2018 IN MOHEMBO.

This is an annual event under the Ministry of Transport and Communication aimed at raising awareness on the possibilities that the use of the Internet and other information and communication technologies (ICTs) can bring to societies and economies, as well as ways to bridge the digital divide. Access to ICT is an enabler to Innovation and the 2018 WTISD, held on the 17th of May 2018 in Mohembo, recognises this.

The Foundation Donated a computer laboratory with ten (10) computers, a printer, toners and Internet connectivity to the value of P129, 549 to Okavango Brigade. The lab will benefit a total of 52 students at inception, with the potential to assist more students within the Shakawe catchment area in the future.

The event was attended by the BTC Board Chairperson, BTC Foundation Chairperson and BTC Managing Director.

52 Students to benefit from the computer lab at inception

BTC FOUNDATION VENDOR COMPETITION PROJECT

THE FOUNDATION PARTNERED WITH THE BUSINESS, BTC, TO LAUNCH A SALES CAMPAIGN DUBBED THE "HAWKERS CHALLENGE 2018."

This initiative was aimed at encouraging entrepreneurs to enhance their businesses by selling more BTC products such as airtime and be rewarded, thus increasing uptakeand usage of products and services. The Foundation sponsored the event to the value of P357,000.00.

The Hawker's Challenge, which concluded post-reporting period saw six (6) successful entrepreneurs from Thamaga, Charles Hill, Gaborone, Jwaneng, Kanye and Letlhakeng, each walking away with a BTC branded mobile tuck shop/ service centre trailer.

BTC Foundation Projects
continued

Environmental Protection

MoU WITH THE DEPARTMENT OF FORESTRY AND RANGE RESOURCES

In an effort to partner with like-minded organisations and to participate in environmental protection initiatives, the Foundation, post reporting period, entered into a Memorandum of Understanding with the Department of Forestry and Range Resources.

The department has a mandate of conservation, management and protection of forest resources and ecosystems to improve the socio-economic development of the country. The partnership presents an opportunity to partner on initiatives which deliver on this mandate and in turn deliver on the BTC Foundation environmental objectives.

Employees and Sports and Wellness

BOBONONG COMMUNITY JUNIOR SECONDARY SCHOOL

As part of employee engagement and partnering with BTC Staff, the Foundation sponsored the BTC Runners' Club initiative to raise funds for the Bobonong Community Junior Secondary School student athletes who were spotted running barefooted during the Airport Junction Marathon.

The Foundation sponsored this employee initiative to the tune of P21,768 towards the procurement of running shoes and other athletics gear. These were handed over on the 11th of May 2018 by the Foundation Chairman, Kgosi Michael Mothobi Letsogile Mothobi and the BTC Runners Club representative Mr Teko Monko.

THE FOUNDATION DURING THE YEAR MADE OTHER DONATIONS AS FOLLOWS:

KARAKUBIS PRIMARY SCHOOL

Donation of 100 pre-primary school chairs, a printer and toners valued at P18,374 as part of the Universal Access Service Fund (UASF) School Connectivity Launch to encourage entrepreneurship and innovation.

KARENG PRIMARY SCHOOL

Donation of P5,000.00. The BTC Managing Director was invited as a Guest Speaker at the 2018 prize giving ceremony

KEY DEVELOPMENT

In 2018, the Government of Botswana enacted the Trust Property Control Act 2018, which is meant to curb misuse of Trusts for money laundering and funding of terrorist acts, amongst other things.

Under the new Act, all trusts are accountable to the Master of the High Court and therefore must be registered at the High Court. Deadline for compliance with the new Act was the end of December 2018. The BTC Foundation has complied with all the requirements of the new Trust Property Control Act 2018, and duly registered its Deed of Trust on the 27th of December 2018.

Faster stronger security

GOVERNANCE
OVERSIGHT AND CONTINUITY

06

The significance and need for sound corporate governance protocols and practices become increasingly imperative with time. In this section, we look at the well-entrenched governance, oversight and compliance within BTC in the year under review.

GOVERNANCE

Corporate Governance Statement of Commitment

BTC is dedicated to the implementation of effective structures, policies and practices that enhance corporate governance and create sustainable value for our shareholders and stakeholders. The Board believes that excellent corporate governance is fundamental in ensuring a sustainable and successful business, and as such, remains committed to ensuring that the Company is managed in a responsible manner with integrity, fairness, transparency and accountability.

As a listed entity, BTC strives to achieve and uphold the highest principles of business ethics, corporate governance and reporting. In complying with the guidelines of the BSE Code of Corporate Governance, BTC has complied with the principles of King III and is aligning itself to ensure compliance with the King IV Code of Good Governance by the end of the 2020 financial year. BTC's corporate governance practices are continually being reviewed and improved by benchmarking against accepted international best practice.

Corporate Governance Report

Corporate Governance

The Board is the custodian of corporate governance and is responsible for ensuring that the business of BTC is conducted according to sound corporate governance principles.

THIS IS DONE THROUGH APPROVING KEY POLICIES AND ENSURING THAT THE COMPANY MEETS ITS OBLIGATIONS TO ALL STAKEHOLDERS.

The Board directs BTC's strategic planning, its risk assessment, internal controls, financial and operational management to ensure that the BTC's obligations to its stakeholders are understood and observed. BTC also acknowledges its corporate social responsibility and provides assistance and developmental support to the communities in which it operates, and to deserving institutions at large.

Adherence to sound principles of corporate governance by BTC is critical to earning and maintaining the trust of key stakeholders and, ultimately achieving its performance goals, while acknowledging that the methods it employs to achieve these goals are as important as the goals themselves.

THE BTC BOARD IS COMMITTED TO THE PRACTICE OF GOOD CORPORATE GOVERNANCE AND SUBSCRIBES TO THE FOLLOWING:

1. The King Code III of Good Governance, and now transitioning to King Code IV
2. The Companies Act
3. The BSE Equity Listings Requirements
4. The International Financial Reporting Standards (IFRS)
5. The Global Reporting Initiative's (GRI) Sustainability Reporting - guidelines on Economic, Environmental and Social performance.

COMPLIANCE WITH KING III

In addition to complying with the BSE Code of Corporate Governance, the Company has complied with the principles of King III and is aligning itself to ensure compliance with the King IV Code of Good Governance by the end of the 2020 financial year.

BTC believes that compliance with recognised best practices will provide superior levels of performance in terms of sustainable returns to all stakeholders.

We take into consideration not only the interests of the Company and its shareholders, but the wider environment including suppliers, employees and the community as a whole. A representation of our stakeholders is included on page 51 of this Report.

This Report is prepared in compliance with the principles of King III.

Where the Directors have deemed it impractical to apply certain recommended practices, the rationale is explained under the relevant section.

BOARD'S GOVERNANCE AND STRUCTURE

The governing body of BTC is the Board of Directors which consists of the Chairperson, the Managing Director and seven other independent members appointed by the shareholders in line with the Companies Act. BTC has a unitary Board structure with the majority of members being Non-Executive Directors. The preponderance of Independent Non-Executive Directors is strongly encouraged on the Board.

The roles of the Chairperson and the Managing Director are separate, and the composition of the Board ensures a balance of authority, precluding any one Director from exercising unfettered powers of decision making.

The Board retains full control over BTC and monitors Executive Management in the implementation and execution of strategies and policies. The Board is assisted in fulfilling its responsibilities by the following Sub-Committees:

- Audit and Risk Committee
- Human Resources Committee
- Technology and Investment Committee
- Directors' Affairs and Governance Committee

The responsibility for the implementation and monitoring of corporate governance in BTC rests with the Board, which is assisted by the above-mentioned Sub-Committees. The delegation of authority to Committees does not absolve nor transfer any of the responsibilities of the Board to the respective Committees, and the Board remains ultimately accountable to the shareholders of the Company.

The Board is led by a Non-Executive Chairperson. During the financial year under review, the Board was chaired by Ms. Lorato Boakgomo-Ntakhwana, who is an Independent Non-Executive Director.

The Chairperson has no executive function but meets regularly with Senior Executive Management to monitor progress and discuss relevant business issues and is available to respond to stakeholder queries or other issues relating to BTC. Non-Executive Directors have the opportunity to meet separately without the BTC Managing Director as and when circumstances warrant.

DEFINITION OF INDEPENDENCE

For purposes of this Report, Directors are classified as follows:

- **Executive Directors:** Who are involved in the day-to-day management of BTC and are in its full time employ
- **Non-Executive Directors:** Include Directors who may be nominees or representatives of a shareholder
- **Independent Non-Executive Directors:** Being Directors who are neither involved in the day-to-day management of BTC, nor are nominees or representatives of a shareholder.

BOARD CHARTER

The Board operates in terms of a formal Charter which is reviewed and adopted annually, the purpose of which is to regulate the conduct of the business in accordance with sound corporate governance principles.

The objectives of the Charter are to ensure that all Directors acting on behalf of BTC are aware of their duties and responsibilities and the legislation and regulations affecting their conduct. Furthermore, it seeks to ensure that sound corporate governance principles are applied in all dealings by the Directors. The Charter sets out the responsibilities to be discharged by Directors collectively and individually. The Charter is available upon request from BTC.

APPOINTMENT OF DIRECTORS

In making Board appointments, the broad principles that are followed are to maintain an independent and vibrant Board that constructively challenges Management's strategies and evaluates performance against agreed benchmarks and applicable codes of conduct. A balance is maintained among Non-Executive Directors, which ensures that the majority of these are independent Directors. The Board regularly reviews its required mix of skills, experience and other qualities such as its demographics and diversity so as to assess the effectiveness of the Board. This review is by means of a self-evaluation of the BTC Board as a whole, its Committees and the contribution of each individual Director.

The Directors are chosen for their business acumen and their wide range of skills and experience.

The Board gives strategic direction to BTC, appoints the Managing Director and ensures that succession planning is in place. In appointing Directors, emphasis is placed on achieving the necessary balance of skills, experience, professional and industry knowledge to meet BTC strategic objectives.

The selection and appointment of Directors is a formal and transparent process, and is a matter for the whole Board assisted by the Directors' Affairs and Governance Committee and is subject to approval by the shareholders at the Annual General Meeting (AGM) of the company. All BTC Directors are subject to an annual performance evaluation. Succession planning is also reviewed regularly.

Shareholders are ultimately responsible for the composition of the Board and it is in their interests to ensure that the Board is properly constituted.

Corporate Governance Report

continued

During the financial year under review, the following appointments took place:

APPOINTMENTS DURING THE FINANCIAL YEAR UNDER REVIEW:

Mr. Thari Pheko was appointed as an Independent Non-Executive Director on 27 September 2018.

Mr. Bafana Molomo was appointed as an Independent Non-Executive Director on 27 September 2018.

FOR THE YEAR UNDER REVIEW THE BTC BOARD WAS CONSTITUTED OF THE FOLLOWING DIRECTORS:

MEMBER	POSITION	DATE OF APPOINTMENT	QUALIFICATIONS
MS. LORATO BOAKGOMO-NTAKHWANA	Chairperson	Appointed in October 2016	BA Commerce (UB); MBA (Loyola College, USA)
MR. MCLEAN LETSHWITI	Independent Member	Appointed in October 2016	BA Administration (BOLESWA)
MR. ANTHONY MASUNGA	Managing Director	Appointed in January 2017	BSc (Computer Science)(McGill University, Canada); MBA (De Montfort University, UK)
MS. SERTY LEBURU	Independent Member	Appointed in April 2009	BCom (UB), Fellow of the Chartered Institute of Management Accountants of UK (FCMA)
MS. CHOICE PITSO	Independent Member	Appointed in April 2012	BA Social Sciences (UB), MSc HR Management (Manchester, UK)
MR. ANDREW JOHNSON	Independent Member	Appointed in May 2017	BSc (Eng) Electrical [Telecommunications and Alternative Energies] (University of the Witwatersrand, RSA)
MR. RANJITH PRIYALAL DE SILVA	Independent Member	Appointed in May 2017	Fellow Member of the Botswana Institute of Chartered Accountants (FCA); Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA); Associate of the Chartered Institute of Management Accountants of UK (ACMA)
MR. THARI G. PHEKO	Independent Member	Appointed 27 September 2018	BSc (Hons) in Business Finance and Management; M.Sc. in Management Information Systems (University of East Anglia, UK)
MR. BAFANA MOLOMO	Independent Member	Appointed 27 September 2018	BCom (Economics and Finance): MBA (University of Cape Town): Post-graduate Diploma in Business (University of Pretoria's Gordon Institute of Business Science)

The Managing Director is engaged on a fixed term contract of employment with agreed and set targets which are appraised by the Board from time to time. The contract may be renewed if the Board is satisfied with his performance.

RESPONSIBILITIES OF THE BOARD AND THE EXECUTIVE MANAGEMENT

BTC is led by a Board that brings leadership, commitment and rigour to the business of the organisation, as well as its good governance in pursuance of its statutory mandate, ensuring proper and effective control of BTC'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 to assist it in the effective fulfilment of its responsibilities.

The Board delegates certain functions to well-structured Sub-Committees without abdicating its own responsibility.

The Board, directly or through its Sub-Committees:

- Approves BTC'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 acquisitions and divestments
- Assesses key business risks and monitors the management of those risks
- Ensures the effectiveness of internal control systems
- Appoints senior management, evaluates and monitors their performance.

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

DIVISION OF RESPONSIBILITIES BETWEEN THE BOARD AND EXECUTIVE MANAGEMENT

There is a clear division of responsibilities between the Executive Management and the BTC Board. The Executive Directors and the Executive Management have responsibility for the daily operations of the business and the execution of the BTC's Strategy, subject to the policies and positions adopted by the BTC Board.

ETHICAL STANDARDS

Members of the Board and all employees are required to conduct themselves according to the highest ethical standards. BTC strives always to make relevant disclosures of information to stakeholders in a transparent manner.

BTC has in place a Code of Ethics and Conduct which establishes the principles and guidelines of conduct and behaviours that individuals are subject to the Code of Ethics. In addition, the purpose of the Code is to ensure ethical leadership and ethical interactions with both internal and external BTC stakeholders. The Directors' Affairs and Governance Committee reviews compliance with the Code of Ethics and Conduct in BTC.

Corporate Governance Report

continued

Board Sub-Committees

In the course and scope of discharging their mandate, the Directors are empowered to delegate part of their duties to various Board Sub-Committees.

Certain functions of the Board are facilitated through the main Sub-Committees including the Audit and Risk Committee, the Human Resources Committee, Directors Affairs and Governance Committee and the Technology and Investment Committee; each constituted in accordance with section 20.3.2 of the Company Constitution.

These Sub-Committees have formal Charters and report to the Board on regular intervals. The Committees are fully mandated by the BTC 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:

1. AUDIT AND RISK COMMITTEE
2. TECHNOLOGY AND INVESTMENT COMMITTEE
3. HUMAN RESOURCES COMMITTEE
4. DIRECTORS' AFFAIRS AND GOVERNANCE COMMITTEE
5. AD-HOC COMMITTEES

1 AUDIT AND RISK COMMITTEE

MEMBERS

Mr. Ranjith Priyalal De Silva (Chairperson)
Ms. Serty Leburu
Mr. Bafana Molomo

OVERVIEW

The Committee operates within defined terms of reference as set out in its Charter and the authority granted to it by the Board, and meets at least quarterly with more meetings being held when necessary. The internal and external auditors attend these meetings and have unrestricted access to the Chairperson.

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. There are no relationship overlaps that could interfere with the Audit and Risk Committee members' independence from Management.

The main responsibility of the Audit and Risk Committee is to assist the Board in discharging its responsibilities under the Companies Act and ensuring compliance with other applicable legislation and requirements of regulatory authorities. In particular, it monitors financial controls, accounting systems and reporting, compliance with legal and statutory requirements, evaluation and the management of risk and internal control systems, and the effectiveness of the internal and external auditors. The Committee also evaluates BTC's exposure and response to significant risks, including risks to its sustainability.

The activities of the Audit and Risk Committee are set out in the Report of the Audit and Risk Committee on page 118.

Corporate Governance Report

continued

2

TECHNOLOGY AND INVESTMENT COMMITTEE

MEMBERS

Mr. Andrew Johnson (Chairperson)
Mr. Maclean Letshwiti
Mr. Thari Pheko

OVERVIEW

The Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets at least quarterly with more meetings being held when necessary. BTC's Technology and Investment Committee is composed of no fewer 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 BTC's Strategy in relation to Technology and Investment opportunities.

THE DUTIES OF THE COMMITTEE INCLUDE THE FOLLOWING:

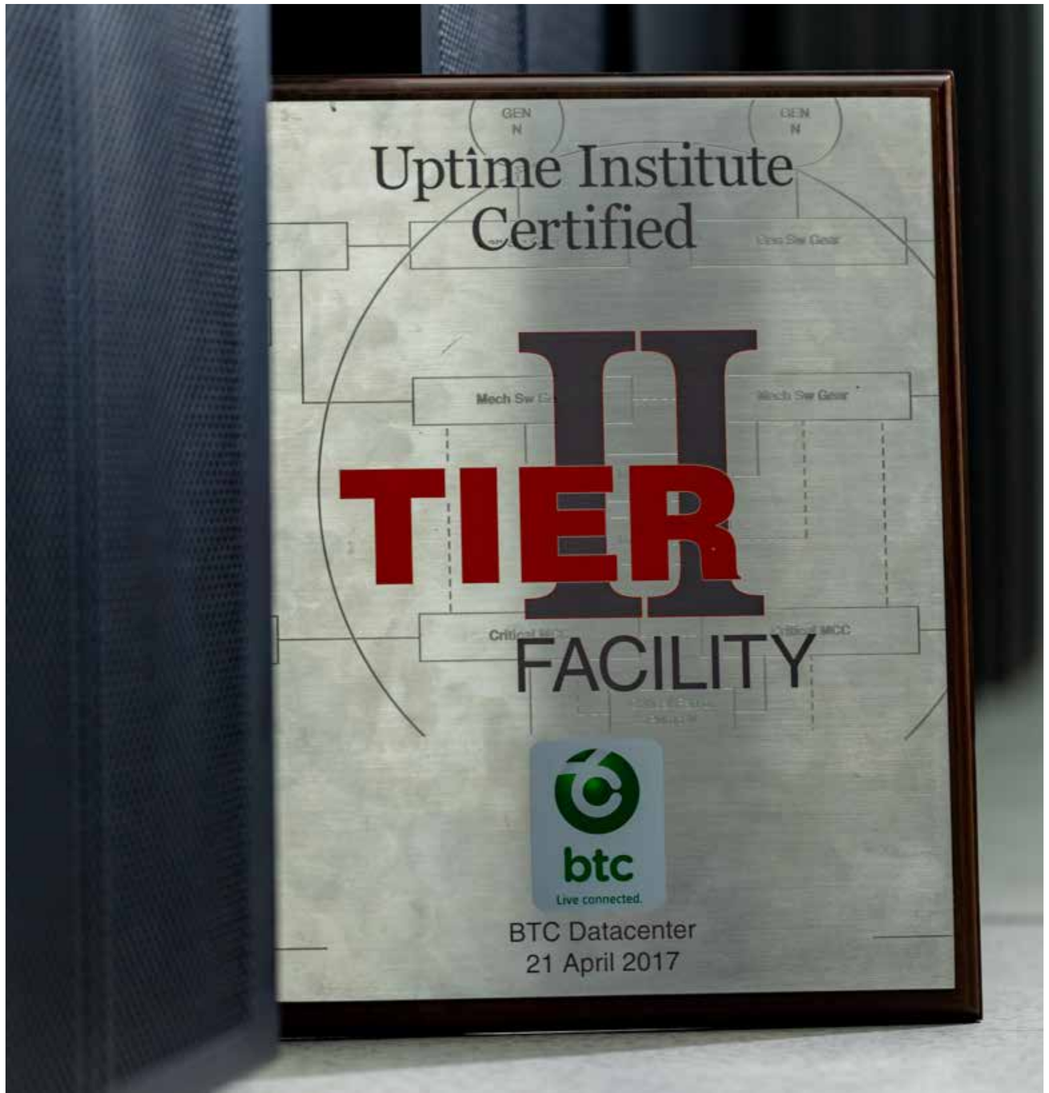
ON TECHNOLOGY, TO:

Review BTC'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 BTC's strategic plans, including monitoring overall industry trends
- Provide oversight over new innovative technology developments for future deployment within BTC
- Increase awareness of key technology changes and innovations within BTC and in the marketplace
- Review and endorse technology investments and 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 BTC as an important business asset and that all personal information that is processed by BTC is identified
- 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
  - Availability of information and information systems in a timely manner.

ON INVESTMENT ACTIVITIES, TO:

- Review the performance of BTC investments linked to the Company's overall investment strategy
- Consider capital projects, acquisitions and disposal of assets in line with the BTC'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 BTC's cash flow, as well as whether they comply with the BTC's overall Strategy
- Ensure that appropriate due diligence procedures are followed when acquiring or disposing of assets
- Oversee the proper value delivery of Technology and ensure 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 ACQUISITIONS

Evaluate and revise mergers and acquisitions 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 the 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
- Oversee investor relations activities.

ON MATERIAL TENDER DECISIONS, TO:

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

Corporate Governance Report

continued

3 HUMAN RESOURCES COMMITTEE

MEMBERS
Ms. Choice Pitso (Chairperson)
Ms. Lorato Boakgomo-Ntakhwana
Mr. Ranjith Priyalal De Silva

OVERVIEW
The Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board, and meets at least quarterly with more meetings being held when necessary. The Company's Human Resources, Remuneration and Nominations Committee is composed of at least three Non-Executive Board Members.

THE COMMITTEE'S MANDATE INCLUDES:

- Reviewing and monitoring the Company's strategic human resource initiatives and their compliance with the Company's human resource policies.
- Ensuring alignment of the remuneration strategy and policy with BTC's business strategy
- Determining remuneration packages needed to attract, retain and motivate high performing staff without paying more than is necessary for this purpose
- Ensuring that remuneration relative to other comparable companies is pitched at the desired level taking relative performance into account.

4 DIRECTORS' AFFAIRS AND GOVERNANCE COMMITTEE

During the year under review the Board established a new Committee, the Directors' Affairs and Governance Committee (DAGC).

MEMBERS
Ms. Lorato Boakgomo-Ntakhwana (Chairperson)
Mr. Ranjith Priyalal De Silva
Mr. Bafana Molomo

OVERVIEW
The Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets on an ad-hoc basis with more meetings held as and when when necessary.

The Committee's mandate includes:

- Ensuring the establishment of a formal process for the appointment of Directors and make recommendations for consideration by the Board pertaining to the appointment and removal of Directors including the Managing Director
- Maintaining objectivity and neutrality in determining the remuneration and benefits of Directors
- Ensuring that a succession plan is in place for the Directors including the Managing Director
- Overseeing the performance and evaluation of the Board
- Ensuring that a process of nominating, electing and appointing Directors is in place
- Reviewing compliance with the Code of Ethics and Conduct by Executive and Non-Executive Directors.

5 AD-HOC COMMITTEES

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

BOARD AND COMMITTEE MEETINGS
A minimum of four (4) Board meetings are scheduled each financial year to consider strategic and key issues, financial matters, operational performance and any specific proposal for capital expenditure and investment, where applicable.

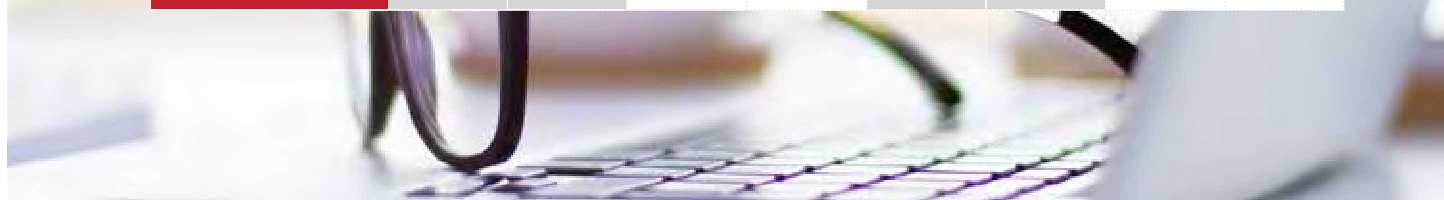
Additional meetings are convened on an ad-hoc basis to consider extraordinary items of importance which may require urgent attention.

Board meetings are convened by a 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 may be taken between Board meetings by written resolution in accordance with the BTC's founding documents.

ATTENDANCE AND MEETINGS OF THE BOARD AND BOARD COMMITTEES
The BTC Board is expected to meet at least quarterly and retains full control over the BTC. The BTC Board monitors Management, ensuring that material matters are subject to BTC Board approval, and reserves to itself a range of key decisions to ensure that it retains proper direction and control of the BTC.

A SUMMARY OF MEETINGS HELD AND ATTENDED IS PRESENTED BELOW.

	BOARD		TECHNOLOGY & INVESTMENT COMMITTEE		AUDIT AND RISK COMMITTEE		HUMAN RESOURCES COMMITTEE	
	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
MS. LORATO BOAKGOMO-NTAKHWANA	√	7/7					√	3/3
MS. SERTY LEBURU	√	5/7	√	1/2	√	6/6		
MS. CHOICE PITSO	√	5/7					√	3/3
MR. MACLEAN LETSHWITI	√	6/7	√	5/5				
MR. ANDREW JOHNSON	√	5/7	√	5/5	√	2/3		
MR. PRIYALAL DE SILVA	√	6/7			√	5/6	√	3/3
MR. THARI PHEKO	√	5/5	√	3/3				
MR. BAFANA MOLOMO	√	4/5			√	3/3		
MR. ANTHONY MASUNGA	√	7/7	√	5/5	√	6/6	√	3/3



Corporate Governance Report

continued

1 REPORT OF THE AUDIT AND RISK COMMITTEE

The Committee is pleased to present its report for the financial year ended 31 March 2019.

Ranjith Priyalal De Silva
Chairperson of the Risk And MAnagement Committee.

The report is presented in accordance with the recommendations contained in the King III Report on Corporate Governance. The Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board.

Pre-approved permissible non-audit services performed by the external auditors include taxation. Prohibited non-accounting services include valuation and accounting work where their independence might be compromised by later auditing their work. The Audit and Risk Committee ensures that there is appropriate independence relating to non-audit services provided by the external auditors.

DURING THE PERIOD UNDER REVIEW THE FOLLOWING ACTIVITIES, AMONGST OTHERS, WERE CARRIED OUT:

- Reviewed and commented on the Annual Financial Statements and the accounting policies and ensured that the Annual Financial Statements of the Company comply with all statutory requirements
- Monitored compliance with accounting standards and legal requirements
- Reviewed the quality and effectiveness of the external audit process, the External Auditor's Report to the Committee and Management's responses
- Reviewed interim reports, results announcements and other releases of price-sensitive information
- Reviewed significant judgements and/or unadjusted differences resulting from the audit, as well as any reporting decisions made
- Recommended the re-appointment of Ernst & Young as the registered Independent Auditors
- Set the terms of Ernst & Young's engagement
- Determined the fees to be paid to Ernst & Young and ensured that the fees are fair and equitable
- Maintained a non-audit services policy which determines the nature and extent of any non-audit services that Ernst & Young may provide to the Company
- Ensured that the BTC's existing combined assurance model addresses the significant risks facing the business
- Formed an integral component of the risk management process and, amongst others, monitored:
  - Financial reporting risks
  - Internal financial controls
  - Fraud risks as they relate to financial reporting
  - Information Technology (ICT) risks in so far as they relate to financial reporting
- Played an oversight role in respect of the internal audit function to ensure its effectiveness
- Approved the Internal Audit Annual Operational Plan
- Monitored closure of reported audit findings
- Reviewed developments in corporate governance and best practice and considered their impact and implications on the BTC and in particular ensured that the principles of King III are embedded throughout the business
- Satisfied itself that the General Manager of Finance is appropriately qualified and experienced to fulfil his role and that the Finance function is suitably resourced and skilled to carry out its obligations
- Reviewed the text of various reports, including the Going Concern Statement, Corporate Governance Report and Directors' report for inclusion in the Integrated Annual Report for the year ended 31 March 2019.

ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has evaluated the consolidated annual financial statements for the year ended 31 March 2019 and ensured that they comply, in all material aspects, with the requirements of the Companies Act and appropriate International Financial Reporting Standards. The Committee has therefore recommended the annual financial statements for approval to the Board. The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

CONCLUSION ON FULFILMENT OF DUTIES AND OBLIGATIONS

Given the above, the Committee is of the opinion that it has appropriately addressed its key responsibilities in respect of:

- Internal control
- Financial accounting control
- Risk management
- Selected stakeholder reporting that relates to the Audit and Risk Committee
- Statutory and regulatory requirements.

Corporate Governance Report

continued

2 REPORT OF THE HUMAN RESOURCES COMMITTEE

The Committee is pleased to present its report for the financial year ended 31 March 2019. This report sets out the Company's remuneration philosophy.

Choice Pitso
Chairperson of Human Resources Committee

REMUNERATION PHILOSOPHY

The remuneration philosophy applies to all BTC's operations. It is BTC's philosophy to:

- Appropriately compensate employees for the services they provide the business
- Reward and recognise employees for the attainment of specific BTC performance targets as well as the attainment of individual performance goals through variable pay
- Inculcate a positive culture through proper recognition structures
- Attract and retain talented, skilled and high performing employees to effectively manage the operations and growth of the business
- Motivate employees to perform in the best interests of BTC and its stakeholders
- Assist its employees on career development through training and development.

Remuneration levels are positioned relative to other comparable organisations, the current economic environment, and individuals' personal performance and BTC's business model. Remuneration comprises elements of fixed remuneration and performance-based (at-risk) remuneration.

REMUNERATION STRUCTURE

The various elements of the remuneration structure are discussed below.

REMUNERATION

The basic element of remuneration is a base salary that is required to attract and retain a given set of skills, competencies and experience.

EMPLOYEE BENEFITS AND RETIREMENT FUNDING

Other components of reward are given to employees. These are subject to local competitive practice and legislation. BTC provides, where appropriate, through third parties, additional elements of compensation:

- Pension or Retirement savings, comprising full or partially matched (with employee) contributions towards retirement savings, subject to local competitive practice and legislation;
- Gratuity;
- Group Life Assurance;
- Medical Aid; and
- Allowances

SHORT TERM INCENTIVES (STI)

Employees have an element of STI based remuneration, comprising one of the following:

- A pool-based Performance Incentive Bonus which award is at the Board's discretion
- A bonus triggered by the achievement of the budgeted Profit Before Tax (PBT) as determined by the Board at the beginning of the financial year under review
- An individual award based on performance.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The remuneration for the Non-Executive Directors for the year ended 31 March 2018 was approved by the shareholders at BTC's Annual General Meeting on 27 September 2018.

DIRECTORS; REMUNERATION AND SHAREHOLDING

Except for the Managing Director, Members of the Board are not entitled to monthly or annual salaries. Members of the Board and Sub-Committees are paid a sitting allowance.

The aggregate number of Botswana Telecommunications Corporation Limited shares held directly by Directors as at March 2019 is 604,488. Details of the remuneration and shareholding are as per the table below:

MEMBER	POSITION	DIRECTORS' REMUNERATION (AMOUNT IN PULA)	DIRECTORS' SHAREHOLDING (NUMBER OF SHARES)
MS. LORATO BOAKGOMO-NTAKHWANA	Chairperson	181,000	254,488
MS. SERTY LEBURU	Director	113,000	NIL
MS. CHOICE PITSO	Director	83,000	100,000
MR. MCLEAN LETSHWITI	Director	100,000	NIL
MR. ANDREW REGINALD JOHNSON	Director	87,000	NIL
MR. RANJITH PRIYALAL DE SILVA	Director	157,000	NIL
MR. THARI PHEKO	Director	65,000	NIL
MR. BAFANA MOLOMO	Director	60,000	NIL
MR. ANTHONY MASUNGA	Managing Director	2,083,872*	

* Managing Director's remuneration includes salaries and benefits.

INTERNAL AUDIT

BTC has an Internal Audit function that reports directly to 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. Internal controls however can only provide reasonable and not absolute assurance against material misstatements or loss. 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 a reasonable but not an absolute assurance against material loss or misstatement.

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

INTERNAL AUDIT FUNCTION

According to the King III Code of Corporate Governance, the key responsibility of Internal Audit is to the Board and/or its committees in discharging its governance responsibilities. It is for this reason that BTC 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 review and that control processes are in place and weaknesses are identified and mitigated. The Internal Audit is also expected to advise the Board whether the BTC'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.

BTC's Internal Audit function is designed to add value and enhance the Company's operations. It helps the

Corporate Governance Report

continued

Company to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

In performing its duties, Internal Audit is principally guided by the Institute of Internal Auditors' professional practice framework, King III and other relevant standards in undertaking internal audit responsibilities.

The Internal Audit Charter places considerable emphasis on:

1. Independence of the Internal Audit function
2. Integrity and professionalism within internal audit
3. Risk-Based Internal Auditing.

The Internal Audit function reports administratively to the Managing Director and functionally to the Board via the Audit and Risk Committee. Internal Audit also advises the Board on BTC's risk management framework, control effectiveness and compliance to laws and regulatory requirements.

The Internal Audit follows a risk-based methodology to develop the annual audit plan, which is reviewed and approved by the Audit and Risk Committee. The Chairperson of the Audit and Risk Committee appraises the Board on the duties of the Internal Audit function on quarterly basis. All the work is conducted by appropriately qualified and experience team members and follows the Institute of Internal Audit Standards.

A summary of audit results, progress against delivery of the audit plan and progress in closing both Internal and External Audit findings items are presented bi-weekly to the Executive Management and quarterly to the Audit and Risk Committee.

The Committee actively reviews the Internal Audit submissions and appraises the Board accordingly.

Through the anonymous tip-off line managed by Deloitte, Internal Audit investigates all reported cases and conveys its findings and recommendations to the Managing Director and the Audit and Risk Committee.

MONITORING RESULTS AND MANAGEMENT REPORTING

Effective internal controls should prioritise the timing of information required as per the applicable laws and needs of management. All reporting of financial and other results is carried out as an effective monitoring mechanism; actual results are compared against the annual plans and against the historical trends of the previous years.

RISK MANAGEMENT

Effective risk management is integral to BTC'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 supervision, monitoring, financial and managerial reporting.

In addition to the above, the Board has endeavoured to ensure that control systems, designed to safeguard BTC'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 a wider range of risks arising as a result of BTC'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 BTC's business objectives are identified, mitigation is established, and risk owners appointed. Business risks are reviewed on a semi-annual basis.

PAGE A Risk Management Report is included on page 134 to 139.

GOING CONCERN

The Board has considered and recorded all relevant facts and assumptions and has concluded that BTC has adequate resources to continue in operational existence for the foreseeable future. Their statement in this regard is also contained in the statement of Director's responsibility for the Annual Financial Statements.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The financial statements of BTC have been reviewed by the Audit and Risk Committee, approved by the Board and can be signed off by any two Directors. In practice, however, they are usually signed on behalf of the Company by the BTC Chairperson and the Managing Director.

EXTERNAL AUDITORS

The external auditors provide an independent assessment of BTC's systems of internal financial control and express an independent opinion on the Annual Financial Statements.

The external audit function provides reasonable assurance on the accuracy of financial disclosures within the approved thresholds of materiality. The external auditors' plan is reviewed by the Audit and Risk Committee to ensure all significant areas of concern are covered, without infringing on the external auditor's independence and right to the audit.

Close cooperation between the internal and external auditors ensures that there is adequate coverage of all material areas within BTC. In terms of the Companies Act, the shareholders at 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

BTC considers compliance with applicable laws, industry regulations, codes and its own ethical standards and internal policies to be an integral part of doing business. BTC's Company Secretary function facilitates the management of compliance through analysing statutory and regulatory requirements, drafting compliance management plans and subsequently implementing those plans throughout BTC and monitoring the implementation of suggested controls to ensure compliance with applicable statutory and regulatory requirements.

The Compliance Checklist and Legal Register rolled out to the business covers dissemination of new legislation, handling of regulatory visits, development and review of risk universes, and various regulatory reporting procedures.

Various pieces of legislation including the Companies Act, the Communications and Regulatory Act, Competition Act and the Financial Intelligence Act (FIA) were analysed for purposes of developing and reviewing the risk universes of the business. The Board is conscious of its responsibility and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board, through the Company Secretary's office, strives to ensure that the businesses of BTC comply with the laws and regulations of Botswana.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The Company Secretary is Mr. S. Mganga. All Directors have unlimited access to the advice and services of the Company Secretary, who is accountable to the Board for ensuring that all prescribed procedures are complied with, and that sound corporate governance and ethical principles are adhered to. Any Director is entitled to seek independent professional advice concerning the discharge of his or her responsibilities at BTC's expense, though the encouraged practice is to arrange this through the Company Secretary.

RELATIONSHIP WITH EMPLOYEE REPRESENTATIVES

As part of maintaining harmonious relations and a conducive employee relations climate within the Company, the Botswana Telecommunications Employee Union (BOTEU) and Management continue to engage each other through the established communication, consultation and negotiation forums.

EMPLOYEE SHARE OWNERSHIP PLAN ("ESOP")

As part of the BTC Initial Public Offer ("IPO"), Government of the Republic of Botswana ("the Government" or "Majority shareholder") reserved 5% of the issued capital of BTC (52,500,000 shares) for the benefit of Citizen BTC Employees.

Initially the shares were to be deposited into an Employee Share Trust and dividends accrued were to be shared equally amongst employees. The Government through a Presidential Directive (CAB 10(A)/2016) amended the terms of the Employee Share Scheme to allow for employees to directly purchase the reserved shares. This amendment was approved at the 2016 Annual General Meeting.

820 out of 950 eligible BTC Employees purchased 19,269,200 of the reserved shares at 85thebe per share, a 15% discount to the IPO price of P1.00. A total of 33,230,800 shares (3.16% of the issued capital of BTC) remain.

The Company and Majority shareholder are still in discussion about how both the Company and BTC employees can benefit from the remaining shares which are still in the name of the Government.

ENVIRONMENT, HEALTH, SAFETY AND SUSTAINABILITY

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

PREVENTION & DETECTION OF FRAUD AND ERRORS

An effective internal control system should provide for prevention and detection of fraud and errors.

Corporate Governance Report

continued

Compliance with the Corporate Governance Code (King III)

To improve the corporate governance principles and to enhance the Board's accountability, BTC voluntarily decided to subject itself to the world class code on Corporate Governance, the King III Code on Corporate Governance (www.kingIII.co.za).

The statement below, which is based on the Code published by the King Committee, measures the degree of its compliance to the respective codes. BTC has complied with the Codes of Best Practice throughout the financial year ended 31st March 2019, other than with the exceptions stated below:

COMPLIANCE WITH KING III PRINCIPLES

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP			
P 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 BTC. BTC recognises that good governance emanates from effective, responsible leadership, which is characterised by ethical values. The Company has in place a Code of Ethics and Conduct to ensure ethical leadership and ethical interactions with both internal and external BTC stakeholders
P 1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	√	BTC Corporate Social Responsibility reports adequately reflects the Company's commitment to good corporate citizenship.
P 1.3	The Board should ensure that the Company's ethics are managed effectively.	√	BTC has a Code of Ethics and Conduct integral to the Company's employment conditions, which promotes, amongst other things the ethical values of responsibility, accountability, fairness and transparency.

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
2. BOARD 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. BTC's risk management process considers the full range of risks including strategic and operational risks 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 and Risk Committee.	√	BTC 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.
2.8	The Board should be responsible for information technology (IT) governance.	√	A Technology and Investment Committee responsible for this function is in place.
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 BTC legal team. In the Board's view, BTC 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.	√	The Internal Audit function, with the help of the external auditors, handles this function prudently
2.11	The Board should appreciate that stakeholder's 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 arising from customers, employees, shareholders, government agencies, local communities, etc.

Corporate Governance Report

continued

COMPLIANCE WITH KING III PRINCIPLES

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
2.12	The Board should ensure the integrity of the Company's Integrated Report.	√	Annual financial statements are reviewed by the Audit and Risk Committee and the Board. Further the significant components of the Annual Report are 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 review the Company's internal control systems and provide a report to the Audit and Risk Committee and to the Board. The Audit and Risk Committee as part of its reporting, confirms 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 Directors dictate that the Directors act in the best interest of the Company and that all conflicts of interest are declared and/or 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 always ensures that it meets the solvency tests. The Company also prepares a three-year business plan incorporating financial forecasts for early detection of 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 Non-Executive 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.
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 CEO) is 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 on the Board are filled by Non-Executive Directors.

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
2.19	Directors should be appointed through a formal process.	√	Currently, Directors are selected by the Nominations Committee and approved by the Board at the Annual General Meeting.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	√	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 legal professional, suitably qualified to handle the company secretarial matters of BTC.
2.22	The evaluation of the Board, its committees and the individual Directors should be performed every year.	√	The Company carries out a self-evaluation and of the targets set.
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	√	The Board has appointed four sub-committees viz. the Audit and Risk Committee, the Technology and Investment Committee and the Human Resources Committee and the Directors' Affairs and Governance 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.	√	All Directors except the Managing Director are currently remunerated only for time spent at meetings, in line with the fees approved by shareholders
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's remuneration policies are approved only by the Board save for the remuneration philosophy which must be approved by shareholders.

Corporate Governance Report

continued

COMPLIANCE WITH KING III PRINCIPLES

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.	√	BTC 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.	√	BTC has an effective and independent Audit and Risk Committee comprising qualified accounting professionals 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.	√	The Audit and Risk Committee ensures that internal audit function provides the umbrella guarantee in collaboration with other assurance providers namely Risk Management, Regulatory Compliance, Revenue Assurance and Fraud Management. External auditors also review the work carried out by Internal Audit to provide assurance and determine the level of reliance to be placed on internal audit work.
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function.	√	All members of the Audit and Risk Committee are adequately qualified.
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 Risk Committee. The Internal Audit function periodically reports to the Board and 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 risk management approach. The Committee is of the view that the risks are being adequately 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 external auditor to the Board and to the Annual General Meeting.

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
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 the Committee is included in the Annual Report.
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, their impact and likelihood. The risk that can be tolerated and the risks that it is willing to take are continuously examined by the Audit and Risk Committee. A risk register is in place to address this.
4.3	The Risk and Audit 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 assists 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 and implement risk management measures and to monitor the risks.
4.5	The Board should ensure that risk assessments are performed on a continual basis.	√	The Audit and Risk Committee meets periodically to consider various matters including discussions of the risk assessments, risk framework and methodology.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	√	The Audit and Risk Committee looks at the risk frameworks and methodologies and ensures that unpredictable risks are well managed. This is an on-going process.
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.	√	A risk register is in place for purposes of managing all risks.
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.

Corporate Governance Report

continued

COMPLIANCE WITH KING III PRINCIPLES

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
5. THE GOVERNANCE OF INFORMATION TECHNOLOGY (IT)			
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, their impact and the level of responses are included in the Annual Report.
5.1	The Board should be responsible for Information Technology (IT) governance.	√	The Board understands the importance of the information technology governance and associated risks. It has delegated the responsibility for IT governance issues through the Managing Director to the appropriate Management personnel.
5.2	IT should be aligned with the performance and sustainability objectives of the Company.	√	IT is a significant component of BTC's operations, most of which are based on IT platforms, technologies and processes and are crucial to its performance and sustainability. As such, adequate attention is being given to IT.
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 the IT function is delegated to the management as well as other functions within the IT infrastructure.
5.4	The Board should monitor and evaluate significant IT investments and expenditure.	√	Responsibility for managing the IT governance framework is delegated to management. The framework supports effective and efficient decision-making around the utilisation of IT resources to facilitate the achievement of the Company's objectives.
5.5	IT should form an integral part of the Company's risk management.	√	The management of IT-related risk is the duty of management. Risks relating to IT are part of the overall risk management function within BTC. IT management ensures good project management principles are applied.
5.6	The Board should ensure that information assets are managed effectively.	√	In BTC, the IT assets are an integral part of the overall asset 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 BTC legal team through the office of the Company Secretary. In the Board's view, BTC is compliant 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.	√	The induction process for new Board members attempts to sensitise the Directors with all laws and regulations affecting the company as well as their roles and responsibilities which include fiduciary duties.
6.3	Compliance risk should form an integral part of the Company's risk management process.	√	Compliance to laws and regulations is identified under different risk dimensions, such as market risks, regulatory risks, finance risks, etc., and are adequately considered.
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	√	BTC has an adequate level of responsibilities ensuring compliance with all applicable laws and regulations.
7. INTERNAL AUDIT			
7.1	The Board should ensure that there is an effective risk based internal audit	√	The Company has a dedicated Internal Audit function responsible for this detail
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 quarterly to the Audit and Risk Committee on audits carried out in order to assess 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 Report
continued

COMPLIANCE WITH KING III PRINCIPLES

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
8. GOVERNING STAKEHOLDER RELATIONSHIPS			
8.1	The Board should appreciate that stakeholder's perceptions affect a company's reputation.	√	The Board is aware of reputational risk and its potential effect on the Company's operations, performance and results. It takes reputational issues seriously and these are regularly discussed at Board meetings.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	√	The BTC Management structure and the organisational responsibility adequately deal with the issues relating to the 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 address the relationship with stakeholders to various Board Committees to and, in some instances, to the management.
8.4	Companies should ensure the equitable treatment of shareholders.	√	BTC is an equal opportunity employer and carries out its activities within ethical guidelines and with the utmost impartiality. As such, all shareholders are treated equitably and receive information simultaneously
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	√	BTC has adopted a responsible practice in communicating transparently and effectively with its various stakeholders.
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	√	BTC 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.	√	The Board upholds globally recognised high standards of reporting and rigorously ensures the integrity of any data before disclosure for reporting purposes.
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	√	Sustainability reporting is included as part of the Annual Report.

Risk Management Report

Risk

BTC considers risk as a natural part of any business process and the management of risk as a key operating philosophy and an integral component of its activities.

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

RISK MANAGEMENT ACTIVITIES AT BTC ARE GOVERNED BY THE FOLLOWING PRINCIPLES, WHICH ARE ALIGNED WITH ITS STRATEGY AND BUSINESS MODEL. THESE ARE:

1. The integration of the culture of risk management throughout BTC's attitudes, values, processes, decision making and business planning
2. An organisational and governance model that assigns all risks to those responsible for their control and management
3. 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
4. A complete framework of process control mechanisms for managing and controlling risks
5. A comprehensive approach to all risks, both internal and external, involving drawing up a risk universe and clearly defining the risks, their nature, impact and mitigation strategy.

BTC has adopted a global framework for identifying and managing risk within defined tolerance levels, in relation to both its operations and risk appetite relative to upside risks as identified in its strategy. The framework has been designed to provide the Executive Committee and Board with a clear line of sight over risk and to enable informed decision making. This framework helps BTC to manage risk in a systematic, transparent and cost-effective manner.

BTC RISK PHILOSOPHY

BTC recognises that an effective risk management process is fundamental to achieving its business goals and its sustainability. BTC 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 connection exists between managing the business and managing risks. BTC also believes that it can manage risks only if its employees are equipped to manage risks and believes that it is the corporate culture which facilitates the enterprise-wide risk management process. BTC is aware that it is not possible to eliminate risk entirely and therefore manages risk rather than seeking to eliminate it completely.

Understanding strategic, operational, compliance and financial risks is a vital element of BTC's risk management and oversight process. BTC's risk management and oversight programme is not an end in itself, but a process to support management in achieving its set goals. BTC understands that no matter how comprehensive its risk management and control system may be, it cannot be assumed to be exhaustive, nor can it provide certainty that it will prevent negative developments in BTC's business or that its mitigating actions will be fully effective. It is important to note that new, as yet unknown, risks may still be identified and that any of the risks identified in this report could have a material adverse effect on BTC'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 BTC is essential to and underpins the delivery of BTC's objectives. The Board is responsible for the oversight of the risk management processes which stipulate that risks are identified and appropriately managed across the business. It has delegated the responsibility for reviewing the effectiveness of the BTC's internal controls, including the systems established to identify, assess, manage and monitor risks, to the Risk and Audit Committee.

Risk Management Report

continued

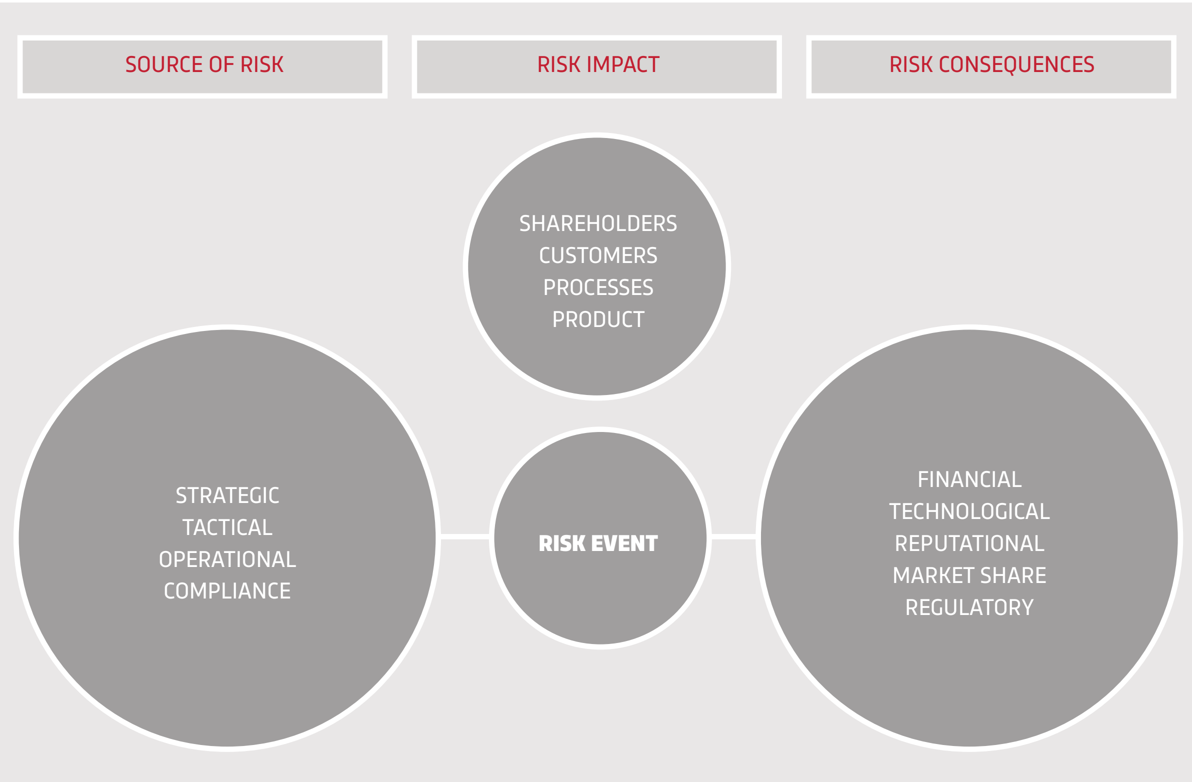
The overall internal Risk Function is the responsibility of the General Manager, Internal Audit and Risk Management. Day-to-day responsibility for risk identification, analysis, evaluation, mitigation, reporting and monitoring rests with the operating divisions and business units of the Company and these are coordinated by the Head of Risk Management and Divisional Risk Champions. BTC's risk management policy requires all operating divisions and business units to identify and assess the risks to which they are exposed. Risk registers are used to document identified risks, their source, possible consequences and control mechanisms.

On identification, risks are analysed as to the likelihood of occurrence and their potential impact on the business. Action plans are then developed and implemented to mitigate or eliminate unwanted exposure to identified risks. Individual managers are allocated responsibility for assessing and managing the risks identified within their business units. Risks and their corresponding mitigation are subject to review within BTC.

Established business reporting systems exist to ensure that significant risks are escalated through operating division or business units to the Executive Committee and the Board.

BTC ENTERPRISE-WIDE RISK MANAGEMENT PROCESS

In order to manage risk, BTC identifies and analyses risks it faces, ranks them by the likelihood of occurrence and significance of consequences, and determines the most effective ways to manage them. BTC's Headline Risk Register groups the risks into five broad categories - people, processes, technology, customers and shareholders. High level risk assessment takes place under different dimensions and such analysis includes, operational risks, market risks, network obsolescence risks, internal processes risks, regulatory /compliance risks, etc.



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 according to risk tolerance at the project, process, operational, tactical and strategic levels.

2

Setting the risk appetite
BTC's risk appetite is determined by the 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 BTC's consolidated risks profile.

Assessing the impact and likelihood of the risks on the organisation should they occur
Risks are assessed based on the likelihood of them occurring and the possible impact on the business (i.e. on customers, business operating systems and process, employees, financial position, brand and reputation, etc.)

4

Determining the risk response
Control strategies usually considered are:

1. Accepting the risk
2. Transferring the risk.
3. Elimination of the risk by adopting an exit strategy
4. Avoiding the risk

5

Classifying the risks
BTC classifies risks as, high, medium or low based on their potential impact and the likelihood of them occurring. Therefore, where a risk has a high likelihood of occurring and the potential impact on the business, financial position or reputation is assessed as high, it would be considered critical.

6

Monitoring and reporting the risks
All risks across the business, operational, tactical and strategic, are captured into the risk management system. As part of continuous improvement and strengthening of the risk framework, BTC made the following enhancements over the last 12 months:

- Developed a BTC risk universe to assess the specific risk environment in which BTC operates and the sources of the risks to which BTC may be exposed in line with the purpose, strategy, operations/processes.
- Conducted a risk maturity survey within the organisation.
- Established a consistent risk reporting methodology including the full utilisation of Barnowl, a global risk management reporting tool. This global risk tool allows for the standardisation of the data stored on all risks and the sharing of information across BTC.
- Increased engagement with risk owners to improve monitoring of key risks, actions and indicators through monthly Risk Committee meetings.
- Conducted Risk assessments for key projects, including the ongoing converged billing project.
- Enhanced Risk Insurance reporting to give management sight and information, claims and experience they need to make informed decisions for the business in line with BTC risk transfer and cost management.
- Conducted a risk assessment and identified all systems on Single Point of Failure (SPOF) for Technology and IS systems for implementation and correction.

BTC's risk management approach and practices continued to focus on minimising the adverse impact of risks on the business objectives and to enable the Company to leverage market opportunities based on a risk return balance.

Risk Management Report

continued

BUSINESS CONTINUITY MANAGEMENT

BTC considers Business Continuity Management (BCM) an integral part of good risk management and corporate governance practices and, to this end, and as part of continuous improvement, BTC has reviewed its existing BCM framework to align it to the ever-changing technological developments and customer demand for improved network quality and differentiated customer experience.

This framework is implemented using a comprehensively defined Business Continuity Management Framework, which has been modelled on the leading industry standard – ISO22301, global leading practices and guidelines from institutes such as the Business Continuity Institute (BCI), the Disaster Recovery Institute (DRI), and the King III report, which propose the integration of people, technologies and processes as part of organisation-wide risk management and the implementation of a robust arrangement for business resilience.

To this end BTC is implementing an annual and structured BCM testing schedule on critical functions to provide assurance, protection, preparedness, mitigation and response for system and process recovery. The mission critical systems include but are not limited to the transmission network systems, switching systems, power and mechanical systems, data systems, IP systems, Enterprise systems, mobile systems and IT systems, and SHE management. This process assures a high level of service availability to the customers and ensures that appropriate priority is given to systems during failures, that resources for recovery and fault restoration are available, to ensure that crises are managed and resolved on time, and provides guidance for recovery, escalation and crisis coordination.

TOP TEN RISKS

There are several risk factors that may affect BTC's businesses. The top ten risks are as follows:

CONTEXT	RISK DESCRIPTION	MITIGATING FACTORS
COMPETITION	BTC faces increased competition from a variety of new technology providers, new market entrants and evolving customer needs	BTC is strengthening its brand, accelerating the introduction of new products and services and fair pricing model that will promote customer loyalty and increase BTC's revenues and market share.
ECONOMIC DECLINE	Economic pressures with associated high unemployment, decline in consumer spending, inflationary pressures on disposable income, cost cutting measures by key customers, increase in utility tariffs result in low demand and a decrease in spending power on BTC products.	Increased resource efficiency, the creation of new innovative affordable services, and effective credit management.
REGULATORY PRESSURE	BTC operates in a licenced environment and regulatory pressure to reduce tariffs may impact on BTC market share & competitive position and none compliance to other statutes may result in fines and penalties.	BTC maintains a robust and constructive engagement with regulators. Full compliance to regulatory requirements by ensuring vigilance on internal controls monitoring and strict governance controls.
TECHNOLOGY RISKS	Network obsolescence, network failures, inadequate visibility & monitoring of the network system, data integrity, cyber security breaches, theft & vandalism of network elements and poor vendor contracts leads times	Prioritisation of network modernisation and optimisation deployment. BTC currently ensures that critical assets are protected, and its systems are resilient, so that any impact on customers is avoided or minimised.
BUSINESS CONTINUITY MANAGEMENT	Major incidents caused by suppliers, systems operating on single point of failure mode, natural disasters or an extreme technology failure, could result in the complete loss of key technology sites causing severe impact on customers, revenues and reputation.	BTC implements an annual robust BCM testing and review programme to enhance network resiliency.
INNOVATION	BTC's failure to provide differentiated solutions to offer superior experience to customers vs. pushing products, revenue erosion due to product cannibalisation and lack of sales skill set.	Entrenched culture of innovation with clear processes and governance.
QUALITY OF SERVICE	Increased churn due to poor quality of service and standards, slow turnaround times on installation and maintenance resulting in bad customer experience and product performance	BTC is modernising its network to deliver reliable and differentiated user experience.
CONVERGED BILLING SYSTEM	Delayed resolution of converged billing implementation challenges.	End to end project management to enhance efficiency.
LIMITED CRITICAL SKILLS	Talent retention in limited critical skills in IP, IT, Cloud services, Cyber Security, IoT, Cost & Pricing due to competition	Capacity building and talent management, including succession planning on critical skills.
CULTURE	Poor work culture that impacts on Strategy execution.	Through its talent management programme, BTC has implemented a cultural mindset shift initiative (Leading at speed of trust).


24%
18%
100%
8%
56%

FINANCIAL REVIEW
AND MANAGEMENT DISCUSSION

07

This Financial Review and Management Discussion reviews the results of the operations, performance and financial position of the Corporation for the year ended 31 March 2019.

The commentary is intended to help the reader understand the results of the operations and financial condition of BTC and is provided as a supplement to be read in conjunction with the Company's audited annual financial statements for the year just ended compared with the year ended March 2018. The Audited Annual Financial Statements (AFS) and the accompanying notes are prepared in accordance with International Financial Reporting Standards (IFRS) and reported in Botswana Pula (BWP).

Financial Review and Management Discussion

Throughout the commentary, references to "We", "Our", the "Company", "Corporation", "BTC" and "BTCL" all refer to Botswana Telecommunications Corporation Limited. BTC is a solitary Company established under the Companies Act and presently does not have any subsidiaries or associates. The Corporation is a converged telecommunications operator offering fixed, mobile and broadband (fixed data) services to individuals, enterprises and other licensed service providers. These segments are further broken down or analysed into distinct revenue sources notably voice, access service, data usage and provision of customer premises equipment. These analyses are designed to assist management and other readers to compare the operating results and financial performance in a meaningful way.

Basis of Financial analysis and other measures

Unless expressly indicated otherwise, figures in the review have been extracted from the AFS and are therefore IFRS compliant. One such departure is the 10-year trend which, for purposes of computing measures such as EBITDA, has had the order of account lines re-aligned in relation to IFRS, some of the balances have been re-classified and some of the numbers summarised. Reconciliations or explanations have been included in areas where there are departures from, or differences to, the audited accounts.

It should also be noted that BTC presents other financial performance and position measures including the various margins (Gross profit, EBITDA, EBIT and Net profit) and various measures of returns such as ROA, ROE, ROCE, etc. These measures do not have a standardised meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, as other entities may define these terms in different ways.

BTC INCLUDES THE FOLLOWING MEASURES BECAUSE IT BELIEVES CERTAIN INVESTORS USE THEM AS A MEANS OF ASSESSING FINANCIAL PERFORMANCE AND POSITION:

- Gross profit is calculated as revenue from contracts with customers less costs of goods and services sold with the gross profit margin being gross profit divided by revenue from such contracts.
- Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) are calculated as gross profit plus other income less all costs but excluding depreciation, amortisation, interest and taxation. The EBITDA margin is EBITDA divided by revenue derived from contracts with customers.
- Earnings Before Interest and Taxes (EBIT) or Operating income, is calculated as net earnings before finance costs (net of finance income) and income taxes. Operating margin is therefore the EBIT divided by revenue derived from contracts with customers.
- Return on average capital employed (ROCE) is computed as EBIT over the average (sum of opening and closing balances divided by two) capital employed, i.e. total assets minus current liabilities.
- Return on average shareholders' equity (ROE) is computed as profit for the year (PAT) over average shareholders' equity.
- Return on average assets (ROA) is computed as profit for the year over average total assets.
- Solvency ratio is calculated as profit for the year plus depreciation charge for the year over both long-term and short-term liabilities.

10 Year financial trend

In keeping up to the tradition, the commentary opens with a 2 paged, 10-year reproduction of the Corporation's footprint which highlights the transformation journey that BTC has undergone including but not limited to:

- In 2012, in line with the decision of the Government of Botswana to commercialise and privatise BTC, it was converted to a public company limited by shares, continuing with all existing assets, liabilities, operations, licenses, etc.
- The new entity assumed the name Botswana Telecommunications Corporation Limited. On the same date, BTC also changed from being a tax-exempt entity to a tax paying entity, falling under the purview of the Income Tax Act regulations. With the change in tax status, the Corporation changed its dividend policy from the then prescribed 25% to a rate determined by the Board of Directors.
- Network separation in 2014: In line with a Government directive, all fibre network assets, related capital grants and deferred revenue amounting to P284m were transferred to the newly created Botswana Fibre Networks (BoFiNet). BTC also provided P122m cash funding as initial set up costs for BoFinet. The network separation exercise resulted in a P400m reduction in shareholder equity.
- Following the separation and the loss of cash-flows attributable to the transfer of backbone network plant and equipment to BoFinet, an impairment charge of P266m was recognised.
- In the same year, a work force restructuring exercise was undertaken resulting in separation costs of P31m.
- Two years later, the impairment charge increased by P522m on account of significant changes in the business environment attributable to regulatory changes resulting in increased network related costs, a reduction in revenue lines, increased competition and, more importantly, substantial wholesale tariff reductions.
- In both instances (2014 and 2016), BTC's value in use of its asset were below their carrying amounts, necessitating impairment adjustments for the respective years.
- In April 2016 BTC was listed on the Botswana Stock Exchange following an Initial Public Offering (IPO), making it the first listed telecommunication entity in the exchange. The IPO included the issue of 250 million subscription shares, thereby increasing the total number of outstanding ordinary shares to the current 1.05 billion.
- BTC has continued to be a self-financing and debt-free enterprise since fully paying off its Government loans and redeeming the bonds that were issued. This is on the face of a defined programme over a period of continued investments in infrastructure through a number of projects aimed at modernising the infrastructure and expanding network capacity where needed. There has been a steady migration to next generation service provider networks to support converged service offerings and requirements of our customers.
- The cornerstone of this transition has, to a large extent, been propelled by our innate ability to initiate and build successful partnerships and forge valuable relationships with a multitude of associates. The sustainability of these relationships has played a pivotal role in our quest to provide a world class telecommunications service.

10 Year Review

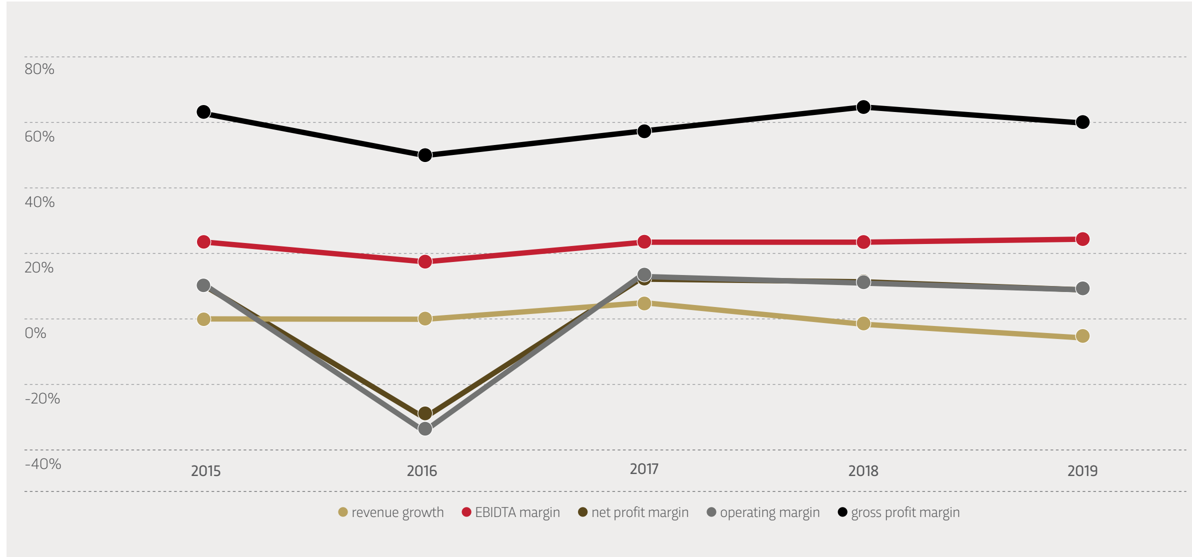
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Performance (P 000's)										
Revenue from contracts with customers	1,448,224	1,566,908	1,615,022	1,485,839	1,479,988	1,463,931	1,384,222	1,173,909	1,065,112	958,444
Cost of services and goods sold (excluding depreciation and amortisation)	(396,361)	(461,955)	(541,447)	(471,427)	(399,923)	(375,054)	(397,505)	(363,583)	(302,171)	(297,568)
Gross Profit	1,051,863	1,104,953	1,073,575	1,014,412	1,080,065	1,088,877	986,717	810,326	762,941	660,876
Other income	246	1,455	6,094	4,121	15,254	9,444	565	1,471		3,481
Selling and distribution costs	(37,332)	(41,096)	(48,728)	(42,188)	(38,168)	(29,810)	(23,649)	(26,372)	(98)	(470)
Administrative expenses (excluding depreciation)	(403,519)	(422,570)	(389,116)	(397,012)	(389,309)	(367,264)	(317,624)	(276,420)	(268,535)	(227,840)
Other expenses	(262,443)	(273,313)	(272,489)	(317,038)	(315,666)	(282,000)	(198,669)	(134,645)	(144,022)	(116,280)
Earnings before interest, depreciation, taxation and amortisation(EBIDTA)	348,815	369,429	369,336	262,295	352,176	419,247	447,340	374,360	350,286	319,767
Depreciation and amortisation	(199,366)	(156,098)	(147,321)	(259,593)	(202,070)	(217,782)	(220,353)	(191,218)	(166,646)	(185,291)
Amortisation of capital grants	29,657	29,453	29,453	25,304	24,397	42,670	38,669	40,489	25,316	25,914
Impairment of property, plant and equipment	-	-	-	(522,404)	-	(266,051)	-	-	-	-
Earnings Before Interest and Taxation (EBIT)	179,106	242,784	251,468	(494,398)	174,503	(21,916)	265,656	223,631	208,946	160,390
Interest Income	17,606	21,131	23,075	26,451	26,066	25,144	18,451	13,415	21,311	30,891
Interest costs (Financing costs)	-	-	-	-	-	(208)	(184)	(184)	(2,866)	(10,228)
Profit Before Baxation (PBT)	196,712	263,915	274,543	(467,947)	200,569	3,020	283,923	236,862	227,391	181,053
Income tax expense	(34,652)	(46,564)	(37,194)	97,127	(53,814)	(2,880)	(10,277)	-	-	-
Profit for the year (PAT)	162,060	217,351	237,349	(370,820)	146,755	140	273,646	236,862	227,391	181,053
Position (P 000's)										
Property, Plant, Equipment and Intangible assets	1,744,694	1,488,331	1,279,488	1,028,771	1,556,197	1,251,793	1,886,115	1,772,827	1,444,597	1,212,928
Deffered taxation	27,502	51,634	87,947	123,738	26,611	89,751	-	7,052	9,692	-
Other current Assets	497,827	442,829	442,040	406,481	455,316	434,926	315,680	310,667	209,880	266,071
Cash and cash equivalents	305,456	450,074	516,549	390,029	365,977	353,462	405,548	292,882	283,295	344,076
Total Assets	2,575,479	2,432,868	2,326,024	1,949,019	2,404,101	2,129,932	2,607,343	2,383,428	1,947,464	1,823,075
Capital employed	2,080,967	2,062,663	1,949,159	1,552,110	1,922,930	1,588,319	1,993,628	1,779,199	1,460,453	1,278,326
Non-current liabilities	95,319	113,899	130,322	180,842	201,512	198,050	304,337	345,784	263,553	215,012
Current liabilities	399,193	256,306	246,543	216,067	279,659	343,563	309,378	258,445	223,458	329,737
Total Equity and Liabilities	2,575,479	2,432,868	2,326,024	1,949,019	2,404,101	2,129,932	2,607,343	2,383,428	1,947,464	1,823,075
Capital Expenditure	455,820	299,793	398,969	254,570	264,498	194,846	333,896	380,456	401,915	348,318
Ratios										
Revenue growth	(8%)	(3%)	9%	0%	1%	6%	18%	10%	11%	
Earning per share (Thebe) (1, 050,000,000 shares)	15.43	20.70	22.60	(35.32)	13.98	0.01	26.06	22.56	21.66	17.24
EBITDA margin	26%	25%	25%	19%	25%	32%	35%	35%	35%	36%
Current ratio	2.0	3.5	3.9	3.7	2.9	2.3	2.3	2.3	2.2	1.9
Capex to revenue ratio	31%	19%	25%	17%	18%	13%	24%	32%	38%	36%
Capex to depreciation charge	2.3	1.9	2.7	1.0	1.3	0.9	1.5	2.0	2.4	1.9
Return on average equity	8%	11%	14%	(21%)	8%	0%	15%	15%	17%	
Return on average capital employed	7%	10%	12%	(19%)	8%	0%	12%	12%	14%	
Return on average operating assets	6%	9%	11%	(17%)	6%	0%	11%	11%	12%	
Other Operational Data										
Staff strength	914	920	919	944	934	932	962	942	950	905
Economic data										
Inflation (consumer price inflation)	3.30	2.80	3.00	2.50	4.50	8.20	6.20	8.20	6.20	9.20
Value of Pula (1 Pula equals to US $)	0.09	0.10	0.09	0.09	0.10	0.11	0.15	0.14	0.15	0.15

Financial Overview

REVIEW OF THE RESULTS BASED ON THE STATEMENT OR PROFIT OR LOSS AS PUBLISHED

All figures in P'000	2019	2018	2017	2016	2015	P'million	%
Revenue from contracts with customers	1,448,224	1,566,908	1,615,022	1,485,839	1,479,988	(118,684)	(8%)
Cost of services and goods sold	(576,353)	(600,895)	(675,573)	(721,632)	(574,647)	24,542	(4%)
Gross Profit	**871,871**	**966,013**	**939,449**	**764,207**	**905,341**	**(94,142)**	**(10%)**
Other income	29,903	30,908	35,547	29,425	39,652	(1,005)	(3%)
Selling and distribution costs	(37,332)	(41,096)	(48,728)	(42,188)	(38,168)	3,764	(9%)
Administrative expenses	(422,893)	(439,728)	(402,311)	(406,400)	(416,656)	16,835	(4%)
Impairment of property, plant and equipment	-	-	-	(522,404)	-	-	-
Other expenses	(262,443)	(273,313)	(272,489)	(317,038)	(315,666)	10,870	(4%)
Earnings Before Interest and Taxation (EBIT)	**179,106**	**242,784**	**251,468**	**(494,398)**	**174,503**	**(63,678)**	**(26%)**
Interest Income	17,606	21,131	23,075	26,451	26,066	(3,525)	(17%)
Profit before taxation (PBT)	**196,712**	**263,915**	**274,543**	**(467,947)**	**200,569**	**(67,203)**	**(25%)**
Income tax expense	(34,652)	(46,564)	(37,194)	97,127	(53,814)	11,912	(26%)
Profit for the year (PAT)	162,060	217,351	237,349	(370,820)	146,755	(55,291)	(25%)
Earnings before interest, taxation, depreciation and amortisation(EBIDTA)	**348,815**	**369,429**	**369,336**	**262,295**	**352,176**	**11,912**	**(26%)**
Earning per share (Thebe) (1, 050,000,000 shares)	15.43	20.70	22.60	(35.32)	13.98		(25%)
Profitability ratios (%)							
Revenue growth	(7.6%)	(3.0%)	8.7%	0.4%	0.0%		(4.6%)
Gross profit margin	60.2%	61.7%	58.2%	51.4%	61.2%		(1.4%)
EBITDA margin	24.1%	23.6%	22.9%	17.7%	23.8%		0.5%)
Operating margin	12.4%	15.5%	15.6%	(33.3%)	11.8%		(3.1%)
Net Profit margin	11.2%	13.9%	14.7%	(25.0%)	9.9%		(2.7%)

PROFITABILITY RATIOS



The downward movement in BTC's results continued from the prior financial year with overall profit after tax (PAT) reducing from P217m to P162m, representing a 25% decline year on year. This was mainly attributable to a P119m, or 8%, decline in revenue from contracts with customers from P1.567 billion achieved in the previous year to P1.448 billion. A 4% savings in the cost of services and goods sold reduced the overall decline to P94m, resulting in an overall gross profit for the year of P872m, compared to P996m in the prior year.The gross profit margin for the year was 60%, a decline of 2% compared to prior year. With the exception of the 2016 financial year (where the margin went down to 51%), this was largely in line with the Corporation's average gross profitability of around 60%, reflecting the maturity of the business strategies adopted on direct cost containment; an encouraging trend in the face of increased competition and regulation over the years.

The cost containment exercise was further evidenced in the 4% reduction in Operating costs leading to Earnings Before Interest and Tax (EBIT) declining to P179m from P243m in the prior year reducing the P94m deficit at the gross profit level to P64m at EBIT level, with most of the reduction coming from the employee costs under the administrative expenses section. Consequently, the operating margin for the year declined from 15% in the prior year to 12% in the current year. As in the case of the gross profit margin, this was still within the BTC's average over the period.

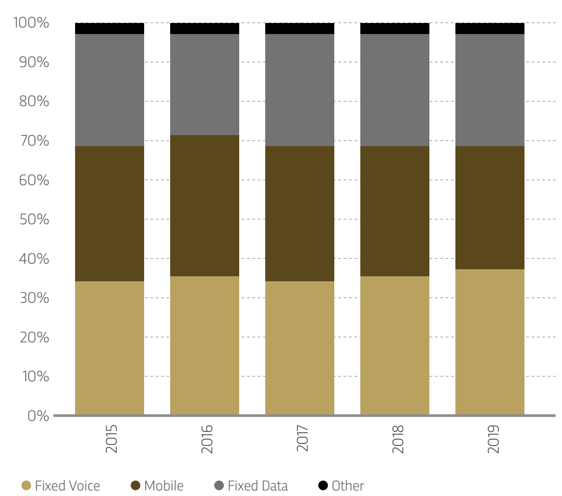
Depreciation for the year increased from P156m to P199m following the completion and capitalisation of various significant strategic network transformation projects - mainly fixed broad broadband and mobile broadband (FBB & MBB), a new data centre at Kgale Earth Station - and other critical projects such as the new converged billing platform (C1). Due to the timing of the delivery of these projects, there was no corresponding or incidental contribution to the bottom line from a revenue perspective, hence the closing net profit margin declining from 14% in the prior year to 11%. As with other profitability ratios, the trend for the past 3 years saw a steady reduction but remained within the normal long-term average range.

Revenue Analysis

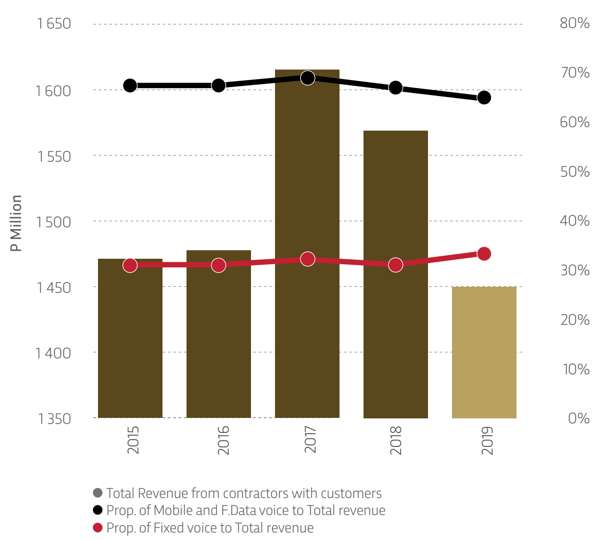
All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18	CAGR
Total Revenue from contracts with customers	1,448.2	1,567.0	1,615.1	1,485.9	1,479.5	(118.8)	(48.1)	-7.6%	-3.0%	-1%
Fixed Voice	510.3	524.1	520.8	488.6	490.5	(13.8)	3.3	-2.6%	0.6%	1%
Mobile	479.7	544.3	593.4	567.5	492.2	(64.6)	(49.1)	-11.9%	-8.3%	-1%
Fixed data	432.5	468.3	472.0	402.3	472.8	(35.8)	(3.7)	-7.6%	-0.8%	-2%
Other	25.7	30.3	28.9	27.5	24.0	(4.6)	1.4	-15.2%	4.8%	2%

CAGR = Compound Annual Growth from 2015-19

Revenue from contracts with customers



Revenue trend, challenges in increasing the proportion contribution of Mobile & Data in relation to Fixed



Revenue from contracts with customers ended the year at P1.448 billion, P119m lower than prior year reflecting a decrease of 8%. This was the second successive annual decrease following the 3% year on year decrease reported in 2018. The decline was largely on the back of challenges experienced in the mobile services revenue stream which registered a P65m (12%) drop compared to the prior year. BTC's two other main revenue streams (Fixed Voice and Fixed Data services) were not as badly affected, with fixed voice revenue remaining relatively flat at 3% while fixed data revenue declined marginally by 8%.

The telecommunications sector in general registered suppressed revenues for the period under review due to reduced consumer spending power.

In line with global trends, consumers continued to switch to newer and cheaper alternative products with lower margins i.e. shifting from voice to data centric services, thereby increasing pressure on already stressed margins.

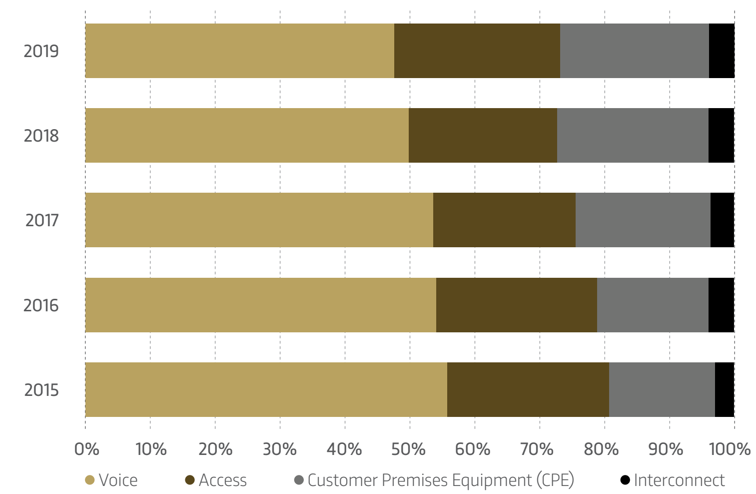
Despite our strategic intention to increase our mobile and broadband market share, thereby growing the contributions of these two revenue streams in relation to fixed voice, the composition of the three revenue streams has remained unchanged at around a third each, with fixed voice revenue stream gaining 2% at the expense of the mobile revenue stream.

This in spite of the fact that from a global and local perspective the fixed voice service is expected to shrink with growth expected to be driven by an improved mobile and broadband (fixed data) services.

Fixed Voice

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18	CAGR
Total Fixed Voice Revenue	510.3	524.1	520.8	488.6	490.5	(13.8)	3.3	-2.6%	0.6%	1%
Voice	241.6	260.4	278.2	263.6	272.5	(18.8)	(17.8)	-7.2%	-6.4%	-3%
Access	131.4	121.7	115.1	121.4	121.4	9.7	6.6	8.0%	5.7%	2%
Interconnect	20.9	21.3	19.4	18.5	15.4	(0.4)	1.9	-2.0%	9.8%	8%
Customer Premises Equipment (CPE)	116.4	120.7	108.1	85.1	81.2	(4.3)	12.6	-3.5%	11.7%	9%

Fixed Voice (contributions over time)



At P510m, fixed voice remained a significant contributor to the overall sales revenue of BTC, though marginally down by P14m year on year. The fixed line network continues to increase in revenue contribution and provide a base for network convergence. Similar to the mobile segment category where the primary cause of the decline was the voice category, voice calls revenues too also pulled down the fixed voice category by P19m on account of the overall switch in customers' usage from voice-centric to more data centric products.

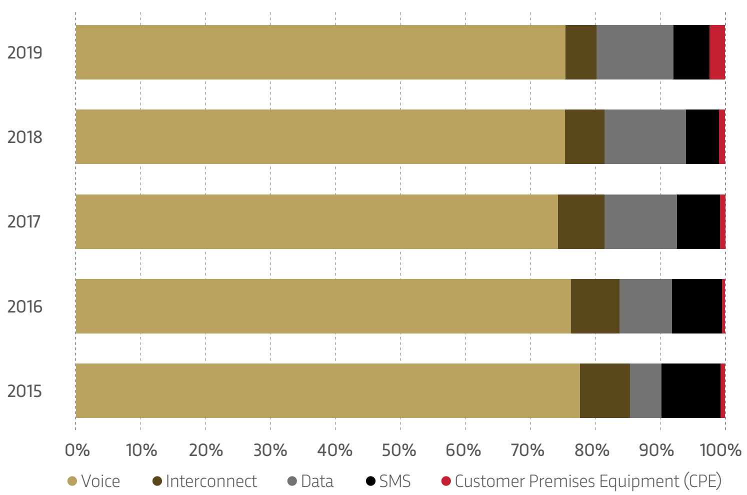
This mirrored the prior year where voice call revenue reduced by P18m (6%) in relation to the 2017 financial year. The P19m reduction was cushioned by a P10m increase in access line revenue due to solid sales in ISDN and line rentals.

From a trend analysis perspective, fixed voice revenues have remained flat with the compound annual growth rate (CAGR) only rising by a single percent between 2015 and 2019. This provides the business with a steady revenue base in the face of increasing competition in the mobile and fixed data services and the ever-evolving customer preferences with the gradual shift from fixed voice telephony to mobile and data. Although the current two-pronged strategy of growth and transformation which has seen immerse investments in technology over the period is centred around mobile and data, BTC remains alive to the fact that the bulk of institutional and business communications is still predominantly fixed voice centric and will continue to remain BTC's revenue generator for the foreseeable future.

Mobile Revenue

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18	CAGR
Total Mobile Revenue	479.7	544.3	593.4	567.5	492.2	(64.6)	(49.1)	-11.9%	-8.3%	-1%
Voice	362.7	409.8	440.3	433.5	382.9	(47.1)	(30.5)	-11.5%	-6.9%	-1%
Interconnect	22.3	34.2	42.5	40.5	37.1	(11.9)	(8.3)	-34.9%	-19.5%	-12%
Data	56.2	66.9	66.3	46.4	24.3	(10.7)	0.6	-16.0%	0.9%	23%
Short Message Service (SMS)	26.9	27.9	40.3	43.9	44.1	(1.0)	(12.4)	-3.7%	-30.8%	-12%
Customer Premises Equipment (CPE)	11.7	5.5	4.0	3.2	3.8	6.2	1.5	113.1%	37.5%	33%
CAGR = Compound Annual Growth from 2015-19		47.1	30.5							

Mobile Voice (contributions over time)



The overall decline in the mobile revenue segment was mainly attributable to unfavourable trading conditions which saw restrained consumer spending resulting in a 12% decrease in revenue despite the introduction of new products and services and other initiatives to promote uptake in the market.

From an internal perspective, the challenges that affected the mobile segment began in the first quarter of the financial year, with the disruptions in service resulting from the migration of the mobile customer accounts to the new converged billing system.

These disruptions affected customer experience and airtime distribution channel partner's confidence leading to subdued sales. BTC also experienced delays in billing and the launch of new products. On a positive note, these challenges were resolved and new innovative data centric products such as Live Social and My Connect bundles were successfully launched with satisfactory uptake.

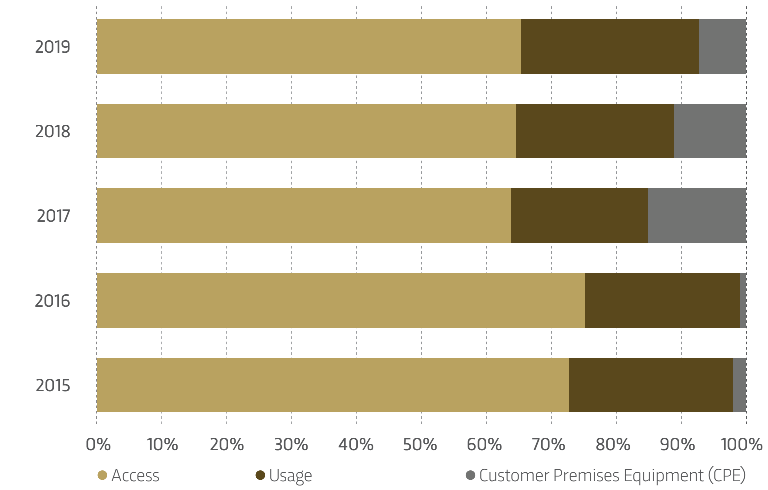
Mobile voice was primarily responsible for the downward revenue trend, accounting for P48m of the P65m decline, which was in line with the prior year where it accounted for P31m of a P50m reduction. Apart from the customer premises equipment (CPE) which registered a P6.2m year on year increase, the remaining mobile revenue lines declined.

Since 2017 the mobile market has experienced a decline in the total subscriber base which impaired the prospect of mobile revenue growth in 2018. This was on the back of a slowing economy which negatively affected BTC's mobile prepaid streams. BTC's market share has remained largely unchanged in relation to the other two mobile houses, remaining between 15% and 18% over a 5-year period.

Fixed Data Revenue

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18	CAGR
Total Fixed Data Revenue	432.5	468.3	472.0	402.3	472.8	(35.8)	(3.7)	-7.6%	-0.8%	-2%
Usage	119.5	113.5	99.5	96.2	119.8	6.0	14.0	5.3%	14.1%	0%
Access	281.1	301.3	300.4	302.2	343.5	(20.2)	0.9	-6.7%	0.3%	-5%
Customer Premises Equipment (CPE)	31.9	53.5	72.1	3.9	9.5	(21.6)	(18.6)	-40.4%	-25.8%	35%

Fixed Data (contributions over time)



The fixed data or broadband services contributed P433m to the total revenue from contracts with customers, a P36m (8%) decline compared to P468m in the prior year. Despite the decline, and against a backdrop of significant investments in both the fixed broadband and mobile LTE networks, by the third quarter of the year there was a noticeable increase in broadband uptake in the residential market segment, which was in line with our Corporate Strategy of growth in data services. The expected increase in the demand for data did materialise with increase in data revenues expected to rise as the density of smart phones.

The decrease in fixed data revenue came primarily from the access and customer premises equipment (CPE) which were P20m and P22m lower respectively than the previous year.

Access data comprises retail and wholesale national and international leased lines, ADSL, frame relay and metro network services. Continuing from the prior year, there is a continuing migration of national leased lines, to metro ethernet services, which offer customers better services and a lower price per megabyte.

The reduction in the CPE revenue component was primarily the result of once-off special projects in 2017-18.

Other Revenue

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18
Total Other Revenue	25.7	30.3	28.9	27.5	24.0	(4.6)	1.4	-15.2%	4.8%
Directory services	11.4	12.5	12.4	12.8	12.8	(1.1)	0.1	-8.8%	0.8%
Value Added Services	1.9	2.3	2.7	2.1	3.0	(0.4)	(0.4)	-18.3%	-14.8%
Property rentals	5.9	1.7	2.3	3.2	3.2	4.2	(0.6)	248.4%	-26.1%
Cost of works	4.8	9.2	10.5	7.0	1.0	(4.4)	(1.3)	-48.0%	-12.4%
Third party collection fees	1.7	4.6	1.0	2.4	4.0	(2.9)	3.6	-62.9%	360.0%

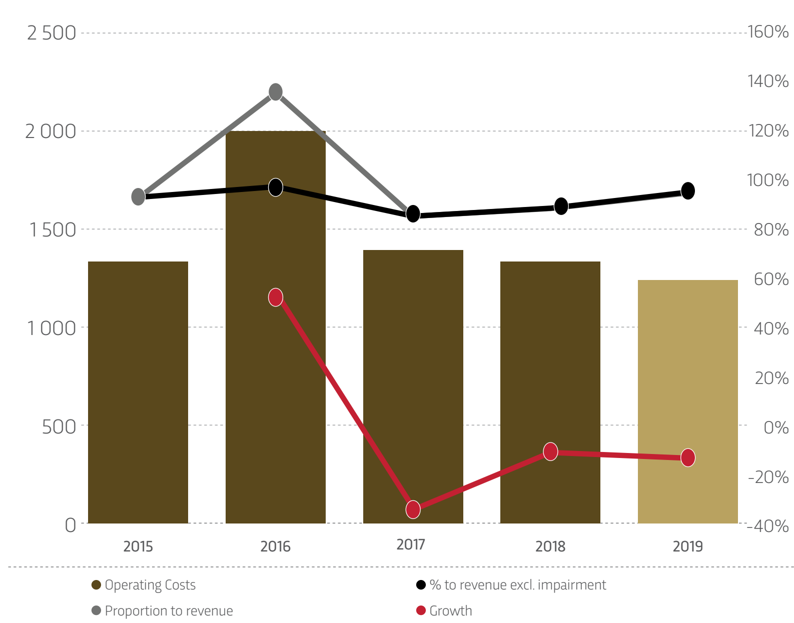
CAGR = Compound Annual Growth from 2015-19

Although very small in relation to the main revenue lines, other revenue category contributed P26m to total revenue, which was P4.6m lower than prior year. Directory services remained the anchor product, delivering P11m followed by property rentals which contributed P6m, P4.2m higher than prior year.

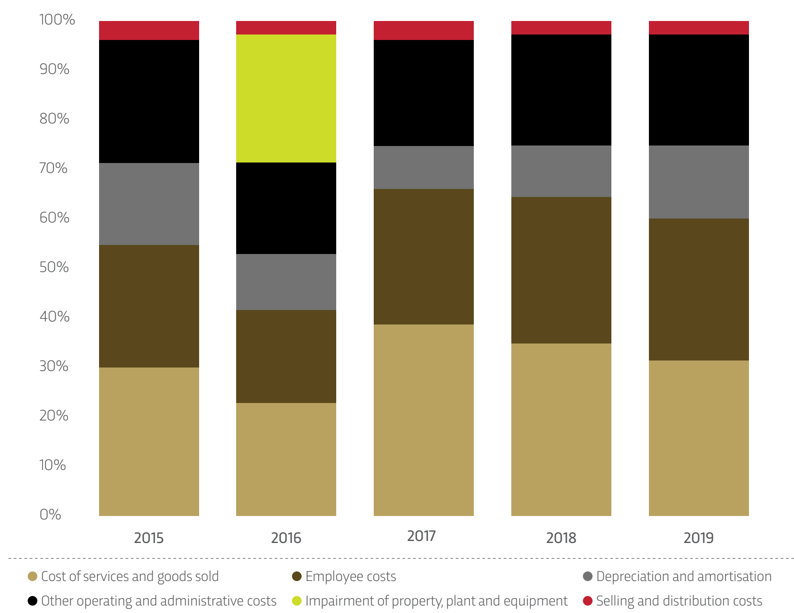
Operating Costs

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18	CAGR
Operating Costs	1,299.0	1,355.0	1,399.1	2,009.6	1,345.1	(56.0)	(44.0)	-4.1%	-3.1%	-1%
Cost of services and goods sold	396.4	462.0	541.5	471.4	399.9	(65.6)	(79.5)	-14.2%	-14.7%	0%
Depreciation and amortisation	199.4	156.1	147.3	259.6	202.0	43.3	8.8	27.7%	6.0%	0%
Impairment of property, plant and equipment	-	-	-	522.4	-	-	-	0.0%	0.0%	N/a
Employee Costs	386.5	404.7	371.7	373.6	360.4	(18.2)	33.0	-4.5%	8.9%	2%
Selling and distribution costs	37.3	41.1	48.7	42.2	38.1	(3.8)	(7.6)	-9.2%	-15.6%	-1%
Other operating and administrative costs	279.4	291.1	289.9	340.4	344.7	(11.7)	1.2	-4.0%	0.4%	-5%
Revenue from contracts with customers	1,448.2	1,566.9	1,615.0	1,485.8	1,480.0	(118.7)	(48.1)	-7.6%	-3.0%	-1%
Operating costs as above	1,299.0	1,355.0	1,399.1	2,009.6	1,345.1	(56.0)	(44.0)	-4.1%	-3.1%	-1%
Percentage of revenue	90%	86%	87%	135%	91%					
Depreciation and amortisation as above	199.4	156.1	147.3	259.6	202.0	43.3	8.8	27.7%	6.0%	
Network depreciation and amortisation(included in cost of goods sold in the AFS)	180.0	138.9	134.1	250.2	174.7	41.1	4.8	29.6%	3.6%	1%
Other depreciation (included in administrative costs in the AFS)	19.4	17.2	13.2	9.4	27.3	2.2	4.0	12.8%	30.3%	-8%

CAGR = Compound Annual Growth from 2015-19



While revenue from contracts with customers declined by P119m, there was a compensating decrease of P56m in total operating costs as a result of costs directly related to revenue or volume of traffic, such as call based costs (interconnect costs), dealer commissions, regulatory turnover fees.; the management of controllable costs such as consultancy costs, some elements of employee costs led to a reduction of operating costs. Reduced operating costs were however partly offset by a P43m increase in depreciation charge related to new investments in Fixed and Mobile broadband, the data centre and converged billing.

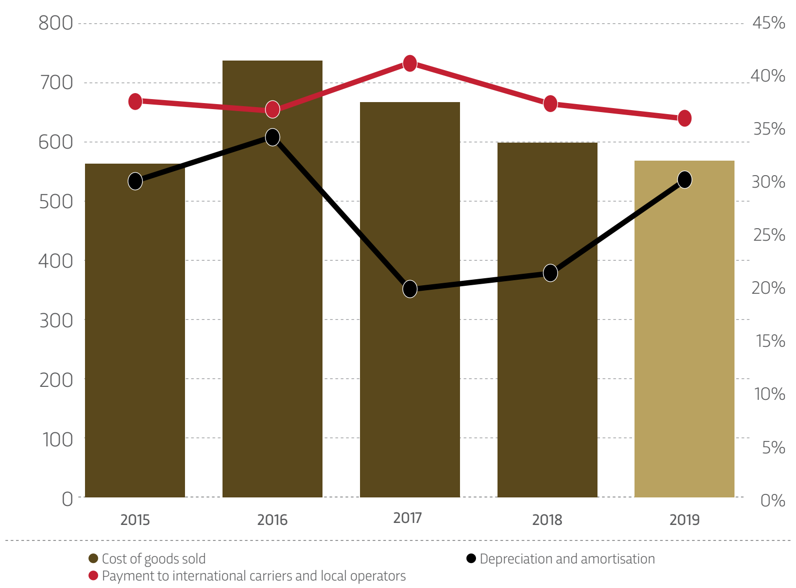


The trend over years has been a general decrease in the total cost base due to the effectiveness of the Corporation's cost containment measures, aligned to our strategic theme of efficiency which requires that the Company demonstrates cost leadership through improved margins, reduced operational costs and improved returns. Consequently, and as already alluded to above, the proportion of costs to revenue (the inverse of the operating margin) has remained flat over the previous 5 years. The anomaly in the 2016 year was due to a once-off impairment of property and plant which has not been repeated as the Corporation' value has remained higher than the carrying value of its net assets.

Cost of Services and Goods Sold

All figures in P'millions	2019	2018	2017	2016	2015	18-19	17-18	18-19	17-18	CAGR
Cost of services and goods sold	576.4	600.9	675.5	721.7	575.1	(24.5)	(74.6)	-4.1%	-11.0%	0%
Payment to International carriers and local operators	213.2	228.5	289.3	268.3	221.4	(15.3)	(60.8)	-6.7%	-21.0%	-1%
Depreciation and amortisation	180.0	138.9	134.1	250.2	174.7	41.1	4.8	29.6%	3.6%	1%
Equipment and material costs	102.2	100.6	157.4	80.3	70.4	1.6	(56.8)	1.6%	-36.1%	10%
License fee - BOCRA	46.2	46.3	40.7	46.9	44.6	(0.1)	5.6	-0.2%	13.8%	1%
Write (up)/down of inventories	(12.5)	26.6	5.3	(7.0)	8.8	(39.1)	21.3	-147.0%	401.7%	N/a
Other cost of sales expenses	47.3	60.0	48.7	83.0	55.2	(12.7)	11.3	-21.2%	23.2%	-4%

CAGR = Compound Annual Growth from 2015-19



Cost of services and goods sold, which has averaged about 40% of total revenue, primarily comprises of payments to international carriers and local operators (37% of total) and depreciation and amortisation charges related to network work assets (31% of total).

In line with the overall reduction in volumes of call traffic in the current year, there was a reduction of P15m in traffic-based payments to our interconnection partners.

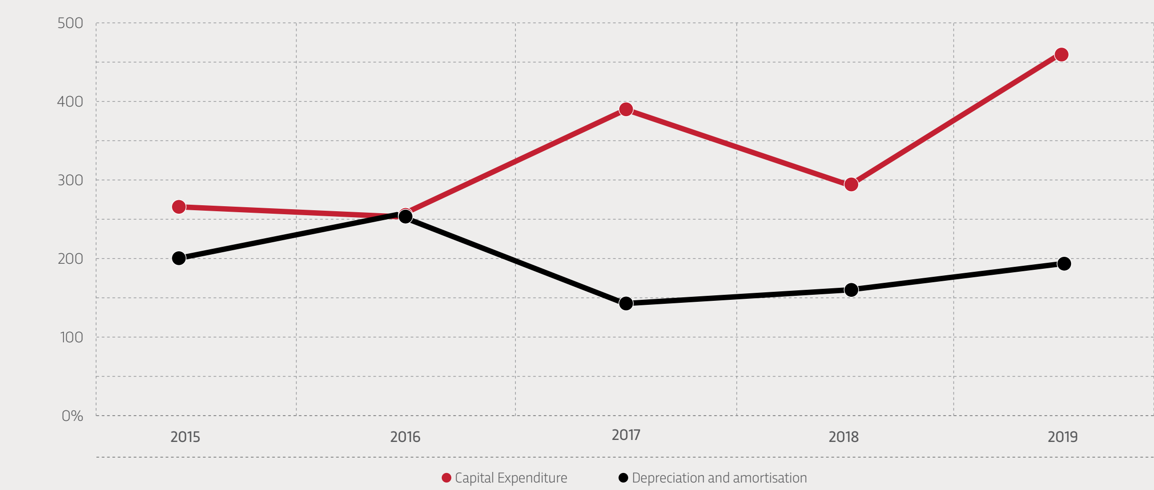
Additionally, there was a reduction in the level of write-up of inventory balances which ended in credit at P12.5m, compared to the prior year write-down of P26.6m due to obsolescence, bringing the overall reduction to P39m. The reduction in the obsolete stock account in the current year was due to utilisation or sale of obsolete or slow-moving stock hence the reduction in the provision built up over the years.

These reductions were however partially offset by the increase in depreciation and amortisation which grew to P180m, a P41m increase over the prior year on the back of completion and capitalisation of the major strategic projects namely Fixed Broadband & Mobile Broadband, Data Centre and converged billing platform. All other lines did not materially change in relation to prior year.

Note – as indicated in the Operating costs table in the preceding page, total depreciation and amortisation was P199m for the Corporation with P180m being under cost of services and goods sold category and the balance under administrative expenses as depreciation for non-network assets.

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18	
Depreciation & Capital Expenditure	455.8	299.8	399.0	254.6	264.5	156.0	(99.2)	52.0%	-24.9%	15%
Depreciation and amortisation	199.4	156.1	147.3	259.6	202.0	43.3	8.8	27.7%	6.0%	-0.3%
Excess of Capital expenditure over Depreciation	256.4	143.7	251.7	(5.0)	62.5	112.7	(108.0)	78.4%	-42.9%	42.3%
Impairment of property, plant and equipment	-	-	-	522.4	-	-	-	0.0%	0.0%	N/A
Capital Expenditure to Revenue (%)	31%	19%	25%	17%	18%	0.1	(0.1)	64.5%	-22.6%	15.2%

CAGR = Compound Annual Growth from 2015-19



BTC's three-year strategic focus to March 2020 remains one of Transformation and Growth, anchored on three transformation pillars: commercial transformation, technological transformation and cultural transformation. With regard to the technology transformation pillar, BTC has set itself a target of transforming and modernising its network by continuously investing in the latest generation network technology.

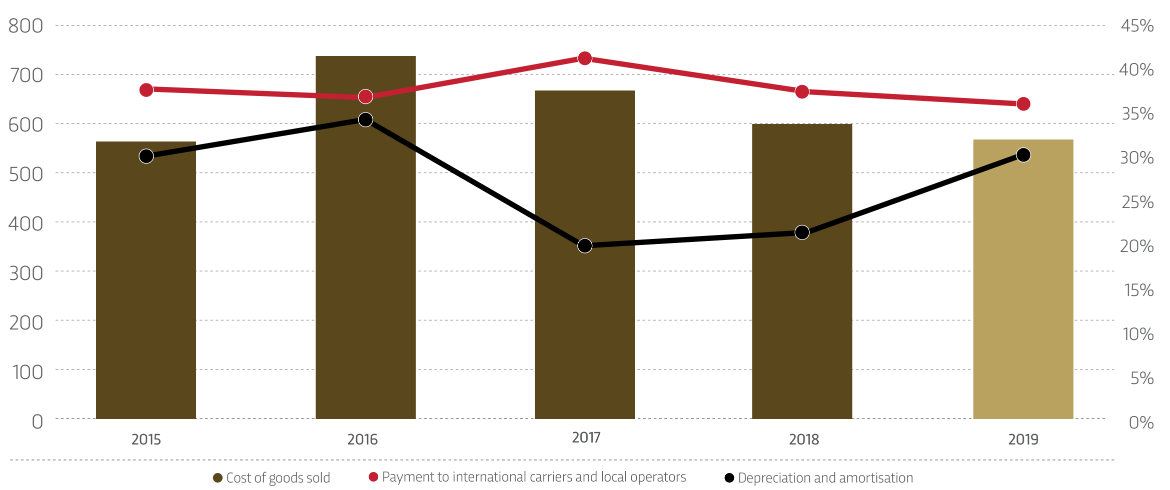
To that end, BTC has had a robust capital expenditure program with a CAGR from 2015 of 15%, at an average of P335 million with 2019 showing a marked increase to P456m. As already discussed, this was largely centred around the network transformation but also included other large-scale projects including the revamp of head office building, shops and offices countrywide, and the renewal of the motor vehicle fleet.

The only issue though is in the corresponding movement on the depreciation and amortisation, which, from a CAGR perspective has remained unchanged (at 0%) only increasing recently on the back of completed projects. Taking a leaf from the 2014 and 2016 impairments exercises where the Company's assets value-in-use was below the carrying value, which triggered impairments from an accounting perspective, BTC's long-term aim is to now reign in the level of capital expenditure in order to, amongst other things, allow for monetisation or commercialisation of the significant investments already made. Our long-term goal is to continue growing the value of the company on a stable net asset base to create sufficient impairment headroom.

Employee Costs

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18	CAGR
Salaries and wages	354.6	377.5	344.5	341.9	317.8	(22.9)	33.0	-6.1%	9.6%	3%
Pension fund and group life contributions (defined contribution plans)	19.5	16.5	18.0	17.2	15.7	3.0	(1.5)	18.0%	-8.3%	6%
Training costs	0.8	10.4	2.8	9.5	5.7	(9.6)	7.6	-92.1%	271.4%	-38%
Retrenchment costs	7.0	-	-	-	-	7.0	-	0.0%	0.0%	N/a
Other related employee costs	24.9	17.1	16.7	24.7	21.5	7.8	0.4	45.7%	2.4%	4%
Employee Costs	406.8	421.5	382.0	393.3	360.7	(14.7)	39.5	-34.5%	275.1%	3%
Capitalised to project work-in-progress	(20.3)	(16.8)	(10.3)	(19.7)	(0.3)	(3.5)	(6.5)	20.8%	63.1%	187%
Total employee costs to profit and loss	386.5	404.7	371.7	373.6	360.4	(18.2)	33.0	0.0%	0.0%	2%
No of employees	914	920	919	944	934					

CAGR = Compound Annual Growth from 2015-19



Net employee costs, after capitalisation of costs to respective projects or assets, reduced by P18m, closing the year at P387m. This was primarily due to the once-off productivity bonus that was paid in the previous year based on performance for 2016-17 financial year. No corresponding payment or provision was made in the year under review.

As at end of the year, BTC had a work force of 914 and a salary bill averaging 25% of revenue as has been maintained over the past 5 years.

Selling and Distribution Costs

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18
Selling and distribution costs	37.3	41.1	48.7	42.2	38.1	(3.8)	(7.6)	-9.2%	-15.6%
Product Marketing Costs	23.8	26.5	38.2	29.6	27.6	(2.7)	(11.7)	-10.3%	-30.6%
Sponsorship	13.6	14.6	10.5	12.6	10.5	(1.0)	4.1	-7.1%	39.0%

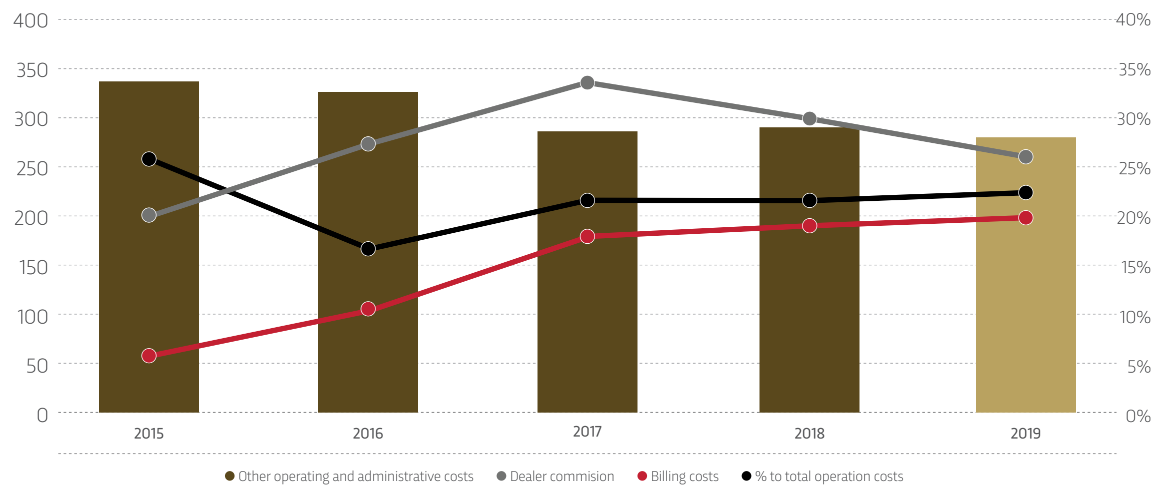
At P37m, selling and administrative costs represented 2.6% of overall revenue from contracts with customers in line with the past 5-year average of 2.7%. Our sales and marketing drive have always been geared towards the attraction and retention of customers, with greater emphasis on the mobile sector where we command a small market share relative to other mobile operators.

Other Operating and Administrative Costs

All figures in P'millions	2019	2018	2017	2016	2015	Change in Millions 18-19	Change in Millions 17-18	% change 18-19	% change 17-18	CAGR
Other operating and administrative costs	279.4	291.1	289.9	340.4	344.7	(11.7)	1.2	-4.0%	0.4%	-5%
Dealer commission	74.0	88.2	97.5	91.3	72.0	(14.2)	(9.3)	-16.1%	-9.5%	1%
Billing costs	54.7	56.6	52.1	36.4	24.7	(1.9)	4.5	-3.3%	8.7%	22%
Utilities -electricity and water	29.5	12.2	6.2	18.3	13.3	17.3	6.0	142.3%	96.2%	22%
Financial charges	26.4	13.7	13.3	21.7	8.2	12.7	0.4	92.8%	2.8%	34%
Repairs and maintenance - non-telecommunications equipment	17.0	17.8	17.5	23.6	29.0	(0.8)	0.3	-4.7%	1.9%	-12%
Other operating and administrative costs	43.1	48.9	47.8	41.5	106.5	(5.8)	1.1	-11.9%	2.4%	-20%
Licenses - system and software	13.4	7.7	13.6	21.0	15.6	5.7	(5.9)	74.2%	-43.6%	-4%
Travel and entertainment	13.3	17.5	14.7	31.9	25.1	(4.2)	2.8	-24.0%	18.7%	-15%
Property upkeep	12.5	10.2	10.0	10.7	10.0	2.3	0.2	22.9%	1.7%	6%
Consultancy	12.3	34.7	43.5	51.4	41.1	(22.3)	(8.8)	-64.4%	-20.3%	-26%
Exchange gain	(16.8)	(16.3)	(26.3)	(7.4)	(0.8)	(0.5)	10.0	3.0%	-38.1%	114%
Reconciliation	279.4	291.1	289.9	340.4	344.7					
Administrative expenses per AFS	422.9	439.7	402.3	406.4	416.7					
Other operating expenses per AFS	262.4	273.3	272.5	317.0	315.7					
Employee costs (classifed on page 158)	(386.5)	(404.7)	(371.7)	(373.6)	(360.4)					
Depreciation - Other equipment (classified under page 154)	(19.4)	(17.2)	(13.2)	(9.4)	(27.3)					

CAGR = Compound Annual Growth from 2015-19

Other Operating and Administrative Costs



Other operating and administrative costs contributed P279m in the current year representing a P12m reduction compared to prior year and are primarily made up of dealer commissions and billing costs. The reduction in the current year was directly linked to the performance of BTC with dealer commissions from sale of airtime declining by 14% to P74m. Other cost reductions were as a result of deliberate cost reduction initiatives to preserve margins in view of the decline in revenues.

Cash-Flows, Cash Positions and Liquidity Ratios

Summarised Statement of Cash flows (5 years)

All figures in P' millions	2019	2018	2017	2016	2015
Profit Before Tax (PBT)	196.7	263.9	274.5	(467.9)	200.6
Net increase/ (decrease) in cash and cash equivalents	(341.3)	(330.3)	(148.0)	491.9	(188.0)
Cash-flows from operating activities	67.8	(50.6)	(6.8)	724.8	43.3
Cash-flows utilised for investing activities	(409.9)	(278.1)	(368.9)	(224.0)	(238.4)
Cash-flows from / (used in) financing activities	2.9	-	250.0	-	(2.3)
Net foreign exchange on cash & cash equivalents	(2.1)	(1.6)	(22.3)	(8.9)	9.4
Cash and cash equivalents at beginning of the year	450.1	516.5	390.0	366.0	353.4
Cash and cash equivalents at end of the year :	305.5	450.1	516.5	390.0	366.0
Analysis of closing bank balances					
Cash and bank and on hand	36.2	25.6	16.8	32.3	19.0
Short term deposits	269.3	424.5	499.7	357.7	347.0
	305.5	450.1	516.5	390.0	366.0
Profit and Loss extract					
Interest Income received	17.6	21.1	23.1	26.5	26.1
Banking Facilities	15	110	110	110	110
Liquidity ratios					
Current ratio	2.0	3.5	3.9	3.7	2.9
Quick ratio	1.9	3.3	3.6	3.3	2.6
Solvency ratio	73.1%	100.9%	102.1%	(28%)	72.5%
Solvency ratio (excluding development grants)	88.9%	143.0%	161.3%	(49%)	120.8%

BTC continues to consistently deliver strong cash-flows from operations allowing it to finance its operations and capital from internal cash resources whilst maintaining its dividend pay-outs in line with its dividend policy. Total dividends paid in the current year were P139m (Please refer to the following section on capital structure which illustrates our dividend payment track record over the past 5 years).

BTC continues to spend heavily on the modernisation of its network and other strategic projects with total expenditure under the investing activities amounting to P410m, net of P18m interest income received.

Although not material in relation to previous years, BTC reached an agreement with the Universal Access and Service Fund (UASF) for the upgrade of the Corporation's base stations to 3G or better and the provision of broadband connectivity to government schools in the Ghanzi district. The total grant receivable was P8.6m, of which 33.3% (P2.9 million) was received as at year end as per the grant agreement.

ANNUAL FINANCIAL STATEMENTS

08

BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

The Audit and Risk Committee, which consists of three members of the Board and the Managing Director, meets at least four times 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 Audit and Risk 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 Company 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 during the period under review.

The financial statements have been prepared on a 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 176 to 231 which were approved on 21 June 2019 and are signed on its behalf by:

LORATO BOAKGOMO-NTAKHWANA
CHAIRPERSON

ANTHONY MASUNGA
MANAGING DIRECTOR

GENERAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2019

DIRECTORS

Lorato Boakgomo-Ntakhwana	Chairperson
Anthony Masunga	Managing Director
Serty Leburu	
Maclean Letshwiti	
Andrew Johnson	
Ranjith Priyalal De Silva	
Choice Pitso	
Thari Pheko	(Appointed 27 September 2018)
Bafana Molomo	(Appointed 27 September 2018)

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 1 November 2012. The BTC Transition Act provides in section 13 that on the conversion date, the BTC Act is repealed and BTC will now be required to comply with all requirements of the Companies Act (CAP 42:01).

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, data services and directory services.

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

FUNCTIONAL AND PRESENTATION CURRENCY

Botswana Pula

DIRECTORS REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Our Business

Botswana Telecommunications Corporation Limited ("BTC") is a converged telecommunications operator offering fixed (voice and data), mobile (voice and data) and broadband services to consumers, enterprises and other licensed service providers.

Basis of Preparation and Accounting Policies

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, and on the going concern basis. 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 Interpretations Committee and in the manner required by the Companies Act (CAP 42:01).

Financial Results

The financial statements of the Company for the year ended 31 March 2019 were authorized for issue by the Board of Directors on 21 June 2019.

The Company recorded a profit after tax of P162m for the financial year ended 31 March 2019, a decline of 25% compared to P217m recorded in the previous year. This is mainly attributable to an 8% decline in the revenue from contract with customers to P1,448m (FY18:P1,567m), and a 28% increase in depreciation to P199m (FY18:P156m) due to an increase in investment on mobile and fixed networks. Operating costs were under control and declined by 4% to P693m (FY18:P723m).

This resulted in a 5% decline in earnings before interest, taxation, depreciation and amortization (EBITDA) to P349m (FY18:P368m). The overall decline in revenue is mainly attributable to unfavorable trading conditions which saw restrained consumer spend, resulting in a 12% decline on the mobile business despite the introduction of new products and services in the market and other initiatives to promote uptake.

Other revenue lines such as fixed voice remained relatively flat whilst fixed broadband declined marginally. The telecommunications sector in general registered suppressed revenues for the period due to the reduced spending power of consumers. In line with global trends, consumers continued to switch to newer and cheaper alternative products with lower margins i.e. shift from voice to data centric services, thus increasing pressure on margins.

Stated Capital

Stated capital is as per note 12. There were no changes to the stated capital during the year under review.

Directors

The details of the company directors are outlined on the general information page.

Messrs. Thari Pheko and Bafana Molomo were appointed as new directors on 27 September 2018.

Dividends Declaration

The directors have approved a final dividend of 5.73 thebe per share. This follows an interim dividend of 3.53 thebe per share which the Company declared and paid for in the interim results taking the total annual dividend in respect of the financial year to 9.26 thebe per share. The dividend is payable to all shareholders registered in the books of the Company at close of business on 30 July 2019. The ex-dividend date will be 26 July 2019. The dividend will be paid net of applicable withholding taxes under the Botswana's Income Tax Act on or before 9 August 2019.

Events after reporting period

Following approval by Bank of Botswana, BTC rolled out its electronic payment services platform (SMEGA) which is a mobile financial services offering on the 10th of May 2019.

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

To the Shareholders of Botswana Telecommunications Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Botswana Telecommunications Corporation Limited (the Company) set out on pages 176 to 231, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Telecommunications Corporation Limited as at 31 March 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Botswana Telecommunications Corporation Limited. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Botswana Telecommunications Corporation Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Consideration of impairment of network assets Property, plant and equipment and intangible assets represent a significant portion of the Company's asset base, being 68% of the Company's total assets as at 31 March 2019. We focused on the impairment assessment for BTC as the assessment is sensitive to changes in assumptions (in particular the long-term growth rate, the discount rate and the assumptions underlying future operating cash flows) as well as regulatory directives and events both external and internal to the Company. Management computed the recoverable amount, using a discounted cash flow model with assumptions around cash flow forecasts, specifically expectations for revenue trends and margin developments as well as assumptions, including the discount rate and Weighted Average Cost of Capital (WACC). Disclosures with respect to the asset impairment assessment are disclosed in • The "accounting policies", and • Note 9 "Asset Impairment"	**Our audit procedures included, amongst others the following:** • We evaluated the methods and models used to determine the recoverable amount were appropriate by comparing with the requirements of IAS 36 - Impairment of Assets; • We involved EY's internal valuation specialists to assist us in assessing the appropriateness of the model used and to assist in evaluating the assumptions applied within that model; • We compared the discount rate and WACC used by management to independent external sources where possible; • We considered the revenue and margin growth rates used by management by comparing the rates with the historic trends in revenue and margins within the Company and taking into account our own understanding about developments in the industry; • We also compared the Company's margin percentage to similar sized companies in the region and to historical trends in the industry; • We performed a sensitivity analysis to understand the effect of changes in key variables on the outcome of the model; • We evaluated management's grouping of data for input into the impairment model; • We also considered the adequacy of the disclosures of the assumptions and judgements applied to determine whether they were in accordance with IFRS;

INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition The accuracy of amounts recorded as revenue is an inherent industry risk due to the complexity of the billing systems, and the accounting for various products and tariff plans, including multiple element arrangements. The audit of revenue at BTC is further complicated by the various revenue streams operating on different systems, resulting in the need for manual journal entries to be posted in respect of revenue, deferred revenue, trade and other receivables. Furthermore, the migration of primarily mobile subscribers to a new converged billing system which commenced in 2018 was expedited in 2019 and was substantially concluded by year end. The application of the new revenue recognition accounting standard (IFRS 15 – revenue from contracts with customers) is complex and involves a number of judgements and estimates in determining the appropriate measurement and timing of recognition of different elements of revenue within bundled sales packages. The new revenue standard, IFRS 15, which prescribes the accounting treatment of revenue was adopted on 1 April 2018. On adoption, the Company has applied the modified retrospective transition method which recognises the cumulative effect of applying the new revenue standard upon transition directly in equity on 1 April 2018. The application of IFRS 15 introduced significant judgements and estimates in the recognition and measurement of revenue. Disclosures with respect to revenue are disclosed in • The "accounting policies", and • Note 1 "Revenue from contracts with customers"	Our audit procedures included, amongst others the following: • We obtained an understanding of the different processes and controls operating in the different revenue processes including IT general controls and application controls; • Considered whether the IT systems and environments support the operating effectiveness of application controls; • We tested the key controls over the calculation and allocation of revenue to separable elements in bundled transactions under contracts with customers; • We assessed the judgement exercised by the Company on allocation of separable elements in bundled transactions under contracts with customers, with reference to standalone selling prices and other observable market data; • For a sample of transaction records in the systems, we compared the amounts recorded in the systems to their respective customer contracts, underlying invoices and cash receipts; • On a sample basis, we inspected key reconciliations used by management to assess and support revenue recognition; • We tested the billing system parameters to assess that network activity was recorded in the correct period. • We considered whether revenue was appropriately deferred by inspecting the unused airtime report extracted from the billing system to assess the amount of revenue that should be deferred; • We tested the transfer of data from the billing system to the general ledger by comparing, on a sample basis, the billing reports to the journals captured in the general ledger.

Key Audit Matter	How the matter was addressed in the audit
	Regarding the impact of the initial adoption of IFRS 15, our procedures included, amongst others, the following: • We obtained the approved prices and recalculated the standalone selling prices per performance obligation. We compared our recalculated prices to management's allocated standalone selling prices per performance obligation; • We tested, on a sample basis, the identified performance obligations used in the allocation of revenue based on supporting contractual evidence; • We recalculated the amount recognised as a contract asset by management and the contract cost asset pertaining to the indirect channel post-paid revenue stream; • We tested the manual revenue adjustments arising from the adoption of IFRS 15 by comparing the journals to the supporting documentation; • We assessed the application of the agent versus principal accounting treatment for different post-paid revenue transactions, we examined legal documents and business rules between the Company and its business partners; • We performed an evaluation of the competence, capabilities and objectivity of management's experts by considering their professional qualifications, experience, use of industry accepted methodology, and reporting lines; • We also considered the adequacy of the disclosures on the assumptions and judgements applied to determine whether they were in accordance with IFRS.

Key Audit Matter	How the matter was addressed in the audit
Impairment of trade and other receivables At 31 March 2019 the company recognised net trade and other receivables of P185 million, net of loss allowances of P149 million. The company adopted IFRS 9 – Financial Instruments to measure the allowance for impairment of trade and other receivables for the first time in the 2019 reporting period. The introduction of the impairment requirements of IFRS 9 require impairment allowances to be considered on an expected credit loss basis as opposed to the incurred credit basis previously adopted by the Company. This change in accounting policy required the Company to develop an impairment model to calculate Expected Credit Losses (ECLs) and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables. The Company applies the simplified approach and recognises lifetime ECLs for trade and other receivable balances. In determining the ECLs, key judgements were applied by the company in selecting and applying an appropriate model and in determining the credit losses which are expected to be incurred upon final write-off of the amounts. Expected loss rates are based on the payment profile of trade and other receivables over the past 24 months before 31 March 2019 as well as corresponding credit losses during the period. These rates are then adjusted to reflect the current and future macroeconomic factors affecting the customers' ability to pay the outstanding amount. The allowance for ECLs on trade and other receivables was considered to be of most significance to the current year audit due to the first-time adoption of the IFRS 9 requirements through application of the ECL modelling technique. Disclosures with respect to trade and other receivables are disclosed in • The "accounting policies" and • Note 11 "Trade and other receivables"	Our audit procedures included, amongst others, the following: • We obtained an understanding of management's processes over credit origination, credit monitoring and credit remediation; • We evaluated the accounting policies and impairment methodologies applied by comparing these to the requirements of IFRS 9: Financial Instruments; • We involved our internal experts to assist us in assessing the ECL models developed by management and evaluating the assumptions applied in the calculation of allowances for impairment; • We tested the mathematical accuracy of the models used by management; • We evaluated the parameters and significant assumptions applied in the calculation models through discussion and by evaluating management's grouping of data for input in the models; • We assessed the reasonableness of forward-looking information incorporated into the credit loss calculations considering the multiple economic scenarios selected and the weighting applied to each scenario; • We also assessed the disclosures regarding the allowance for impairment of trade and other receivables in the financial statements to determine whether they were in accordance with IFRS.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act (CAP 42:01), which we obtained prior to the date of this report and the annual report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst + Young

Ernst & Young
Practicing Member: Thomas Chitambo (2003022)
Partner
Certified Auditor
Plot 22, Khama Crescent, Gaborone

5 July 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	March 2019 P'000	March 2018 P'000
Revenue from contracts with customers	1	1 448 224	1 566 908
Cost of services and goods sold	2.1	(576 353)	(600 895)
Gross profit		**871 871**	**966 013**
Interest income	4	17 606	21 131
Other income	3	29 903	30 908
Selling and distribution costs	2.2	(37 332)	(41 096)
Administrative expenses	2.3	(422 893)	(439 728)
Other expenses	2.4	(262 443)	(273 313)
Profit before tax		196 712	263 915
Income tax expense	6.1	(34 652)	(46 564)
Profit for the year		**162 060**	217 351
Other comprehensive income not to be reclassified to profit /loss in subsequent periods			
Gains on property revaluation		-	66 363
Income tax effect		-	(14 600)
Other comprehensive income for the year, net of tax		-	51 763
Total comprehensive income for the year		**162 060**	2 69 114
Basic and diluted earnings per share (Thebe):	5	15.43	20.70

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	March 2019 P'000	March 2018 P'000
ASSETS			
Non current assets			
Property, plant and equipment	7	1 590 979	1 418 095
Intangible assets	8	153 715	70 236
Deferred tax assets	6.2	27 502	51 634
		1 772 196	1 539 965
Current assets			
Inventories	10	54 594	48 398
Trade and other receivables	11	409 280	394 431
Contract assets	11	21 940	-
Income tax receivable	17.2	12 013	-
Cash and cash equivalents	17.3	305 456	450 074
		803 283	892 903
Total assets		**2 575 479**	**2 432 868**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated Capital	12	478 892	478 892
Revaluation reserve	13	340 683	360 056
Accumulated profits		1 261 392	1 223 715
		2 080 967	2 062 663
Non current liabilities			
Development grants	14	58 368	79 626
Employee related provisions	16	36 951	34 273
		95 319	113 899
Current liabilities			
Trade and other payables	15	322 053	198 401
Contract liabilities	15	20 030	-
Income tax payable	17.2	-	3 072
Current portion of development grants	14	29 657	29 452
Current portion of employee related provisions	16	27 453	25 381
		399 193	256 306
Total equity and liabilities		**2 575 479**	**2 432 868**

STATEMENT OF CHANGES IN EQUITY

As at 31 March 2019

	Notes	Stated Capital P'000	Revaluation Reserve P'000	Accumulated Profits P'000	Total P'000
Balance at 1 April 2017		478 892	322 720	1 147 547	1 949 159
Profit for the year		-	-	217 351	217 351
Other comprehensive income		-	51 763	-	51 763
Total Comprehensive Income		-	51 763	217 351	269 114
Ordinary dividend declared		-	-	(155 610)	(155 610)
Depreciation transfer for land and buildings	13	-	(14 427)	14 427	-
Balance at 31 March 2018		**478 892**	**360 056**	**1 223 715**	**2 062 663**
IFRS 15 adoption adjustment	1	-	-	(1 279)	(1 279)
IFRS 9 adoption adjustment	11	-	-	(3 562)	(3 562)
Balance at 31 March 2018 (restated)		478 892	360 056	1 218 874	2 057 822
Profit for the year		-	-	162 060	162 060
Total /Other Comprehensive Income		-	-	162 060	162 060
Ordinary dividend declared	12	-	-	(138 915)	(138 915)
Depreciation transfer for land and buildings	13	-	(19 373)	19 373	-
Balance at 31 March 2019		**478 892**	**340 683**	**1 261 392**	**2 080 967**

STATEMENT OF CASH FLOWS

As at 31 March 2019

	Notes	March 2019 P'000	March 2018 P'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before working capital changes	17.1	352 657	483 164
Working capital adjustments:			
(Increase)/decrease in inventories		(6 196)	29 061
Decrease/(increase) in trade and other receivables,contract assets and prepayments		3 592	(122 416)
Increase/(decrease) in trade and other payables and contract liabilities		76 058	(16 914)
Cash generated from operations		426 111	372 895
Ordinary dividend paid to shareholders		(138 303)	(144 539)
Net Income tax paid	17.2	(23 348)	(15 100)
Net cash from operating activities		264 460	213 256
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Investment to expand operations:			
Purchase of property, plant and equipment		(321 846)	(277 450)
Purchase of intangible assets	8	(106 478)	(22 343)
Proceeds from disposal of property, plant and equipment		335	2 061
Interest income received		18 133	19 629
Net cash used in investing activities		(409 856)	(278 103)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Grants received	14	2 865	-
Net cash from financing activities		2 865	-
Decrease in cash and cash equivalents		(142 531)	(64 847)
Net foreign exchange difference on cash and cash equivalents		(2 087)	(1 628)
Cash and cash equivalents at beginning of the year		450 074	516 549
Cash and cash equivalents at end of the year	17.3	305 456	450 074

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 31 March 2019 were authorised for issue by the Members of the Board in accordance with a resolution on 21 June 2019.

CORPORATE INFORMATION

Botswana Telecommunications Corporation Limited ("BTC" or "the Company") is incorporated and domiciled in Botswana. The headquarters is situated at Megaleng, Khama Crescent, Gaborone, Botswana. BTC 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 International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB'), interpretations issued by the International Financial Reporting Standard Interpretations Committee and in the manner required by the Companies Act of Botswana (CAP 42:01).

The BTC Foundation is not consolidated as it is immaterial.

BTC has adopted the following new accounting pronouncements as issued by the IASB, which were effective for the company from 01 April 2018:

1) IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency. There is no impact of this interpretation on the Company's financial statements. The interpretation is effective for annual periods beginning on or after 1 January 2018.

2) IFRS 9 Financial Instruments
Adoption of IFRS 9: Financial instruments

The new standard includes the final classification and measurement model for financial assets and liabilities as well as the new expected credit loss (ECL) model for the impairment of financial assets that replaces the incurred loss model as prescribed in IAS 39. The standard brings new requirements which can be categorised into three sections:

a) classification and measurement of financial assets and financial liabilities;
b) impairment for financial assets and;
c) general hedge accounting.

PRESENTATION OF FINANCIAL STATEMENTS (...continued)

2) IFRS 9 Financial Instruments Adoption of IFRS 9: Financial instruments (...continued)

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 April 2018. Accordingly, the company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 April 2018. Comparatives in relation to instruments that have not been derecognised as at 01 April 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 April 2018.

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

Financial instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal amount outstanding, are subsequently measured at amortised cost. The company does not charge interest on its receivables.

Impairment of financial assets

IFRS 9 requires the Company to record expected credit losses on all of its trade receivables, other receivables and cash and cash equivalents , either on a 12-month or lifetime basis. The Company has historically been raising provisions for bad debt based on incurred losses as prescribed by IAS 39.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on financial instruments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.

As at 01 April 2018, the directors reviewed and assessed the company's existing financial assets impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 April 2017 and 01 April 2018.The result of the assessment is as follows;

Balances existing on 01 April 2018 subject to impairment provisions of IFRS 9

	Note	Cumulative additional Loss allowance recognised on 1 April 2018 P'000
Trade and other receivables	11	4 567
Impact of deferred tax		(1 005)
Decrease in retained earnings		3 562

Reconciliation of the reclassifications and remeasurements of financial assets as a result of adopting IFRS 9

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2019

PRESENTATION OF FINANCIAL STATEMENTS (...continued)

2) IFRS 9 Financial Instruments Adoption of IFRS 9: Financial instruments (...continued)

The following table presents a summary of the financial assets as at 01 April 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories.

Previous Balance P'000	Note	IAS 39 carrying amount as at 31 March 2018	Re-measurement changes	IFRS 9 carrying amount as at 1 April 2018**
Trade and other receivables excluding prepayments		216 036	(4 567)	211 469
Prepayments		178 395	-	178 395
Trade and other receivables	11	394 431	(4 567)	389 864
Cash and cash equivalents	17.3	450 074	-	450 074
		844 505	(4 567)	839 938

**IFRS 9 was adopted without restating comparative financial information. In accordance with the transitional provisions of the standard, the adjustment arising from the implementation of the expected credit loss model is not reflected in the restated statement of financial position as at 1 April 2017 and 31 March 2018, but is recognised as an adjustment to the retained earnings opening balance as at 1 April 2018.

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL) approach.

Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the company's financial liabilities

3) IFRS 15 Revenue from Contracts with Customers

Adoption of IFRS 15: Revenue from Contracts with Customers

IFRS 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. The standard provides a single, principles based, five-step model to be applied to all contracts and requires entities to reassess contracts with their customers. Revenue is recognised when a customer obtains control of a good or services and a customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control over a product or service to a customer.

For bundled packages, the company accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their standalone selling prices. The standalone selling prices are determined based on the list prices at which the company sells mobile devices and network services separately.

On adoption of IFRS 15, BTC followed a modified retrospective approach applying an adjustment to equity on the date of adoption only to contracts that were not completed at the date of initial application (i.e. 01 April 2018) and applying certain practical expedients. The nature of the changes resulting from the transition to IFRS 15 are as follows:

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2019

PRESENTATION OF FINANCIAL STATEMENTS (...continued)

3) IFRS 15 Revenue from Contracts with Customers

Adoption of IFRS 15: Revenue from Contracts with Customers (...continued)

Revenue Stream / product / service	Nature of change in accounting policy / classification and timing of revenue	Impact
Sale of handset device bundled with network services	The network services and handset are two separate performance obligations. The total transaction price is allocated to the network services and the handset device based on their relative stand-alone selling price (SSP). The total transaction price allocated to the handset is recognised upfront since control of the handset has passed to the subscriber and the total transaction price allocated to the network services is recognised based on usage over the contractual period. For fixed post paid, certain CPEs do not constitute a separate performance obligations and fees charged for them are recognised over the term of the contract consistent with the service.	There is a change to the timing of the revenue recognition and a change to the classification of the revenue
Significant financing component, where payment on handsets is deferred over a period greater than 12 months	When concluded that arrangements include a significant financing component, a portion of the transaction price is allocated to the financing and recognised as interest income over the contractual period.	For transactions with a significant financing component, where payment on handsets is deferred over a period greater than 12 months, the financing element impacts the timing of revenue recognition and classification.
Sale of the handset vouchers bundled with the network services	The handset voucher value is accounted for as a financial receivable. The fair value of the receivable is calculated at inception of the contract. The transaction price allocated to the network services and any other performance obligations in the contract is the residual of the total consideration after deducting the fair value of the receivable. The transaction price allocated to network services is recognised as revenue over the contractual period based on usage. BTC recognises a financial liability for its obligation to pay a third party supplier for the handset when the customer redeems the voucher. The extinguishment of the financial liability occurs at the earlier of when the subscriber redeems the handset voucher or when the handset voucher expires. If the handset voucher expires, and BTC is not required to make any payment to the distributor, the release of the financial liability is recognised in profit or loss as 'other income'.	In applying the transition principles to IFRS 15. there is a reduction in revenue from the network services, as a portion of the transaction price is accounted for as a receivable. There is also a change in the classification as the financing element of the financial asset, was recognised as other income.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2019

BTC has adopted the following new accounting pronouncements as issued by the IASB, which were effective for the company from 01 April 2018: (...continued)

3) IFRS 15 Revenue from Contracts with Customers (...continued)

Revenue Stream / product / service	Nature of change in accounting policy / classification and timing of revenue	Impact
Prepaid Revenue:		
Allocation of revenue to 'free' network services provided as part of a bundled offering. This relates to both the sale of promotional Handsetsand SIM cards	All revenue is allocated to the handset or SIM card. Revenue is recognised when control of the handset or SIM card passes to the subscriber. Following the adoption of IFRS 15, the transaction price is allocated to the network services and SIM / handset based on their stand-alone selling prices ("SSPs"). Revenue from the 'free' network services is recorded based on usage or, if earlier, expiry. Revenue related to the SIM card / handset should be recognised when control of the SIM card / handset passes to the customer.	The sale of the handset / SIM card bundled with 'free' network services is representative of two separate performance obligations in the contract with the customer. There is a change to the classification as well as timing of revenue recognition related to the 'free' network services. The transaction price allocated to network services would only be recognised as revenue on usage and therefore a portion of the transaction price will be deferred.
Unexercised rights (breakage)	BTC accounts for revenue generated by the consumption of network services by prepaid customers on usage. Historically unexercised rights are recognised when the airtime voucher expires. Following the adoption of IFRS 15, BTC accounts for any expected unexercised network services as revenue, in proportion to the pattern of rights exercised by the customer.	In applying the transition principles to IFRS 15, there will be a change in the timing of revenue recognition as a result of applying breakage. BTC will effectively be recording a larger amount of revenue as a subscriber consumes network services. There will be no write off when prepaid vouchers expire.
CPE not purchased by the customer and all revenue streams excluding PABX.	CPE supplied to the customer does not represent a lease and is not identified as being representative of separate performance obligation contained in a contract with a customer. Any amount invoiced for CPE will be allocated to the total transaction price of the contract, and be allocated service performance obligation.	The total amount of revenue recognised on a monthly basis was not affected. There is a change in the classification of revenue (in the notes) as revenue was not recognised for CPE provided to a customer where the customer did not purchase the CPE outright. The fee charged to customers for installation and connection of CPE are recognised as part of the service performance obligation over the term of the contract or, if not specified, the customer relationship period There is no balance sheet impact as a result of the transition.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2019

BTC has adopted the following new accounting pronouncements as issued by the IASB, which were effective for the company from 01 April 2018: (...continued)

3) IFRS 15 Revenue from Contracts with Customers (...continued)

Revenue Stream / product / service	Nature of change in accounting policy / classification and timing of revenue	Impact
Dedicated Internet:		
Split between access and usage	Access to an internet line and data usage represent two distinct performance obligations contained within a contract with a customer. The total transaction price receivable under the contract should be allocated to access and data performance obligations based on their SSPs. As the customer is entitled to an unlimited amount of data, there is no rollover and revenue shall be recognised as the network access and services (usage) are provided to the customer.	Upon application of the transition principles of IFRS 15 there is a change in the classification of revenue in the additional information disclosed as part of the revenue from contracts with customers note.
Installation and Connection (Revenue):		
Outright purchases of CPE (PABX, Dedicated Lines and Internet)	The fee charged for installation and connection of equipment that has been purchased outright by the customer, or as a result of the installation of PABX equipment, is identified as a separate performance obligations. The related revenue will be disclosed as revenue that has arisen from performance of installations and connections in the sale of goods and services note.	In applying the transition principles of IFRS 15, there is no difference to the amount or timing of revenue recognition and there is no balance sheet impact. There is however a change in the classification as installation and connection revenue that need to be disclosed separately. For outright purchases, installation and connection is a separate Performance Obligation and therefore revenue related to this is recognised upfront when the services is performed. There is no balance sheet impact as a result of the transition.
For equipment provided as part of a contractual arrangement	Revenue is recognised as the upfront payment invoiced to the customer. Following the adoption of IFRS 15, installation and connection would not be recognised as a separate service. Instead, BTC grants the customer an option to purchase services at a discounted rate by not incurring this fee as part of the contract. Revenue is recognised upfront but recognised as part of the access performance obligation on a straight-line basis over the customer life. The average customer life for the varied sub-classes are: - Broadband residential: 2 Years - Leased line: 2 Years - Broadband corporate: 3 Years - Fixed line customers: 5 Years	In applying the transition principles of IFRS 15, there was a change in the timing of revenue recognition as the installation and connection fee is no longer recognised upfront, but rather over the customer's life, as the customer receives the benefit of not having to pay the installation fee as part of future contract renewals. On transition, recognition of material right(deferred revenue) is matched by a corresponding decrease in retained earnings.

3) IFRS 15 Revenue from Contracts with Customers (...continued)
Installation and Connection (Revenue):(...continued)

The nature and the effect of these changes are disclosed below:

Adoption of IFRS 15: Opening balance adjustments resulting from the implementation of IFRS 15

The transition methods applied for IFRS 15 means BTC does not restate comparative information for the impact of these standards. BTC has instead adjusted the 01 April 2018 balance sheet to reflect the impact on opening retained earnings of recognition of the IFRS 15 contract asset and liability.

	P'000
Post-paid Revenue- Sale of handset device with network services	3 118
Installation and Connection Revenue - Equipment provided as part of contractual arrangement	(1 478)
Impact of deferred tax	(361)
Adjustment to retained earnings on adoption of IFRS 15	1 279

Standards issued but not effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

The standard 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). Under lessor accounting 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. 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 liabilities 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 including Indefisible Right of Use (IRU) assets and retail space.

Definition of a Business - Amendments to IFRS 3

Effective for annual periods beginning on or after 1 March 2020.

Key requirements

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Standards issued but not effective (...continued)
Definition of a Business - Amendments to IFRS 3 (...continued)

Minimum requirements to be a business

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

Definition of Material - Amendments to IAS 1 and IAS 8

Effective for annual periods beginning on or after 1 March 2020.

Key requirements

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Conceptual Framework for Financial Reporting

The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged as follows:

- The objective of financial reporting
- Qualitative characteristics of useful financial information
- Financial statements and the reporting entity
- The elements of financial statements
- Recognition and derecognition
- Measurement
- Presentation and disclosure
- Concepts of capital and capital maintenance

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The Conceptual Framework, is effective for annual periods beginning on or after 1 January 2020.

IAS 23 Borrowing Costs

Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying

Conceptual Framework for Financial Reporting (...continued)

asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The amendment also states that an entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. The amendments is effective for annual reporting periods beginning on or after 1 January 2019. This amendment will not have an impact on the Company financial statements.

The Company does not have borrowing costs due to its cash reserves position.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. Management has not yet assesseed the impact to the company.

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 company'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. Determining the value allocated to each deliverable can require complex estimates due to the nature of goods and services provided. Standalone selling prices (SSP) for each item has been discussed under the IFRS 15 accounting policies.

Where the Company doesn't sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price the Company maximises the use of external inputs; methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Company, observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for handsets and other equipment). Where it is not possible to reliably estimate standalone prices due to lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (...continued)

Revenue recognition and presentation (...continued)

The standalone price determined for obligations materially impacts the allocation of revenue between obligations and impacts the timing of revenue when obligations are provided to customers at different times – for example, the allocation of revenue between handsets, which are usually delivered up-front, and services which are typically delivered over the contract period. However, there is not considered to be a significant risk of material adjustment to the carrying value of contract related assets or liabilities in the 12 months after the balance sheet date if these estimates were revised.

The Company provides certain pieces of equipment as well as installation services as part of their package of fixed line services provided. This service is not typically sold separately as the equipment cannot be used independently from the service being provided by the entity. Based on this assessment, the Company treats these contracts, which includes these pieces of equipment as well as the installation services as part of the single performance obligation relating to the underlying usage service.

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. Where the Company's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related administrative fees charged as an operating cost.

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 judgement 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 2018/2019.

Lease Classification

Lease classification- The rental income

Operating leases

The company as the lessor has entered into property rental lease arrangements. The Company 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. The lease payments are recognised over the lease term on a straight-line basis.

Finance leases

Finance leases are capitalised at the commencement of the lease at the inception date at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and any unguaranteed residual value accruing to the lessor discounted by the interest rate implicit in the lease.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type, and coverage by letters of credit and other forms of credit insurance).

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2019

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (...continued)

Provision for expected credit losses of trade receivables and contract assets (...continued)

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 11.

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:

- 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.

Related parties

Government, parastatals and key management personnel are considered as being related to the company. The Government of Botswana is still a related party as the shareholding is 54.16% as at 31 March 2019. 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.

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.

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 expected 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 estimated useful lives assigned to company's 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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2019

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (...continued)

Depreciation Charges and Residual Values (...continued)

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.

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.

ACCOUNTING POLICIES

Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company principally generates revenue from providing telecommunication services, such as network services (comprising voice, data and SMS), interconnect and roaming services, as well as from the sale of mobile devices and Customer Premises Equipment (CPE) and other services (comprising of Directory services, Value Added Services, property rentals, cost of works and third party collection fees). The company provides voice and data communication services under post-paid and prepaid payment arrangements. Products and services maybe sold separately or in bundled packages. Revenues from voice, data and SMS include charges for telecommunications traffic originated in the local network or roaming network. The typical length of a customer contract is 12, 24 or 36 months. The various revenue categories are explained below:

1) Fixed Voice

A) Voice Usage Revenue: When subscribers makes calls on their fixed line it would be viewed as an optional purchase of additional goods and services and will therefore be accounted for as a separate contract. Fixed line voice usage represents the only performance obligation in this separate contract with the customer and therefore revenue is recognised based on usage in line with amounts invoiced for that particular month.

B) Prepaid Products:

Usage of Telephone Instrument: Usage of a standard telephone instrument does not represent a lease and is not a separate performance obligation. As such, no revenue is separately recognised for the standard telephone instrument.

Installation and Connection: The installation and connection does not result in the transfer of goods and services to the customer but rather grants the customer an option to purchase future fixed line services at a discounted rate by not incurring this fee as part of the renewed contract and results in the creation of a material right that has been provided to the customer. The installation fee would be required to provide the customer with access to the line, and therefore would relate to the access performance obligation. The upfront

Revenue Recognition (...continued)

installation fee is deferred when received, and released to revenue as part of the access line performance obligation on a straight-line basis over the customer life.

Fixed Line Access Revenue: Access and usage represent two separate performance obligations. The total transaction price related to the contract is allocated to the access and usage based on their relative standard selling prices. Any amount invoiced for installation (once-off upfront) is allocated to the total transaction price under the contract. As the installation enables the customer to access to the line, the material right arising from installation is allocated to the access performance obligation only and recognised over the life of the customer.

Voice Usage Revenue: Revenue related to usage is recognised as calls are made.

C) Post-paid Products:

Usage of Telephone Instrument: Usage of a standard telephone instrument does not represent a lease and is not a separate performance obligation. As such, no revenue will be separately recognised for the standard telephone instrument. Any amount invoiced for the usage of the standard telephone instrument will form part of the transaction price of the contract as a whole, and is allocated to the performance obligations identified in the contract.

Installation and Connection Revenue: The installation fee is to provide the customer with access to the line, and relates to the access performance obligation. The upfront installation fee is deferred as a contract liability when received and released to revenue as part of the access line performance obligation and on a straight-line basis over the customers life.

Fixed Line Access Revenue: Access to fixed line services represents a separate performance obligation. The total transaction price related to the contract is allocated to access to fixed line voice services and any other performance obligations identified in the contract based on their relative standalone selling prices ("SSP"). Any amounts invoiced for usage of the standard telephone instrument (monthly) and installation (once-off upfront) will be allocated to the total transaction price under the contract, and allocated to the access . As the installation and telephone instrument enables the customer to access to the line, the material right arising from installation will be allocated to the installation performance obligation and recognised over the life of the customer.

2) Mobile Revenue

Revenue for access charges, airtime usage, and messaging by contract customers is recognised as services are performed. Unbilled revenue resulting from services already provided are accrued at the end of each period and unearned revenue from services to be provided in future periods are deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

All network services relating to mobile revenues (i.e. Provision of mobile post-paid and prepaid services, including voice minutes, SMS, and data services) have been considered as a separate performance obligation for each ongoing service provided to the customer and are satisfied over the period that the services are provided.

A) 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 deferred as a contract liability and revenue is recognised as the customer utilises the airtime available. The revenue from the sale of prepaid products is recognised in the profit or loss as services are provided based on the actual airtime or data usage at the agreed tariff.

BTC accounts for expected unexercised network services as revenue, in proportion to the pattern of rights exercised by the customer upon identifying expected breakages. Dealers are given discounts, which are expensed as part of other operating costs when incurred.

Revenue Recognition (...continued)

B) Post-paid 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. All post paid products are sold by BTC and there are no dealers or agents involved. Revenue for post-paid network services based on total transaction price allocated to the network services is recognised based on usage over the contractual period by the subscriber.

For mobile post-paid bundled arrangements, the network services and handset are two separate performance obligations and the total transaction price is allocated to the network services and the handset device based on their relative stand-alone selling price ("SSP"). The total transaction price allocated to the handset is recognised upfront since control of the handset has passed to the subscriber.

Payments on handset sales deferred over a period greater than 12 months which has a significant financing component, a portion of the transaction price is allocated to the financing and recognised as "interest income" over the contractual period.
For sale of the handset vouchers bundled with the network services, the handset voucher value is accounted for as a financial receivable and the fair value of the receivable is calculated at inception of the contract. Transaction price allocated to the network services and any other performance obligations in the contract is the residual of the total consideration after deducting the fair value of the receivable. The transaction price allocated to network services is recognised as revenue over the contractual period based on usage.

BTC recognise a financial liability for its obligation to pay a third party supplier for the handset when the customer redeems the handset voucher (this liability is equal to the receivable plus any upfront payment made for the handset voucher). The extinguishment of the financial liability occurs at the earlier of when the subscriber redeems the handset voucher or when the handset voucher expires (within 3 months). If the handset voucher expires, and BTC is not required to make any payment to the distributor, the release of the financial liability would be recognised in profit or loss as "other income".

C) Mobile Handset Revenue (Mobile CPE)

For sales of mobile handset devices bundled with network services, The network services and handset are two separate performance obligations. The total transaction price needs to be allocated to the network services and the handset device based on their relative stand-alone selling price ("SSP"). The total transaction price allocated to the handset is recognised upfront since control of the handset has passed to the subscriber and the total transaction price allocated to the network services are recognised based on usage over the contractual period. For mobile devices sold separately, revenue is recognised when the handset is delivered to the customer at the point of sale.

3) Data Revenue

Data revenue includes services such as internet services, websites and domains, voice mail, caller identification, call forwarding and short message services. Access to an internet line and data usage represent two separate performance obligations as contained within a contract with a customer. The total transaction price receivable under the contract is allocated to access and data usage performance obligations based on their relative standard selling prices. As the customer is entitled to an unlimited amount of data, revenue is recognised when the internet access and data services are provided to the customer.

4) Interconnect Revenue (Fixed and Mobile)

Interconnection revenues are derived from calls and other traffic that originate in other operators' networks. The company receives interconnection fees based on agreements entered into with other telecommunications or mobile operators both nationally and internationally. These revenues are recognised over-time as the services are performed and in the period in which the services were rendered. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect.

Revenue Recognition (...continued)

5) Customer Premises Equipment (CPE): Fixed and Data

A)PABX Equipment and Outright Purchases

Revenue for the sale of all CPE equipment purchased outright and PABX equipment is recognised as control is passed on delivery. Accordingly, equipment supplied to the customer would be a separate performance obligation and revenue is recognised as control of the equipment passes to the customer.

B) Not Outright Purchases (Rental)

Revenue for Customer Premises Equipment ("CPE") not purchased outright does not represent a lease and is not identified as being representative of separate performance obligation contained in a contract with a customer. Any amount invoiced for CPE and Dedicated Internet sales is allocated to the total transaction price of the contract and is allocated to the service performance obligation. The company recognises CPE provided to customers as Property, Plant and Equipment ("PPE") and depreciates it over the period the company is expected to obtain economic benefits from the CPE.

6) Other Services

Rental Income:
Primarily 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 and is classified under other services.
Site rentals are network towers which are leased to other mobile operators. Revenue is recognised on a straight line basis over the lease term on an ongoing leases.

Construction Contracts:
The Company recognises revenue from construction contracts over time, using an input method to measure progress towards complete satisfaction of the service as the Company's performance enhances an asset that the customer controls.

Directory Services:
Revenue is recognised when telephone directories are released for distribution, when control is generally passed.

7) Interest Income
Interest is recognised on a time proportion basis with reference to the principal amount receivable and the effective interest rate applicable. Revenue is recognised as the interest accrues, using the effective interest rate (EIR).

Practical Expedients

BTC has elected to make use of the following practical expedients:

1) The company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. For contracts with a duration of more than one year, the information has been disclosed.
2) Contract costs incurred related to contracts with an amortisation period of less than one year have been expensed as incurred.

Revenue Recognition (...continued)

Capitalisation of Customer Acquisition Costs

The Company pays subscriber acquisition costs comprising union commissions, SIM activation fees, dealer commisions. These direct incremental costs of acquiring a contract are recognised as a contract acquisition cost asset. Costs are amortised in line with the recognition of the related revenue that is expected to be earned by the Group which is normally the contract period given the fact that new commissions become payable upon contract renewal.

COST OF SALES

Cost of sales are recognized as an expense when incurred. This includes payments to other operators for network services and interconnection, depreciation of networks assets and related land and buildings, Intangible assets, support and maintenance contract costs for network systems, installations, and network repairs.

EMPLOYEE BENEFITS

Post employment benefits
The company operates a defined contribution pension fund for its eligible citizen employees. The fund is registered under the Retirement Funds Act, 2014. The Corporation contributes to the fund 16% 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.

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 are recognised at the earlier of: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

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.

The Company recognises termination benefits may be payable at the earlier of a) when the company can no longer withdraw the offer of those benefits and b) when the company recognises costs for a restructuring that is within the scope of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) that includes the payment of termination benefits.

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 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 (...continued)

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 deferred 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 deferred tax asset to be utilised. Unrecognised deferred 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 deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

INVENTORIES

Inventories comprise items of customer premises equipment used in the construction or maintenance of plant (including 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.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, excluding land and buildings are 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 buildings 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 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

PROPERTY, PLANT AND EQUIPMENT (...continued)

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 company's 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 company 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 company's of assets.

IMPAIRMENT OF NON-CURRENT ASSETS (...continued)

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 other comprehensive income (OCI) after reversing the portion previously recognised in profit or loss.

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 in the expense category that is consistent with the function of the intangible assets.

Computer & billing software and network system

The company made upfront payments to purchase software and network systems (which includes software licenses) for Information technology and Network purposes. The software licences for the use of intellectual property are granted for periods ranging between 5 and 20 years depending on the specific licences and are amortised accordingly. The licences are renewed at little or no cost.

Derecognition of intangible asset

Gains or losses arising from de-recognition of an intangible asset are measured 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. Profit or loss arising on translation of foreign currencies attributable to the company are dealt with in profit or loss in the year in which they arise.

FOREIGN CURRENCY TRANSLATION (...continued)

The International Telecommunications Union uses SDR as the currency to settle international operator debts. The value of the SDR is determined by summing the values in US Dollars based on the market exchanged rates of basket of major currencies (the US Dollars, EUR, Japanese yen, sterling pound).

INDEFEASIBLE RIGHT OF USE (IRU)

The company entered into a capacity arrangement with Botswana Fibre Network (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 BTC 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 expenses 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 1 November 2012. On 8 April 2016 the company was listed on the Botswana Stock Exchange with 1,050,000,000 authorised shares. Out of the total number of shares listed, 250,000,000 shares were issued on the day of listing. As at 31 March 2019 the company had 1,050,000,000 issued shares (2018: 1,050,000,000 shares). The Government of Botswana remains the majority shareholder with a 54.16% shareholding.

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 and the Company's directors.

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

CURRENT INCOME TAX (...continued)

assets. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the countries where the Company operates and generates taxable income.

FINANCIAL INSTRUMENTS

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

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

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

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.
- Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 21 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

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

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

FINANCIAL INSTRUMENTS (...continued)

Trade and other receivables (excluding amounts due from related parties)

Classification
Trade and other receivables (note 11) are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner because the contractual terms of these receivables give rise, on specified dates to cash flows that are solely payments of principal outstanding, and the company's business model is to collect the contractual cash flows on these receivables. The company does not charge interest on its receivables.

Recognition and measurement
Trade and other receivables receivable is recognised when the company becomes a party to the contractual provisions of the loan. The receivables are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the related party receivables initially, minus principal repayments using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

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

The Company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a receivable has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL). Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

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

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables containing significant financing components, the Company applies the simplified approach explained above.

Significant increase in credit risk
In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition. The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

FINANCIAL INSTRUMENTS (...continued)
Significant increase in credit risk (...continued)

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise. By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account). Irrespective of the above analysis, the company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

Procedurally, past due receivables are first subjected to internal collection procedures before they are handed over to external debt collectors for collection. Once all avenues have been exhausted, these are handed back to the Company where the loans are now recommended for write off to the directors.

The Company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made subsequent to write-offs are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the receivable at the reporting date. Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Receivables are then compiled in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in administrative expenses in profit or loss as a movement in credit loss allowance (note 2).

Receivables from related parties

Classification

Receivables from related parties are classified as financial assets subsequently measured at amortised cost (note 11). They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables. The Company does not charge interest on its receivables.

FINANCIAL INSTRUMENTS (...continued)

Recognition and measurement

Receivables from related parties are recognised when the Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment, Measurement and recognition of expected credit losses and write off

Unlike the other trade and other receivables, receivables from related parties are not subjected to the normal "arms length" impairment assesment explained above on trade and other reciavables, external debt collection and accordingly the issue of measurement and recognition of credit losses unless they relate to disputed transactions. In such instances, all such amounts are immediately provided for in full if no resolution between the parties is not reached. This is the case since based on history, all balances from related parties are eventualy paid, albeit with some of the payments occuring after the agreed payment terms.

All balances that become past due have been subjected to the 12 months ECL where the time value of money is factored into the outstanding balances.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in administrative expenses in profit or loss as a movement in credit loss allowance (note 2).

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short term deposits with an original maturity of three months or less. Cash on hand and cash equivalents are carried at amortised cost. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and deposits, net of outstanding bank overdrafts.

Gains and Losses for Financial Assets

Gains and losses are recognised in profit or loss when the 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 are 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.

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL INSTRUMENTS (...continued)

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 asset or the company has neither transferred nor retained substantially all the risks and rewards of 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.

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. The liability to pay dividends is recognised when dividends are declared. The dividend will be paid net of applicable withholding taxes (7.5%) under the Botswana Income Tax Act.

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.

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 fulfilment 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 rentals are recognised as revenue in the period in which they are earned.

Finance leases

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

		2019 P'000	2018 P'000
1	**REVENUE FROM CONTRACTS WITH CUSTOMERS**		
	Fixed Voice		
	Voice	241 597	260 426
	Access	131 386	121 733
	Interconnect	20 880	21 252
	Customer Premises Equipment (CPE)	115 599	120 663
	Significant financing component *	850	-
		510 312	524 074
	Mobile		
	Voice	362 189	409 791
	Significant financing component *	475	-
	Interconnect	22 278	34 221
	Data	56 202	66 868
	Short Message Service (SMS)	26 866	27 798
	Customer Premises Equipment (CPE)	11 720	5 508
		479 730	544 185
	Fixed Data		
	Usage	119 548	113 531
	Access	281 076	301 311
	Customer Premises Equipment (CPE)	31 872	53 477
		432 496	468 319
	Other Revenue		
	Directory services	11 397	12 466
	Value Added Services	1 878	2 270
	Property rentals	5 922	1 679
	Cost of works	4 782	9 233
	Third party collection fees	1 707	4 681
		25 686	30 330
	Total Operating Revenue	**1 448 224**	**1 566 908**

*Relates to adjustments to Customer Premises Equipment (PABX) and mobile postpaid (with handset device) as per IFRS 15 guidelines.

BTC has adopted IFRS 15 Revenue from Contracts with Customers opting for the modified retrospective method with the cumulative effect of initially applying IFRS 15 recognized on equity at the date of initial application. The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

1 **REVENUE FROM CONTRACTS WITH CUSTOMERS** (...continued)

	2019 As Reported IFRS 15 P'000	2019 Without Adoption of IFRS 15 (IAS 18) P'000	2018 P'000
SALES OF GOODS AND SERVICES			
Revenue from Contracts with Customers:			
Fixed Voice Revenue	510 312	507 900	524 074
Mobile Revenue	479 730	481 637	544 185
Fixed Data Revenue	432 496	433 232	468 319
Revenue from other sources:			
Directory services	11 397	11 397	12 466
Other Services	14 289	14 289	17 864
Total Revenue from External Customers	**1 448 224**	**1 448 455**	**1 566 908**

Diasggregation of revenue from contracts with customers:

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product and service lines. In the following table, revenue is disaggregated by major products / service lines and timing of revenue recognition. The prior year comparatives have been presented consistent with the presentation in last year's Annual Report under IAS 18.

	Fixed Voice			Mobile			Fixed Data			
Year Ended 31 March 2019 (IFRS 15)	**Network Services (P'000)**	**Interconnect (P'000)**	**CPE (P'000)**	**Network Services (P'000)**	**Interconnect (P'000)**	**CPE (P'000)**	**Network Usage (P'000)**	**Access (P'000)**	**CPE (P'000)**	**Other Revenue (P'000)**
Major products / service lines:										
Revenue from external contracts with customers	372 983	20 880	116 449	445 732	22 278	11 720	119 548	281 076	31 872	-
Other revenue (directory services, value addedd services, rentals)	-	-	-	-	-	-	-	-	-	25 686
	372 983	20 880	116 449	445 732	22 278	11 720	119 548	281 076	31 872	25 686
Timing of revenue recognition:										
Products transferred at a point in time	-	-	116 449	-	-	11 720	-	-	31 872	-
Products and services transferred over time	372 983	20 880	-	445 732	22 278	-	119 548	281 076	-	25 686
	372 983	20 880	116 449	445 732	22 278	11 720	119 548	281 076	31 872	25 686

CONTRACT COSTS

The Company has applied the practical expedient as per paragraph 94 of IFRS 15, as the Company recognises the incremental costs of obtaining contracts as an expense when incurred as the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

The opening adjustments upon application of IFRS 15 net of tax was P1 279 000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2	OPERATING COSTS	2019 P'000	2018 P'000
2.1	**Cost of services and goods sold :**		
	Payment to International carriers and local operators (interconnection)	213 215	228 461
	Depreciation		
	Land and buildings-depreciation	34 450	22 955
	Network Assets-depreciation charge	116 263	92 702
	Amortisation of intangible assets	29 279	23 283
	Equipment and material costs	102 161	100 611
	Installation of Customer Premises Equipment (CPE)	(2 257)	27 376
	Write (up)/down of inventories	(12 487)	26 591
	Cost of directory sales	2 740	2 288
	Cost of prepaid cards	1 345	1 801
	Cost of phones	30 616	13 513
	License fee - BOCRA	46 199	46 264
	Space segment rentals and other licence fees	14 829	15 050
	Total cost of services and goods sold	576 353	600 895

Space segment rentals relates to satelites which the entity rents. Licence fees relate to computer software.

		2019 P'000	2018 P'000
2.2	**Selling and distribution costs:**		
	Product marketing costs	23 765	26 461
	Sponsorship	13 567	14 635
		37 332	41 096
2.3	**Administrative expenses**		
	Employee costs:		
	Salaries and wages	334 349	360 722
	Pension fund and group life contributions (defined contribution plans)	19 468	16 478
	Training costs	820	10 398
	Retrenchment costs	6 962	-
	Other related employee costs *	24 919	17 134
	Total employee costs charged to profit or loss	386 518	404 732
	Depreciation - Other equipment	19 374	17 158
	Repairs and maintenance - non-telecommunications equipment	17 001	17 838
	Total Administrative expenses	422 893	439 728

*Other related employee costs include medical aid expenses, staff welfare and staff uniforms

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

		2019 P'000	2018 P'000
2.4	**Other operating expenses analysis is as follows:**		
	Audit remuneration		
	Audit fees	1 616	1 569
	Other Services	384	313
	Directors fees-sitting allowance	846	842
	Directors fees-other expenses	339	432
	Billing costs	54 740	56 615
	Consultancy	12 347	34 681
	Exchange gain	(16 778)	(16 288)
	Financial charges	26 368	13 675
	Radio Licence fees - BOCRA	6 135	5 083
	Operating lease charges - rentals	8 938	17 091
	Stationery	5 014	3 518
	Miscellaneous expenses*	12 871	9 331
	Property upkeep	12 499	10 166
	Travel and entertainment	13 257	17 452
	Dealer commission	74 044	88 227
	Vehicle running costs	6 980	10 767
	Utilities -electricity and water	29 480	12 166
	Licenses - system and software	13 363	7 672
	TOTAL	262 443	273 313

*Miscellaneous expenses
Miscellaneous expenses include the following: outsourced call centre costs, customs and freight, newspapers and periodicals.

		2019 P'000	2018 P'000
3	**OTHER INCOME**		
	Development grant recognised as income (note 14)	29 657	29 453
	Profit on disposal of property, plant and equipment	246	1 455
		29 903	30 908
4	**INTEREST INCOME**		
	Interest from short-term and call accounts deposits	17 606	21 131
		17 606	21 131
5	**EARNINGS PER SHARE**		
	Profit attributable to ordinary shareholder for basic and diluted earnings per share	162 060	217 351
	Stated capital - number of shares (note 12)	1 050 000 000	1 050 000 000
	Earnings per share (Thebe)	15.43	20.70

The Company has stated capital of 1,050,000,000 shares as at 31 March 2019 (31 March 2018: 1,050,000,000 shares). The Government of Botswana is still the majority shareholder with a 54.16% shareholding.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

6.1 **INCOME TAX**

The components of income tax expense for the period ended are:

Statement of Comprehensive income	2019 P'000	2018 P'000
Taxation expense		
Corporate tax	9 154	24 851
Deferred taxation	25 498	21 713
Taxation expense	34 652	46 564
Tax rate reconciliation		
Profit before tax	196 712	263 915
Company tax at 22%	43 277	58 061
Non-taxable income	(90 764)	(80 349)
Non-deductible expenses	56 641	47 139
Taxation expense	9 154	24 851

6.2 **DEFERRED TAX**

Accelerated depreciation for tax purposes	(28 606)	(68 185)
Unrealised gain	3 232	3 855
Revaluation of land and buildings (OCI)	-	14 600
Unutilised scratch cards	(2 128)	(1 903)
Deferred tax assets	(27 502)	(51 634)

MOVEMENT IN DEFERRED TAX ASSET

Opening balance	(51 634)	(87 947)
Movement in Profit and Loss	25 498	21 713
IFRS 15 adoption adjustment	(361)	-
IFRS 9 adoption adjustment	(1 005)	-
Movement in other comprehensive income	-	14 600
Closing balance	(27 502)	(51 634)

All income taxes and deferred tax were computed at the statutory tax rate of 22%.

7 **PROPERTY, PLANT AND EQUIPMENT**

2019	**Land & Buildings**	**Network Assets**	**Plant & Other Equipment**	**Capital Work in Progress**	**Total**
Measured at	**Fair value**	**Cost**	**Cost**	**Cost**	
	P'000	**P'000**	**P'000**	**P'000**	**P'000**
COST OR VALUATION					
At beginning of the year	775 218	2 672 404	258 720	250 036	3 956 378
Additions	5 396	172 882	33 682	137 382	349 342
Disposals	-	-	(1 970)	-	(1 970)
At end of the year	780 614	2 845 286	290 432	387 418	4 303 750
DEPRECIATION AND IMPAIRMENT					
At beginning of the year	215 098	2 142 237	180 948	-	2 538 283
Depreciation charge for the year	30 176	123 179	23 013	-	176 368
Disposals	-	-	(1 880)	-	(1 880)
At end of the year	245 274	2 265 416	202 081	-	2 712 771
NET BOOK VALUE					
At beginning of the year	560 120	530 167	77 772	250 036	1 418 095
At end of the year	535 340	579 870	88 351	387 418	1 590 979

2018	**Land & Buildings P'000**	**Network Assets P'000**	**Plant & Other Equipment P'000**	**Capital Work in Progress P'000**	**Total P'000**
COST OR VALUATION					
At beginning of the year	650 502	2 572 043	212 751	202 599	3 637 895
Additions	76 648	100 361	53 004	47 437	277 450
Disposals	-	-	(7 035)	-	(7 035)
Revaluation	48 068	-	-	-	48 068
At end of the year	775 218	2 672 404	258 720	250 036	3 956 378
DEPRECIATION AND IMPAIRMENT					
At beginning of the year	210 439	2 049 535	169 610	-	2 429 584
Depreciation charge for the year	22 955	92 702	17 158	-	132 815
Disposals	-	-	(5 820)	-	(5 820)
Revaluation	(18 296)	-	-	-	(18 296)
At end of the year	215 098	2 142 237	180 948	-	2 538 283
NET BOOK VALUE					
At beginning of the year	440 063	522 508	43 141	202 599	1 208 312
At end of the year	560 120	530 167	77 772	250 036	1 418 095

7 **PROPERTY, PLANT AND EQUIPMENT** (...continued)

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.

The revaluation of land and buildings was performed on 31 March 2018 by Willy Kathurima Associates. The count and valuation, where possible, of the asset components in Botswana, and appropriate depreciation classes were standardised and residual values applied. For fair value disclosures, refer to Note 22.

Following the revaluation done in 2018, management has reassessed the valuation and determined that the values remained relevant for the year ended 31 March 2019.

Revaluation of Land and Buildings

If land and buildings were measured using the cost model, the carrying amount would be as follows:

	2019 P'000	2018 P'000
Cost	257 592	252 196
Depreciation	(109 324)	(109 324)
Carrying amount	148 268	142 872

8 **INTANGIBLE ASSETS**

31 March 2019	Computer & Billing Software P'000	Network Systems P'000	Total P'000
COST			
At beginning of the year	132 909	189 402	322 311
Additions	106 478	-	106 478
Reclassification*	153 508	(153 508)	-
At end of the period	392 895	35 894	428 789
AMORTISATION			
At beginning of the year	125 223	126 852	252 075
Charge for the year	18 333	4 666	22 999
*Reclassification	108 489	(108 489)	-
At end of the period	252 045	23 029	275 074
NET BOOK VALUE			
At beginning of the year	7 686	62 550	70 236
At end of the period	140 850	12 865	153 715

8 **INTANGIBLE ASSETS** (...continued)

31 March 2018	Computer & Billing Software P'000	Network Systems P'000	Total P'000
COST			
At beginning of the year	131 805	168 163	299 968
Additions	1 104	21 239	22 343
At end of the year	132 909	189 402	322 311
AMORTISATION			
At beginning of the year	121 052	107 740	228 792
Charge for the year	4 171	19 112	23 283
At end of the year	125 223	126 852	252 075
NET BOOK VALUE			
At beginning of the year	10 753	60 423	71 176
At end of the year	7 686	62 550	70 236

*The transfer relates to software for the management of network systems.

Following the transfer, only licenses are accounted for under the Network systems category

9 **ASSET IMPAIRMENT**

As at 31 March 2019, the Company assessed its property, plant and equipment and finite life intangible assets at the reporting date for any indication of impairment. This was done by comparing the carrying amount of the corporation's assets with the recoverable amount of the assets. The recoverable amount was based on the business' value in use, which in turn, was calculated by forecasting the company's future enterprise free cash flows for a period of five years and then determining the value by discounting these free cash flows using a discount rate equal to the weighted average cost of capital (WACC) of 13% (March 2018: 13%). The entire business was regarded as one cash generating unit (CGU) since common network elements are responsible for the production of all services. The assessment at March 2019, determined the Company's assets to be unimpaired.

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 was applied.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the following assumptions

- Gross margins
- Discount rate
- Market share during the forecast period
- Growth rates used to extrapolate the cash flows beyond the forecast period

Assumptions

Discount rate (WACC) 2019: 13% (March 2018: 13%)

Management determined this rate based on past experience as well as external sources of information.

10 INVENTORIES	2019 P'000	2018 P'000
Comprising:		
Consumable stores	50 916	40 033
Customer premises equipment	3 678	8 365
Total inventories at the lower of cost and net realisable value	54 594	48 398

The above inventory is disclosed at the lower of cost and estimated net realisable value.

11 TRADE AND OTHER RECEIVABLES	2019 P'000	2018 P'000
Trade receivables	182 891	194 535
Receivables from related parties	46 143	64 360
Trade receivables from interconnect balances	61 371	76 980
Contract assets	21 940	-
Staff advances	8 920	10 537
Receivables from global connectivity projects (EASSy & WACS)	9 455	9 455
Other receivables	3 524	1 880
Debtors impairment	(149 428)	(141 711)
Net trade and other receivables	184 816	216 036
Prepayments	209 404	178 395
Related party prepayment (Indefeasible right of use)	37 000	-
Total trade and other receivables	431 220	394 431
Comprising:		
Trade and other receivables	409 280	394 431
Contract assets	21 940	-
	431 220	394 431

The Company's trade and other receivables are non-interest bearing. For terms and conditions relating to related party receivables, refer to Note 20. Trade receivables from interconnect balances and other receivables are generally 30 to 90 day terms, interest free, unsecured and settlement occurs in cash.

Contract Assets
BTC recognises contract assets for goods and services for which control has transferred to the customer before consideration is due. These assets mainly relate to mobile handsets provided upfront but paid for over the course of the periond of the contract and primarily relate to BTC's right to consideration for goods and services rendered but not billed at the reporting date for customer contracts for network services and mobile devices. The contract assets are transferred to trade and other receivables when the rights become unconditional. Contract assets are reclassified as trade and other receivables when the right to payment becomes unconditional and BTC has billed the customer.

The following table provides information about receivables, revenue related contract assets and contract liabilities from contracts with customers:

	2019 P'000	2018 P'000
Contract assets		
Current - Receivables which are included in 'Trade and Other Receivables'	3 874	-
Non-Current - Contract assets relating to long term customer contracts	18 066	-
Total contract assets	21 940	-

11 **TRADE AND OTHER RECEIVABLES** (...continued)
Contract assets (...continued)

Significant changes in the contract assets and the contract liabilities
Significant changes in the contract assets and the contract liabilities balances during the period are as follows. The table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in the prior years.

	2019 P'000	2018 P'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	12 165	24 446
	12 165	24 446

UNSATISFIED PERFORMANCE OBLIGATIONS IN LONG TERM CONTRACTS

The following table shows unsatisfied performance obligations resulting from long term customer contracts:

	2019 P'000	2018 P'000
Aggregate amount of the transaction price allocated to long term customer contracts.	6 657	8 191
	6 657	8 191

The table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

No consideration from contracts with customers is excluded from the amounts presented above.

The Company applies the practical expedient (modified approach) in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Staff advances are repaid up to twelve months and are non interest bearing. Staff advances and other receivables are carried at cost which approximate their carrying value.

Further details on receivables from Global connectivity projects (EASSy and WACS) have been disclosed in note 20.

Exposure to credit risk
Trade receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of post paid customers over a period of 24 months before 31 March 2019 or before 1 April 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Given the short nature of its trade receivables, the Company has identified inflation to be the most relevant factor, and accordingly adjusted the historical loss rates based on expected changes in this.

The credit period on trade and other receivables is 30 days (2018: 30 days). No interest is charged on outstanding trade and other receivables .

A loss allowance is recognised for all trade and other receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. As per the company credit policy, past due receivables are first subjected to the internal collection process until all available avenues are exhausted. They are then handed over to external debt collectors for collections. Any balances uncollected are returned back to the company at which point an assessment is made for write off.

In accordance with the simplified approach adopted, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix is a probability-weighted model which applies an expected loss percentage, based on the net write-off history experienced on receivables, to each ageing category of receivables at the end of each month in order to calculate the total provision to be raised on the receivable balances. It also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

11 **TRADE AND OTHER RECEIVABLES** (...continued)

	Expected credit loss rate (average)	2019 P'000 Estimated gross carrying amount at default	2019 P'000 Loss allowance (Lifetime expected credit loss)
Bucketing (Days past due)			
Current	3%	103 110	2 666
31-60 days past due	27%	25 379	6 846
61-90 days past due	39%	17 396	6 742
91-120 days past due	70%	25 572	17 830
121-150 days past due	74%	28 295	20 997
More than 150 days past due	71%	132 565	94 347
Total		332 317	149 428

Reconciliation of loss allowance

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

	2019 P'000	2018 P'000
Opening balance in accordance with IAS 39	141 711	-
Adjustments upon application of IFRS 9	4 567	-
Adjusted opening balance as at 1 April 2018 in accordance with IFRS 9	146 278	-
Provision raised on new trade reciavables	3 150	-
Balance at the end of the year	149 428	-

The adjustments upon application of IFRS 9 net of tax was P3 562 000.

During the year trade and other receivables amounting P10m were approved for write-off. This receivables which have been written off are not subject to further enforcement activities.

Credit risk disclosures for comparatives under IAS 39.

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

Reconciliation of provision for impairment of trade and other receivables	Individually Impaired P'000	Collectively impaired P'000	Total P'000
At beginning of the year	76 974	64 695	141 669
Additional amounts raised	3 087	5 798	8 885
Amounts utilised during the year	(546)	(8 297)	(8 843)
At end of the year	79 515	62 196	141 711

12 **STATED CAPITAL**

	2019 P'000	2018 P'000
Balance	478 892	478 892
Authorised and issued capital		
Authorised shares 1,050,000,000 (March 2018: 1,050,000,000) ordinary shares of no par value	478 892	478 892
Ordinary shares issued and fully paid 1,050,000,000 (March 2018: 1,050,000,000) ordinary shares of no par value	478 892	478 892

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

Cash dividends on ordinary shares paid:		
Final dividend for 2018: 9.70 thebe per share: (2017: 11.09 thebe per share)	101 850	116 445
Interim dividend for 2019 3.53 thebe per share:(2018 : 3.73 Thebe per share)	37 065	39 165
	138 915	155 610

The dividend is paid net of 7.5% withholding tax as per the Botswana Income Tax Act.

BTC shares are only available to the following:

a) natural persons who are citizens of Botswana
b) corporate entities registered or operating in Botswana which are wholly Citizen owned; or
c) unincorporated associations, partnerships, and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly Citizen owned; or
d) trusts whose ultimate beneficiaries are all Botswana Citizens; or
e) Local Pension Funds managed by institutional investors registered in Botswana; or
f) any other entities operating in Botswana which are wholly Citizen owned; or
g) entities (whether or not falling into categories ii, iii or iv above) which are wholly Citizen owned which manage investment funds for the benefit of Citizens only.

13 **REVALUATION RESERVE**

	2019 P'000	2018 P'000
Properties revaluation reserve		
Balance at the beginning of the year	360 056	322 720
Depreciation transfer for land and buildings	(19 373)	(14 427)
Revaluation during the year	-	51 763
Balance at the end of the year	340 683	360 056
Total other reserves	340 683	360 056

14 DEVELOPMENT GRANTS

	2019 P'000	2018 P'000
Balance at the beginning of the year	109 078	138 530
Additions for the year	2 865	-
Receivable	5 739	-
Recognised as income during the year	(29 657)	(29 452)
Balance at end of the year	88 025	109 078
Comprising:		
Current portion of development grant	29 657	29 452
Non-Current portion of development grant	58 368	79 626
	88 025	109 078

Nteletsa projects

The cumulative grants received to end of March 2019 are P509,325,984 (March 2018: P509,325,984). 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.

Universal Access and Service Fund

In the 2018 financial year, an agreement was reached with the Universal Access and Service Fund (USAF) for the upgrade of the telecommunications base stations to 3G or better and provision of Broadband connectivity in government schools in the Ghanzi district. The total grant receivable is P8 604 318 of which 33.3% (P2 865 237) had been received as at year end as per grant agreement.

15 TRADE AND OTHER PAYABLES

	2019 P'000	2018 P'000
Trade payables	136 754	123 498
Contract liabilities	20 030	-
Contract liabilities - deferred revenue	9 671	8 651
Interconnection balances	9 223	34 312
Accruals and other payables	166 405	31 939
	342 083	198 401
Comprising:		
Trade and other payables	322 053	198 401
Contract liabilities	20 030	-
	342 083	198 401

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.

Contract Liabilities

Contract liabilities are recognised when BTC has received advance payment for goods and services that have not transferred to the customer. The contract liabilities primarily relate to the advance consideration received from customers for customer contracts on goods and services which are not distinct performance obligations.

The following table provides information about receivables,revenue related contract assets and contract liabilities from contracts with customers:

15 TRADE AND OTHER PAYABLES (...continued)

	2019 P'000	2018 P'000
Contract Liabilities (continued)		
Contract liabilities		
Current	2 883	-
Non-Current	17 147	-
Total contract liabilities - IFRS 15	20 030	-
Contract liabilities - deferred revenue	9 671	8 651

Interconnection balances relate to terminating charges owing on BTC outgoing calls to international operators and for other local 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 P9 671 055 (March 2018: P8,651,363).

16 EMPLOYEE RELATED PROVISIONS

	Leave Pay P'000	Gratuity P'000	Other P'000	Total P'000
Opening balance **(April 2018)**	24 061	34 273	1 320	59 654
Charged to employee expenses	5 921	31 568	14 951	52 440
Utilised	(3 382)	(28 890)	(15 418)	(47 690)
Closing balance **(March 2019)**	26 600	36 951	853	64 404

	2019 P'000	2018 P'000
Comprising:		
Current liabilities	27 453	25 381
Non Current liabilities	36 951	34 273
	64 404	59 654

Employee related provisions comprise of leave pay, gratuity and other. In terms of BTC policy, employees are entitled to accumulate vested leave benefits. Of the leave days earned in respect of any period of twelve (12) months, not less than eight (8) days shall be taken no later than six months immediately after the period in respect of which leave is earned. This leave shall be forfeited if not taken. Gratuities are normally paid at the end of an employee's contract which in the case of BTC is between 1 to 5 years.

17 **STATEMENT OF CASH FLOWS**

		Notes	2019 P'000	2018 P'000
17.1	**Operating profit before working capital changes:**			
	Profit before tax		196 712	263 915
	Adjustment for non cash movements:			
	Depreciation of property, plant and equipment	7	176 368	132 815
	Amortisation of intangible assets	8	22 999	23 283
	Profit on disposal of property, plant and equipment	3	(246)	(1 455)
	Interest income	4	(17 606)	(21 131)
	Amortisation of IRU		2 467	-
	Related party prepayment (IRU)		-	80 000
	Exchange gain		(3 130)	16 287
	Development grant recognised as income	14	(29 657)	(29 452)
	Movement in provisions		4 750	18 902
	Operating profit before working capital changes		352 657	483 164

For the purpose of the 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 at both the beginning and end of the year.

		2019 P'000	2018 P'000
17.2	**Net Income tax**		
	Opening balance	(3 072)	6 153
	Charge for the year (Note 6.1)	(9 154)	(24 851)
	Withholding tax on interest	891	526
	Closing balance	(12 013)	3 072
	Net cash paid	(23 348)	(15 100)
17.3	**Net cash and cash equivalents at end of the year:**		
	Cash at bank and on hand	36 226	25 568
	Short term deposits	269 230	424 506
	Net cash and cash equivalents at end of the year	305 456	450 074

The call deposits had effective interest rates of between 0.25% and 1% (March 2018: 0.25% and 1%).

Included in the cash and cash equivalents is an amount of USD 60 000 which BTC received from a counter party as a financial guarantee for the payment of certain bad debts.

17.4 **Banking Facilities**

The Company has facilities with its bankers amounting to P15,000,000 (March 2018: P110,000,000) in respect of letters of credit and guarantees. The banking facilities are unsecured.

The reduction in the current year, with effect from May 2018, was on account of low utilisation by the Company over the years.

The unutilised portion of the banking facilities amounted to P15 million as at 31 March 2019.

18 **CAPITAL COMMITMENTS**

	2019 P'000	2018 P'000
Contracted but not paid	485 211	318 632
Authorised but not contracted	153 270	221 279
Total capital commitments	638 481	539 911

These commitments will be financed by development grants and internally generated funds.

19 **OPERATING LEASE COMMITMENTS-COMPANY AS LESSEE**

Future minimum lease payments payable under non-cancellable operating leases are as follows:

Operating leases	19 998	20 757
	19 998	20 757
Balance due not later than one year	5 512	6 469
Balance due later than one year and not later than five years	11 315	11 284
Balance due after five years	3 171	3 004
	19 998	20 757

OPERATING LEASE COMMITMENTS-COMPANY AS LESSOR

Future minimum lease receivables under non-cancellable operating leases are as follows:

Operating leases	1 457	2 724
Balance due not later than one year	1 344	1 268
Balance due later than one year and not later than five years	113	1 456
Balance due after five years	-	-
	1 457	2 724

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 network 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 up to 10% per annum generally with a one month notice period.

20 RELATED PARTY TRANSACTIONS

Relationships

Shareholder with 54.16% ownership	Government of Botswana
Members of the Board of Directors	Refer to General information page 167
Members of Key management	Anthony Masunga
	Aldrin Sivako
	Edward Wicks
	Abel Bogatsu
	Peter Olyn
	Lebudi Kgetse
	Same Kgosiemang
	Boitumelo Masoko
	Mmamotse Monageng
	Sidney Mganga
	Malebogo Mosinyi
	Nelson Disang
	Kutlo Mokgosana

Trading transactions

The following related party transactions were on an arm's length basis:

	Revenue billed		Balance due	
	2019 P'000	2018 P'000	2019 P'000	2018 P'000
Sales and outstanding balances from related parties				
The Government of the Republic of Botswana	315 242	405 111	33 960	53 384
Parastatals	103 086	103 462	12 183	10 976
	418 328	508 573	46 143	64 360
Purchases from related parties				
Parastatals	316 616	394 620	61 552	33 789

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are the rendering or receiving of services between a party related to the Company. In general BTC uses a cost plus a variable margin in the pricing model applied. 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.

BTC Foundation Corporate Social Investment

BTC established the BTC Foundation in 2014 to coordinate and deliver the Company's Corporate Social Investment initiatives. The Foundation is governed by a Board of Trustees. Their main focus is to support community projects that are aligned to the following focus areas ; health, sports development; education, arts and culture. During the year under review, BTC donated to the Foundation P2,219,475 (March 2018: P2,582,000). As at 31 March 2019, the foundation had an unexpended cash balance of P3 445 733.

20 RELATED PARTY TRANSACTIONS (...continued)

Individually significant transactions

Global Connectivity projects (EASSY and WACS)

The Government of Botswana owes BTC P9,455,478 (Mar 2018: P9,455,478) for payments which were made on behalf of the Government towards procuring the Indefeasible right of use (IRU). BTC is now leasing on an arms length basis network capacity from Bofinet on an operating lease basis. The balance is disputed and the amount has been fully impaired as per the requirements of IAS 24.18.

BOFINET (Botswana Fibre Network)

BoFiNet is a wholesale provider of national and international telecommunication infrastructure and has offered BTC an IRU worth P340 million for 10 years which translates to an annual charge of P34 million to the Profit or loss account. The P340 million has been fully paid.

In the current year, BTC entered into a second 15 year IRU agreement with BoFiNet for P555 million translating to an annual charge of P37 million to the Profit or loss account. A discount of P98 million staggered over the first 6 years was obtained reducing the annual charge to P17million in 2019 increasing to P27million in 2024. Unlike the first IRU, this particular agreement gives BTC unlimited capacity up to an aggregate of 300Gbps.

BoFiNet services licensed telco operators both nationally and internationally. Botswana Government has acquired stakes in the EASSy and WACS submarine cables, which are managed by BoFiNet.

Compensation of key management personnel	2019 P'000	2018 P'000
Short-term benefits	14 213	11 999
Termination benefits	202	4 826
	14 415	16 825

The remuneration for key management staff is determined by the Human Resource Remuneration and Nominations Committee.

The non-executive members of the Board do not receive pension entitlement from the Company.

Directors' Interests
Emoluments per director (in Pula) (2019)

Director	Fees	Remuneration	Performance Bonus	Fringe and other benefits	Total
Anthony Masunga (Managing Director)	-	1 863 000	-	220 872	2 083 872
Lorato Boakgomo-Ntakhwana	181 000	-	-	-	181 000
Maclean Letshwiti	100 000	-	-	-	100 000
Choice Pitso	83 000	-	-	-	83 000
Serty Leburu	113 000	-	-	-	113 000
Andrew Reginald Johnson	87 000	-	-	-	87 000
Ranjith Priyalal De Silva	157 000	-	-	-	157 000
Bafana Molomo	60 000	-	-	-	60 000
Thari Pheko	65 000	-	-	-	65 000
Total emoluments paid	846 000	1 863 000	-	220 872	2 929 872

20 **RELATED PARTY TRANSACTIONS** (...continued)

Directors' Interests
Emoluments per director (in Pula) (2018)

Director	Fees	Remuneration	Performance Bonus	Fringe and other benefits	Total
Anthony Masunga (Managing Director)	-	1 863 000	800 000	206 880	2 869 880
Lorato Boakgomo-Ntakhwana	201 000	-	-	-	201 000
Maclean Letshwiti	90 000	-	-	-	90 000
Alan Boshwaen	34 000	-	-	-	34 000
Choice Pitso	122 000	-	-	-	122 000
Serty Leburu	122 000	-	-	-	122 000
Rejoice Tsheko	67 000	-	-	-	67 000
Gerald Nthebolan	48 000	-	-	-	48 000
Andrew Reginald Johnson	101 000	-	-	-	101 000
Ranjith Priyalal De Silva	57 000	-	-	-	57 000
Total emoluments paid	842 000	1 863 000	800 000	206 880	3 711 880

21 **FINANCIAL RISK MANAGEMENT**

21.1 **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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

21.2 **Currency risk:**

The Company undertakes certain transactions denominated in foreign currencies with international operators and other foreign suppliers. Hence, exposure to exchange rate 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):

Currency	Exchange Rates		Amount in Foreign Currency	
	2019	2018	2019	2018
Liabilities:				
AUD			(21 873)	-
Rand	1,3915	1,2735	(1 725 041)	(941 002)
US Dollar	0,0900	0,1075	(2 854 698)	(4 802 315)
Euro	0,0850	0,0875	(29 865)	(29 698)
Assets:				
Rand	1,3915	1,2020	857	3 295 090
US Dollar	0,0955	0,0875	1 874 259	2 933 778
Euro	0,0850	0,1075	-	2 672
Combined Net Position			(2 756 361)	458 525

The Company's currency risk exposure emanates from liabilities that were yet to be settled as at year end and mainly cash holdings denominated in foreign currencies.

21.3 **Foreign Currency sensitivity analysis**

The Company is mainly exposed to the currencies of South Africa (Rand), the United States (US Dollar) and the European Union (Euro).

The following table details the Company'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.

The analysis below gives a combined impact of assets and liabilities.

Pre Tax Profit/(Loss)

	2019 Pula	2018 Pula
10% decrease		
Rand	(239 920)	(119 837)
United States Dollar	(8 824)	(51 625)
Euro	(254)	(260)
Net Effect	(248 998)	(171 722)
10% increase		
Rand	239 920	119 837
United States Dollar	8 824	51 625
Euro	254	260
Net Effect	248 998	171 722

21.4 **Credit Risk**

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

Trade receivables

The Company applied the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on days past due.

In determining the level of likely credit losses on write-off of trade receivables, the Company has taken cognisance of historical collections from external debt collection processes and delayed settlement arrangements with debtors, as well as the impact which the expected future development of macro-economic indicators (specifically inflation) may have on historical collection and default rates.

At 31 March 2019, the ECL provision was P149 428 000.

Trade receivables are considered irrecoverable where;

- the customer has not made any payment within 150 days from the date of invoice (at which stage amounts are considered in full default),
- no alternative payment arrangements have been made, or if made, are not being adhered to by the customer;
- alternative collection efforts (mainly through external debt collection agencies) have failed and;
- the amounts in question are disputed;

On the above basis the expected credit loss for trade receivables as at 31 March 2019 and 1 April 2018 was determined as per note 11.

Contract Assets

There are no impairment losses arising from contracts with customers

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 commercial 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: P29,035,492.87 (2018: P48,762,005.33)
Short term deposits with financial institutions: P204 761 025 (2018: P300 946 953)

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.

21.4 **Credit Risk** (...continued)

	2019 P'000	2018 P'000
Financial assets and other credit exposures (Not rated)		
Trade debtors including those from related parties	221 816	216 036
Short term call deposits	269 230	424 506
Cash and bank	36 226	25 568
	527 272	666 110

The below table shows an age analysis of gross trade receivables at their carrying value as at 31 March 2018

	2018 P'000
Performing loans	67 517
Past due but not impaired	148 519
	216 036

21.5 **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).

21.6 **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.

21.7 **Interest income and expense by financial instrument category**

	Financial assets at amortised cost P'000
2019	
Interest income	17 606
Net interest income	**17 606**
2018	
Interest income	21 131
Net interest income	**21 131**

21.8 **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 except where the company anticipates that the cash flow will occur in a different period.

21.8 **Liquidity and interest risk management** (...continued)

Financial Assets	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	Total P'000
2019				
Trade and other receivables	103,110	42,775	186,432	332,317
	103,110	42,775	186,432	332,317
2018				
Trade and other receivables	67,517	80,736	67,782	216,035
	67,517	80,736	67,782	216,035

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 2019	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	1 - 5 years P'000	5+ years P'000	Total P'000
Trade and other payables	-	342 083	-	-	-	342 083
	-	**342 083**	**-**	**-**	**-**	**342 083**

Financial Liabilities 2018	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	1 - 5 years P'000	5+ years P'000	Total P'000
Trade and other payables	-	198 401	-	-	-	198 401
	-	**198 401**	**-**	**-**	**-**	**198 401**

The Company maintains an overdraft facility with Standard Chartered Bank Botswana. At 31 March 2019, the Company had cash and cash equivalents of P305 million (2018: P450 million)

21.9 **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. Refer to note 17.3.

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.

21 **FINANCIAL RISK MANAGEMENT** (...continued)

If the market 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 / (decrease) in pre tax profit/(loss) for the year P'000
2019		
Interest rate risk		
Change in interest rate	+1%	2 692
	-1%	(2 692)
2018		
Interest rate risk		
Change in interest rate	+1%	4 245
	-1%	(4 245)

21.10 **Fair values**

Set out below is a comparison, by class, of the carrying amount and fair values of the Company's financial instruments:

2019 **Financial assets**	Carrying amount **P'000**	Fair value **P'000**
	409 280	409 280
Trade and other receivables	21 940	21 940
Contract assets	305 456	305 456
Cash and cash equivalents	736 676	736 676
Financial liabilities		
	322 053	322 053
Trade and other payables	20 030	20 030
Contract liabilities	342 083	342 083

2018 **Financial assets**	Carrying amount **P'000**	Fair value **P'000**
	394 431	394 431
Trade and other receivables	450 074	450 074
Cash and cash equivalents	844 505	844 505
Financial liabilities		
	198 401	198 401
Trade and other payables	198 401	198 401

Management assesed that the fair value of cash and cash and short term deposits, trade reciavables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

22 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, location (urban vs rural) and conditions of the specific property. Fair value of the properties was determined using the comparable market valuation method. As at the date of revaluation on 31 March 2018, the properties fair values were based on valuations performed by Willy Kathurima Associates, an accredited independent valuer who has 25 years valuation experience for similar properties in Botswana. Fair value measurement disclosures for revalued land and buildings are provided below:

Following the revaluation done in 2018, management has reassessed the valuation and determined that the values remained relevant for the year ended 31 March 2019.

Assets measured at Fair Value	Significant unobservable inputs (level 3)	
	2019 P'000	2018 P'000
Land & Buildings	535 340	560 120

Revaluations are performed on 3 year intervals with the last valuation having been done on 31 March 2018.

The significant unobservable valuation inputs were:		Price range per square meter		Total square meters	Average value per square meter
Land		From	To		
Urban areas	Pula	100	2500	209 163	592
Rural areas	Pula	10	65	566 424	34

Significant increases/(decreases) in estimated price per square meter in isolation would result in a significantly higher/(lower) fair value.

Significant unobservable inputs for the management/director assessment done on 31 March 2019 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 and building improvements in urban areas and land in rural areas. Valuation inputs as disclosed above are for the comparable market valuation method. Rural land improvements were valued on the basis of the replacement cost of the land improvements.

23 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 P12.3 million (2018: 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, share capital, reserves and retained earnings.

23 CAPITAL RISK MANAGEMENT (...continued)

	2019 P'000	2018 P'000
Debt		
Trade and other payables	342 083	198 401
Total debt	342 083	198 401
Equity		
Stated Capital	478 892	478 892
Revaluation reserve	340 683	360 056
Accumulated profits	1 261 392	1 223 715
Total equity	2 080 967	2 062 663
Total capital	2 423 050	2 261 064
Gearing ratio	16%	10%

Total capital is derived by adding total equity and total debt less cash and short term deposits.

24 SEGMENT REPORTING

In 2016, BTC 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 reported on an overall basis for the company given the integrated nature of the company's business. Management tracks revenue streams on the basis as outlined in note 1.

All operations take place in Botswana. There is therefore no identifiable geographical segments.

25 LEGAL PROCEEDINGS AND PROCEDURES

The Company operates in the telecommunications industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

The Company is also subject to telecommunications regulations and has complied with all regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

26 EVENTS AFTER THE REPORTING PERIOD

Mobile Financial Services

Following approval by Bank of Botswana, BTC rolled out its electronic payment services platform (SMEGA) on the 10th of May 2019.

Dividends

The BTC Board declared a dividend of 5.73 thebe per share on 21 June 2019, payable to all shareholders registered in the books of the Company at the close of business on 30 July 2019.The dividend will be payable net of 7.5% withholding tax as per the requirements of the Botswana Income Tax Act on or before 09 August 2019.

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2019

Share Analysis- Ordinary Shareholders

	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
1-2,000	26 220	58,89%	32 453 888	3,09%
2,001-5,000	9 879	22,19%	41 541 967	3,96%
5,001-10,000	4 331	9,73%	39 826 402	3,79%
10,001- 50,000	3 159	7,10%	79 649 887	7,59%
50,001-100,000	512	1,15%	42 391 403	4,04%
100,001- 500,000	345	0,77%	83 088 089	7,91%
500,001 - 1,000,000	43	0,10%	32 968 100	3,14%
1,000,000 - 100,000,000	31	0,07%	162 580 264	15,48%
over 100,000,000	1	0,00%	535 500 000	51,00%
Total	**44 521**	**100,00%**	**1 050 000 000**	**100%**

Top 25 Shareholders

BOTSWANA PRIVATISATION ASSET HOLDINGS - GOVERNMENT OF BOTSWANA	535 500 000	51,00%
GOVERNMENT OF BOTSWANA - MINISTRY OF TRANSPORT & COMMUNICATIONS	33 230 800	3,16%
FNB BOTSWANA NOMINEES (PTY) LTD RE: ALLANGRAY BPOPF EQUITY PORTFOLIO B	25 465 802	2,43%
FNB BOTSWANA NOMINEES (PTY) LTD RE:AA BPOPF EQUITY	17 739 339	1,69%
FAROUK ISMAIL	11 744 294	1,12%
FNB BOTSWANA NOMINEES (PTY) LTD RE:BIFM BPOPF-EQUITY	10 746 769	1,02%
FNB BOTSWANA NOMINEES (PTY) LTD RE:IAM BPOPF EQUITY	8 711 891	0,83%
FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C - ALLAN GRAY	8 679 810	0,83%
BOTSWANA POLICE SAVINGS AND LOANS GUARANTEE SCHEME	5 884 495	0,56%
BOTSWANA PRIVATISATION ASSET HOLDINGS - MARKET MAKER ACCOUNT	4 502 790	0,43%
MOTOR VEHICLE ACCIDENT FUND	4 232 400	0,40%
STANBIC NOMINEES BOTSWANA RE: INVESTEC DEBSWANA PENSION FUND	3 211 904	0,31%
FNBBN (PTY) LTD RE:KGORI CAPITAL ALEXANDER FORBES RETIREMENT FUND	2 676 316	0,25%
SCBN(PTY)LTD RE:KGORI CAPITAL-STANDARD CHARTERED BANK BOTSWANA PENSION FUND	2 522 524	0,24%
ALLAN GRAY RE DEBSWANA PENSION FUND	2 459 436	0,23%
SIMON HIRSCHFELD	2 051 934	0,20%
DITIRO CLEMENT LENTSWE	2 033 444	0,19%
MBIGANYI CHARLES TIBONE	1 900 000	0,18%
STANBIC NOMINEES RE: BOTSWANA INSURANCE FUND MANAGEMENT	1 820 194	0,17%
FNB BOTSWANA NOMINEES (PTY) LTD RE:KGORI CAPITAL - AON PRESERVATION FUND	1 478 501	0,14%
FAIZEL ISMAIL	1 369 513	0,13%
REGINAH DUMILANO SIKALESELE	1 312 256	0,12%
BAITSENG DIRENG	1 259 159	0,12%
FNB BOTSWANA NOMINEES (PTY) LTD RE:IAM BBDCSPF	1 224 418	0,12%
JAMALUDDIN KADER	1 140 482	0,11%
OTHERS	357 101 529	34,01%
	1 050 000 000	**100%**

	Shareholders		Shares held	
Category	**Number**	**%**	**Shares held**	**%**
Corporate bodies	376	0,84%	579 640 100	55,20%
Nominees companies	53	0,12%	99 961 284	9,52%
Private individuals	44 084	99,02%	336 232 816	32,02%
Trusts	7	0,02%	935 000	0,09%
Non Public shareholders	1	0,00%	33 230 800	3,16%
	44 521	100%	**1 050 000 000**	**100%**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 Annual General Meeting of Botswana Telecommunications Corporation Limited will be held at Boipuso Hall, Fairgrounds Holdings Gaborone, Botswana on Monday, 23rd September 2019 at 09:00hrs, to transact the following business:

Agenda:

ORDINARY BUSINESS

1. To read the notice convening the meeting.

2. Ordinary Resolution No.1
Presentation of Annual Financial Statements and report
To receive, consider and adopt the Audited Financial Statements for the year ended 31st March 2019, together with the Report of the Auditors and Report of the Audit and Risk Committee as contained in the annual report.

3. Ordinary Resolution No.2
Dividends
To approve a full and final total dividend of 9.26 thebe per share that was declared by the Directors and paid by the Company.

4. Ordinary Resolution No.3
Re - election of directors of the Company
To re-elect by way of separate vote 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.
4.1 Mr. Ranjith Priyalal De Silva
4.2 Mr. Andrew Johnson
4.3 Ms. Choice Pitso

Brief CVs in respect of each director offering themselves for re-election are contained in the annual report.
The Board recommends the re-election of these directors.

5. Ordinary Resolution No.4
Remuneration of non-executive directors
5.1 To consider and approve the remuneration paid to Non-Executive Directors for the year ended 31st March 2019 as reflected on page 121 of the Annual Report.
5.2 To approve the proposed remuneration of Non- Executive Directors for the ensuing year as set out in the table below:

Role	Proposed Fees per meeting
Board Chairperson	P15,000
Board Member	P10,000
Sub-Committee Chairperson	P12,000
Sub-Committee Member	P10,000

NOTICE OF ANNUAL GENERAL MEETING

6. Ordinary Resolution No.5
Re-appointment of external auditors
To re-appoint Ernst & Young, upon the recommendation of the Audit and Risk Committee, as the independent registered auditors of the company.

7. Ordinary Resolution No.6
Remuneration of external auditors
To approve the remuneration paid to the auditors for the year ended 31st March 2019.

8. Ordinary Resolution No.7
Re-election of the members of the Audit and Risk Committee
To appoint or re-elect by way of separate vote, the following nonexecutive directors as members of the Audit and Risk Committee:
8.1 Mr. Ranjith Priyalal De Silva
8.2 Ms. Serty Leburu
8.3 Mr. Bafana Molomo
The members' appointment or re-election shall be effective from the conclusion of the annual general meeting at which this resolution is passed until the conclusion of the next annual general meeting of the Company.

Brief CVs in respect of each director offering themselves for appointment or re-election are contained in the annual report.
The Board recommends the appointment and re-election of these directors to the Audit and Risk Committee.

SPECIAL BUSINESS

9. Special Resolution No. 1
To consider and, if thought fit, pass with or without amendment in terms of Section 128 of the Companies Act Cap 42:01 and ratify the donations made by the company to the BTC Foundation in the sum of P2, 148,000 for the year ended 31st March 2019.

10. Any Other Business
To answer any questions put by shareholders in respect of the affairs and the business of the company.

11. 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. Central Securities Depository Company of Botswana are authorised to receive and count postal votes.

By Order of the Board

Company Secretary

Transfer Secretaries
Central Securities Depository Company of Botswana
Contact details: 3674400 /09/11/12
Contact person: Nonofo Phalatse or Ambrosia Khupe
Postal address: Private bag 00417, Gaborone

PROXY FORM

Only for use and completion by holders of Ordinary shares of BTC in certificated or dematerialized "own name registered" form. Other dematerialized shareholders must inform the CSDP or broker of their intention to attend the annual general meeting to be held at Boipuso Hall, Fairgrounds, Gaborone on Monday, 23rd September 2019 at 09:00hrs, in order that the CSDP or broker may issue them with the necessary Letters of Representation to attend, or provide the CSDP or broker with their voting instructions should they wish not to attend the annual general meeting in person.

Please read the notes overleaf before completing this form.
I/We____
(Name in block letters)

____Of
(Address) ____
Telephone(work) ____
being a shareholder of BTC and a holder of ___________________________number of ordinary shares, hereby appoint
1.____or failing him/her
2.____or failing him/her
3. The Chairperson of annual general meeting as my /our proxy to act for me/us at the Annual General Meeting of the Company to be held at Boipuso Hall, Fairgrounds, Gaborone on Monday 23 September 2019 at 09:00hrs and at any adjournment thereof for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions and/or abstain from voting as indicated in the resolution to be considered at the said meeting.

		For	Against	Abstain
Ordinary resolution 1	Agenda item No 2			
Ordinary resolution 2	Agenda item No 3			
Ordinary resolution 3	Agenda item No 4			
Ordinary resolution 4	Agenda item No 5			
Ordinary resolution 5	Agenda item No 6			
Ordinary resolution 6	Agenda item No 7			
Ordinary resolution 7	Agenda item No 8			
Special resolution 1	Agenda item No 9			

Signed at:____
Date: ____

Signature: Assisted by (where applicable):
Full names of signatory/ies if signing in a representative capacity
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 -11 on the reverse side hereof

NOTES TO FORM OF PROXY

1. A BTC Shareholder must insert the name of a proxy or the name of two alternative proxies of the Shareholder's choice in the space provided with or without deleting "Chairperson 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 shareholder's 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 Chairperson, 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 Chairperson 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. The date must be filled on this proxy form when it is signed.

6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

7. 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.

8. 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.

9. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered with the transfer secretaries.

10. Forms of Proxy must be lodged or posted to the Transfer Secretaries, Central Securities Depository Company of Botswana, Private bag 00417, Gaborone

11. Dematerialized shareholders, other than with "own name registration", must NOT complete this form of proxy and must provide their CSDP or broker with their voting instructions in terms

BTC Store Footprint