BTCL IPO

Ya Roma Rothle !!!

PROSPECTUS

Botswana Telecommunications Corporation Limited

INITIAL PUBLIC OFFERING

DISCLAIMER:
This section does not constitute part of the Botswana Telecommunications Corporation Limited ("**BTCL**") Prospectus and should not be considered a prospectus for the purposes of the BSE Listings Requirements nor the Companies Act [CAP 42:01]. This section is for information purposes only and anything contained herein does not and should not be considered to constitute an offer by BTCL and/or the Government of Botswana for the purchase of shares of BTCL. Prospective investors in the shares of BTCL must read the BTCL Prospectus which follows this introductory material in its entirety. Investment in shares in BTCL shall be governed by the terms and conditions contained in the BTCL Prospectus. Should you have an queries and not fully understand the contents of this disclaimer and/or the information which follows, please consult with your advisors.

A COMPANY

INTRODUCTION

At BTCL we are building a company for tomorrow. This construction has been on going for over 30 years. What started out, as a rudimentary corporation that provided basic telecommunication services, today stands tall with the best of them in the world. But that is not the end of our story.

Today we are building the company ready for the next 30 years and beyond. We understand the importance of the role we play to the development of our Nation. We understand that without technology a modern Botswana is not possible. An educated and informed Nation can not occur without the service that the BTCL of Tomorrow must continue to provide.

Today Batswana are able to communicate with each other and the world from all corners of our Nation. Batswana are able to connect to the www and share their ideas, dreams and aspirations in an increasingly connected world. As we plan for the future we need to align our organisation of tomorrow with technologies that have not even been invented yet. The demand on data that we need to plan for to levels that we cannot even fathom today. If you put into context that the processing power of the computer that took the first astronauts into space was no bigger than the processing power of a standard digital wristwatch of today. What a teenager, using a smart phone, has in his hand is more procuring power than NASA had in warehouses to send men to the moon. We at BTCL have to thus think that big to stay ahead. We need to image the unimagined.

We are in good hands, as the BTCL of tomorrow will soon have new partners who are totally aligned to a better Botswana. That is Batswana themselves. BTCL will now, more then ever before, belong to Batswana. Who will be shareholders in Tomorrow's BTCL. Who better to help steer the path of the BTCL of tomorrow?

Ya Rona Rotlhe !!!

FOR TOMORROW

ABOUT BTCL

Botswana Telecommunications Corporation (BTC) was first established as a body corporate by the BTC act of 1980. Its mission was to provide, develop, operate and manage Botswana's national and international telecommunications services.

Over the years BTC evolved to become one of the leading providers in Botswana of voice telephony, both fixed and mobile, as well as national and international internet, data services, virtual private networks and customer equipment to residential, Government and business customers. For services other than customer equipment the Company operates in both wholesale and retail markets.

Part of the Company's growth and success stems from the acquisition of Public Telecommunications Operators (PTO) license in 2007. One of the provisions of the license was that the operator could provide technology neutral solutions to teleconnectivity. In an ever technology convergent world this was a masterstroke by the Government of Botswana. This PTO set in motion the birth of varied services and products. Most notable was the creation of beMOBILE, Botswana's very own mobile network with the widest network cover off all PTO holders.

BTCL is the only PTO license holder operating both the traditional fixed and mobile networks. Because of this unique positioning, the Company is able to offer services in the conventional fixed, mobile and convergent domains, providing mobile, fixed and convergent products and services.

About BTC

OUR SERVICES AND WHAT WE DO

BTCL is licensed as a 'Public Telecommunications Operator,' which enables the Company to offer services of any kind connected with public telecommunications.

Currently, BTCL is one of the leading providers in Botswana of voice telephony, both fixed and mobile as well as national and international internet, directory services, data services, virtual private networks and customer equipment to residential, government and business customers.

For services other than customer equipment, the Company operates in both wholesale and retail markets. BTCL is the market leading fixed line service provider in Botswana and its operating activities are managed along the following two business unit lines, namely:

BTCL Wholesale – the wholesale arm of BTCL's business; and

Fixed and Mobile and Convergence Organisation (FMC) – which combines beMOBILE, Broadband and Fixed into a single business unit.

Ultimately BTCL develops services and products aligned to the needs of an ever-connected world. Batswana can rightly look to BTCL to ensure that it remains relevant by constantly adapting and innovating to meet the needs of all its customers.

OUR GROWTH STRATEGY IN SUMMARY

The BTCL growth strategy is centred on leveraging its fixed, **mobile and convergent products and services potential.** The strategy, commonly referred to as Fixed and Mobile and Convergence (FMC), is intended to leverage BTCL's unique market position as the only fixed and mobile network operator in Botswana, creating competitive advantages for the Company through the combining of traditional fixed and mobile broadband, information and content capabilities, to offer single line FMC products and services.

Key BTCL growth areas in the short term are mobile and broadband (fixed and mobile), with converged offers providing the major opportunity in the mid-term. BTCL will make significant investments in growing its mobile and broadband (both fixed and mobile) business. The intention is to fully create a new dynamic organisation from the opportunities in these fields and the inherent confidence within BTCL generated by the Accelerating Change programme.

We are strong today because of our conviction to serve our customers and the Nation. We are better positioned for a stronger tomorrow because our growth strategies are well-tested and beginning to yield results. We also know the customers we serve today will remain with us tomorrow.

We care about them above all, and we are proud of what we do. After all BTCL Ke Ya Rona Rotlhe. With the support of its entire incredibly dedicated staff and the Nation at large the BTCL of Tomorrow has a very bright future.

www.btc.bw

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR CAREFUL ATTENTION.
IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY SEEK ADVICE FROM YOUR LEGAL ADVISOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

(Previously Botswana Telecommunications Corporation)
(Incorporated in Botswana on 1 November 2012)
(Converted to a public company limited by shares on 1 November 2012)
(Registration number CO2012/12936)
("BTCL" or "Botswana Telecommunications Corporation" or the "Company")

PROSPECTUS

relating to:
a Public Offer of 462 000 000 Shares at a price of P1.00 per Share, by way of a Sale Offer by the Selling Shareholder of 212 000 000 Shares and a Subscription Offer for 250 000 000 new Shares, and the subsequent Listing of Botswana Telecommunications Corporation on the Domestic Main Board of the Botswana Stock Exchange ("BSE").

Publication date of the Prospectus	Monday, 21 December 2015
Opening date of the Offer (First date for receipt of applications and payment)	09:00 Monday, 11 January 2016
Last date for application for the Offer	17:00 Friday, 04 March 2016
Expected closing date of the Offer	17:00 Friday, 04 March 2016
Settlement date and expected Listing Date	09:00 Friday, 08 April 2016

All references to time in this Prospectus are to local time in Botswana. Any material change to the timetable will be released on the BSE News Service (X-News).

The Offer and Listing is subject to achieving a free float and spread of shareholders acceptable to the BSE and the Offer is available only to:

(i) natural persons who are citizens of Botswana; or
(ii) corporate entities registered or operating in Botswana which are wholly citizen owned; or
(iii) unincorporated associations, partnerships and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly citizen owned; or
(iv) trusts whose ultimate beneficiaries are all Botswana citizens; or
(v) Local Pension Funds managed by institutional investors registered in Botswana; or
(vi) any other entities operating in Botswana which are wholly citizen owned; or
(vii) 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.

- This Prospectus is issued in compliance with the Listings Requirements of the BSE and the Companies Act for the purpose of providing information to the general public of Botswana only with regard to the Company. Please note that certain ownership restrictions apply to the shares of BTCL by way of the Company's Constitution and as such prescribed processes will require to be followed when trading the shares of BTCL as more fully set out in this Prospectus. The Directors of BTCL, whose names are provided in Part B of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Prospectus contains all the information required by the Listings Requirements of the BSE and the Companies Act.

- All the issued Shares of BTCL are of one class, namely no par value ordinary Shares ranking *pari passu* in all respects. Subject to the free float and shareholder spread requirements of the Listings Requirements being achieved, the entire stated capital of 1 050 000 000 Shares will be listed on the Domestic Main Board of the BSE. The Shares will only be issued in dematerialised form.

- The value of investments or income from the Shares may go down as well as up. The market information relating to the past performance of an investment is not necessarily a guide to its performance in the future. As shares are valued from second to second, their bid and offer value fluctuates sometimes widely. The value of investments may rise or fall due to factors including the volatility of world markets, interest rates and capital values. You may not necessarily get back the amount you have invested. Taxes may affect the net value of your investment and income received from it.

- The stated capital before the Listing consists of 800 000 000 issued ordinary shares of no par value. The stated capital immediately after Listing will consist of 1 050 000 000 issued ordinary shares of no par value.

- The allotment or allocation of Shares in the Public Offer will only be made in multiples of 100 Shares with a minimum allotment or allocation size of 1000 Shares. Fractions of Shares will not be issued.

- CIPA has scrutinised the information disclosed in this Prospectus. The information disclosed complies with statutory regulations.CIPA does not express a view on the risk for investors or the price of the Shares.

- This Prospectus, accompanied by the documents referred to under "Documents available for inspection" as set out in Section 79, was registered with CIPA on or about 18 December 2015.

- Copies of this Prospectus (in English only) can be obtained:

    i) online, through the Company's website at any time from 09:00 Monday, 21 December 2015 until 17:00 Friday, 04 March 2016, both dates inclusive; and

    ii) in hard copy, from 09:00 Monday, 11 January 2016 until 17:00 Friday, 04 March, 2016, both days inclusive from the Company's registered office, all Barclays branches in Botswana, all BotswanaPost branches in Botswana, select BTCL retail outlets, select Choppies branches in Botswana all as indicated in Annexure 11 to this Prospectus and from the offices of the Sponsoring Broker.

Date of Prospectus: 21 December 2015

ADVISORS LOGOS

Financial Advisors to the Selling Shareholder and Reporting Accountants

Deloitte.

Legal Advisors to the Selling Shareholder

Collins Newman & Co...
Attorneys Notaries Conveyancers

Financial Advisors to BTCL

Investec
Specialist Bank

Communications Advisors

hotwire

Sponsoring Broker

STOCKBROKERS
BOTSWANA LTD

Receiving Bank

BARCLAYS

Transfer Secretaries

Corpserve
Botswana

Legal Advisors to BTCL

MONTHE MARUMO & CO.
Incorporating Molatlhegi & Associates
CORPORATE • LITIGATION • ADVISORY

Legal Advisors to BTCL

ENSafrica.com

CORPORATE INFORMATION

Registered office
Botswana Telecommunications Corporation Limited
(Registration Number CO2012/12936)
Plot 50350, Megaleng House
Khama Crescent
Gaborone, Botswana
(P.O. Box 700, Gaborone, Botswana)

Financial Advisors to the Selling Shareholder and Reporting Accountants
Deloitte & Touche
(Registration Number BN1992/10322)
Plot 64518
Fairgrounds
Gaborone, Botswana
(P.O. Box 778, Gaborone, Botswana)

Financial Advisor to BTCL
Investec Bank Limited
(Registration Number 1969/004763/06)
100 Grayston Drive
Sandton, South Africa
2196
(P.O. Box 785700, Sandton, 2146, South Africa)

BTCL Auditors
Ernst & Young
2nd Floor, Plot 22
Khama Crescent
Gaborone, Botswana
(P O Box 41015,Gaborone, Botswana)

Transfer Secretaries
Treasury Management Services (Proprietary) Limited T/A Corpserve Botswana
(Registration Number CO 2000/5376)
2nd Floor, Unit 206, Showgrounds Close
Plot 64516, Fairgrounds
Gaborone, Botswana
(P.O. Box 1583 AAD, Gaborone, Botswana)

Receiving Bank
Barclays Bank of Botswana Limited
(Registration Number CO1732)
Prime Plaza, Building 4
Gaborone, Botswana
(P.O. Box 415, Gaborone, Botswana)

Legal Advisors to the Selling Shareholder
Collins Newman & Co
Dinatla Court
Plot 4863
Gaborone, Botswana
(P.O. Box 882, Gaborone, Botswana)

Communication Advisors to the Selling Shareholder
Hotwire (PTY) Ltd
(Company Registration 2005/3888)
Unit 2, Plot 144
Kgale View
Gaborone, Botswana
(P.O. Box 26374, Gaborone, Botswana)

Legal Advisors to BTCL
Monthe Marumo & Co.
Unit 8G Portion 122
Gaborone International Finance Park
Gaborone, Botswana
(P.O. Box 1991, Gaborone, Botswana)

ENSafrica
(Registration Number 2006/018200/21)
150 West Street
Sandton
Johannesburg, South Africa
2196
(P.O. Box 783347, Sandton, 2146, South Africa)

Sponsoring Broker
Stockbrokers Botswana Limited
(Registration Number CO. 1988/1163)
Plot 74358, Prime Plaza, North Wing
Morula Building, New CBD
Gaborone, Botswana
(Private Bag 00113, Gaborone, Botswana)

Company Secretary
Kaelo Radira
Plot 50350, Megaleng House
Khama Crescent
Gaborone, Botswana
(P.O. Box 700, Gaborone, Botswana)

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IMPORTANT LEGAL INFORMATION

Notwithstanding that the terminology used in this Prospectus is that of an offer, the applications completed by the applicants shall constitute an offer to Botswana Telecommunications Corporation Limited and the Government of the Republic of Botswana for the Offer Shares, and shall not constitute an acceptance of the Offer contained in this Prospectus by Botswana Telecommunications Corporation Limited and/or the Selling Shareholder.

The Offer and Listing is subject to achieving a free float and spread of shareholders acceptable to the BSE and the Offer is available only to:

i. **natural persons who are citizens of Botswana; or**

ii. **corporate entities registered or operating in Botswana which are wholly citizen owned; or**

iii. **unincorporated associations, partnerships and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly citizen owned; or**

iv. **trusts whose ultimate beneficiaries are all Botswana citizens; or**

v. **Local Pension Funds managed by institutional investors registered in Botswana; or**

vi. **any other entities operating in Botswana which are wholly citizen owned; or**

vii. **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.**

Unless the context clearly indicates otherwise, all information provided in this Prospectus is provided at the Last Practicable Date. The distribution of this Prospectus and the Offer in jurisdictions other than Botswana may be restricted by law and a failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdictions. Persons who gain possession of this Prospectus must inform themselves about and observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Offer Shares in any jurisdiction in which such offer or acquisition would be unlawful.

To the extent that this Prospectus is provided to persons in jurisdictions outside Botswana the following must be noted:

This Prospectus does not constitute a prospectus for the purposes of the Financial Services and Markets Act 2000 (as amended) and has not been approved as a prospectus in the United Kingdom by, the Financial Conduct Authority ("**FCA**"). No application has been made, or is being made, for any of the Offer Shares to be admitted to the official list of the FCA's United Kingdom Listing Authority Department or to trade on any market of the London Stock Exchange plc or any other recognised investment exchange in the United Kingdom.

Without derogation from the generality of the above statement this Prospectus does not constitute an Offer to any investors in the United Kingdom, nor does it constitute an Offer in or from the USA, Canada, Australia, Japan or any other jurisdiction where the dissemination of this Prospectus or the making of the Offer may be illegal or fails to conform to the laws of such jurisdictions ("**Affected Jurisdictions**"). To the extent that this Prospectus may be sent to Affected Jurisdictions, it is provided for information only. Persons in Affected Jurisdictions may not participate in the Offer. No person accepting the Offer should use the postal services of any such Affected Jurisdictions nor any other means, instrumentality or facility in such Affected Jurisdictions for any purpose, directly relating to the Offer. It shall be the responsibility of any Botswana Citizens resident in a jurisdiction outside Botswana to inform themselves about, and observe, any applicable legal requirements in the relevant jurisdiction.

FORWARD-LOOKING STATEMENTS

Certain of the statements included in this Prospectus constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements may generally be identified by the use of terminology such as “may”, “might”, “will”, “will likely result”, “will continue”, “expect”, “are expected to”, “intend”, “plan”, “seek”, “project”, “projection”, “potential”, “could”, “should”, “estimate”, “anticipate”, “believe”, “outlook” or similar phrases. Other than statements of historical facts, all statements, including, among others, statements regarding the future financial position or business strategy, projected levels of growth in its market, projected costs, estimates of capital expenditures and plans and objectives of management for future operation of Botswana Telecommunications Corporation are forward-looking statements. The actual future performance of the Company could differ materially from these forward-looking statements.

Undue reliance should not be placed on these forward-looking statements. All written and oral forward looking statements attributable to the BTCL Board or persons acting on their behalf are qualified in their entirety by these cautionary statements. Moreover, unless the Directors of Botswana Telecommunications Corporation are required by law to update these statements, they will not necessarily update any of these statements after the date of this Prospectus, either to confirm them with actual results or with regard to changes in their expectations.

The Directors are making available certain forecasts by way of the Additional Financial Information for illustrative purposes only and wish to emphasise that they cannot verify and have not verified or procured an audit of these numbers and the related assumptions. It must be noted that the Additional Financial Information has not been audited or reviewed by any advisors, reporting accountants or auditors. BTCL has prepared these numbers on the aggregate assumptions set out in the Prospectus, although it must be emphasised that these numbers and the related assumptions have not been independently verified or reviewed by any advisors, reporting accountants or auditors.

MARKET STATISTICS AND INFORMATION

For the avoidance of any doubt, references in this Prospectus to market statistics and information (in paragraph 26 or otherwise throughout this Prospectus) are to such statistics and information as has been collated by BTCL using its internal resources. Accordingly, such market statistics and information may not represent industry wide or relevant regulatory authority statistics and information and are utilised in this Prospectus for illustrative purposes only.

A prospective purchaser of Shares should use his or her own judgement and seek advice from an independent financial advisor as to the value of the Shares and whether or not to invest in them.

BOTSWANA STOCK EXCHANGE DISCLAIMER

Prospective investors in the shares of BTCL as with any other listed company should ensure that they fully understand the nature of the Company’s operations, its valuation and the extent of their exposure to risks, and that they consider the suitability of the Company’s shares as an investment in light of their own circumstances and financial position. The BSE’s approval of the listing of BTCL should not be taken in any way as an indication of the merits of the Company. The BSE has not verified the accuracy and truth of the contents of the documentation submitted to it and the BSE accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the investment in the said security.

DEFINITIONS AND INTERPRETATIONS

Throughout this Prospectus and the Annexures hereto, unless otherwise stated or the context indicates otherwise, the words in the first column shall have the corresponding meaning stated opposite them in the second column. Words in the singular shall include the plural and *vice versa*. Any reference to one gender shall include other genders. References to a natural person shall include references to a juristic person and *vice versa*:

"Accelerating Change"	the meaning ascribed to it in Section 26 of the Prospectus;
"Additional Financial Information"	summary forecasts for the financial years 2017 and 2018, set out in Annexure 4;
"ARPU"	average revenue per user;
"ARPM"	average revenue per minute;
"Applicant"	a person who has applied for Shares in terms of this Prospectus;
"Barclays" or "Receiving Bank"	Barclays Bank of Botswana Limited (Registration Number CO1732), registered in accordance with the laws of Botswana;
"BOCRA"	the Botswana Communications Regulatory Authority, which was originally established under the Telecommunications Act [Cap 72:03] as Botswana Telecommunications Authority, and which has since been re-established under the Communications Regulatory Authority Act [Cap 72:03];
"BoFiNet"	Botswana Fibre Networks Limited (Registration Number CO2012/12673), incorporated on 26 October 2012;
"Botswana"	the Republic of Botswana;
"BPAH"	Botswana Privatisation Asset Holding, a company limited by guarantee wholly owned by the Government, being a holding vehicle under MFDP for the Shares owned by Government (Registration Number CO 2008/312) ;
"BSE"	the Botswana Stock Exchange, as established by the Botswana Stock Exchange Act [Cap 56:08];
"BSE News Service (X-News)"	the BSE News Service (X-News) and/or the BSE website (www.bse.co.bw);
"BTC Act"	the now repealed Botswana Telecommunications Corporation Act of 1980;
"BTCL" or "Botswana Telecommunications Corporation" or the "Company"	Botswana Telecommunications Corporation Limited (Registration Number CO2012/12936), incorporated on 1 November 2012;
"BTCL Board"	the BTCL Board of Directors;
"business day"	any day other than a Saturday, Sunday or official public holiday in Botswana;

"CIPA"	the Companies and Intellectual Property Authority of Botswana;
"Citizen"	a person or entity falling into the following categories: i. natural persons who are citizens of Botswana; or ii. corporate entities registered or operating in Botswana which are wholly citizen owned; or iii. unincorporated associations, partnerships, and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly Citizen owned; or iv. trusts whose ultimate beneficiaries are all Botswana citizens; or v. Local Pension Funds managed by institutional investors registered in Botswana; or vi. any other entities operating in Botswana which are wholly citizen owned; or vii. 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 as at the last date of application for the Offer;
"Closing Date"	the closing date of the Public Offer, anticipated to be 04 March 2016;
"Companies Act"	Companies Act [Cap 42:01], as amended or replaced from time to time;
"Communications Regulatory Authority Act"	Communications Regulatory Authority Act [Cap 72:03] as amended;
"Constitution"	the Constitution of BTCL, as registered by CIPA on 1 November 2012, which was replaced by a new Constitution as was adopted by the Company on 27 November 2015 and registered by CIPA on or about 18 December 2015.
"CSD"	the Central Securities Depository of Botswana Limited;
"dematerialise" or "dematerialisation"	the process by which certificated shares are converted to or held in an electronic form in a register of security holders maintained by the CSD;
"dematerialised shares"	Shares that have undergone a process of dematerialisation;
"Directors"	means the executive and non-executive directors of the Company as disclosed in Sections 31.1 and 31.2 of this Prospectus;
"DIT"	the Department of Information Technology, a part of MTC;
"Employee Share Trust"	an independent trust established and registered with the Registrar of Deeds on Friday, 11 December 2015 to hold 52 500 000 Shares, representing 5% of the issued stated capital of the Company at the time of the Listing, on behalf of the collective BTCL employee body;
"FMC"	Fixed and Mobile and Convergence;
"Government"	the Government of the Republic of Botswana;
"IRU"	Indefeasible Rights of Use;
"Last Practicable Date"	Thursday, 17 December 2015, being the last date, prior to the finalisation of this Prospectus, on which information could be included in this Prospectus;
"Listing"	the proposed listing of the Shares of Botswana Telecommunications Corporation on the Domestic Main Board of the BSE;
"Listing Date"	the date on which the Listing takes place, which is expected to be Friday, 08 April 2016;
"Listings Requirements"	the listings requirements of the BSE, amended, augmented or replaced from time to time;
"Local Pension Fund"	a fund that is registered as a pension fund that is an internal fund in terms of Section 2 of the Pension and Provident Funds Act [Cap 27:03];

Definitions and Interpretations (continued)

"MFDP"	the Ministry of Finance and Development Planning of the Republic of Botswana;
"MTC" or "Selling Shareholder"	the Ministry of Transport and Communications of the Republic of Botswana;
"PEEPA"	Public Enterprises Evaluation and Privatisation Agency, an agency of Government;
"POU"	Possession, Occupation and Use;
"Prospectus"	this Prospectus, dated 21 December 2015;
"PTO"	a Public Telecommunications Operator;
"PTO Licence"	a Public Telecommunications Operator Licence;
"the Public Offer" or "the Offer"	collectively, the Sale Offer and the Subscription Offer, each at the Public Offer Price to the general public of Botswana, comprising Citizens of Botswana, in terms of this Prospectus;
"Public Offer Price"	P1.00 per Share offered in terms of the Public Offer;
"Public Offer Shares" or "Offer Shares"	250 000 000 Shares to be issued by the Company in terms of the Subscription Offer and 212 000 000 Shares to be sold by the Selling Shareholder in terms of the Sale Offer;
"Pula" or "P"	the legal tender of Botswana in which all monetary amounts in this Prospectus are expressed;
"Sale Offer"	that portion of the Public Offer which represents Shares being sold by the Selling Shareholder;
"Sale Offer Shares"	Shares being offered in terms of the Sale Offer, being the amount of 212 000 000 Shares;
"Separation Restructuring"	the separation and transfer of movable and immovable assets previously owned by the Company to BoFiNet, as more particularly detailed in Section 21 of the Prospectus;
"Shareholders"	the holders of Shares;
"Shareholder Compact"	a document setting out the terms under which the performance of the Company shall be measured by MTC;
"Shares" or "BTCL Shares"	the ordinary, no par value shares of BTCL subsequent to the share split;
"Sponsoring Broker"	Stockbrokers Botswana Limited (Registartion Number CO. 1988/1163) registered according to the laws of Botswana;
"Subscription Offer"	that portion of the Offer which represents Shares not being sold by the Selling Shareholder and being Shares which are to be issued and allotted by the Company, representing an amount of 250 000 000 Shares;
"Subscription Offer Shares"	Shares being offered in terms of the Subscription Offer, being the amount of 250 000 000 Shares;
"Telecommunications Act"	the now repealed Telecommunications Act [Cap 72:03];
"Transition Act"	the Botswana Telecommunications Corporation (Transition) Act [Cap 72:02];
"Transfer Secretaries" or "Corpserve"	Transaction Management Services (Proprietary) Limited trading as Corpserve Botswana (Registration Number CO 2000/5376), registered according to the laws of Botswana;
"UK"	the United Kingdom;
"USA"	the United States of America;
"VANS"	Valued Added Network Services;
"Vodafone"	Vodafone Group plc, which term shall include any and all of its subsidiaries and affiliate companies.

SALIENT FEATURES

The information contained in the following section is a summary of the more detailed information in relation to the Company contained in this Prospectus and neither this section nor the Prospectus may contain all the information that investors should consider before deciding to invest in the Offer Shares. Investors are advised to read this entire Prospectus.

1. NATURE OF THE BUSINESS

BTCL is a leading telecommunications provider in Botswana of voice telephony, both fixed and mobile, as well as national and international internet, data services, virtual private networks and customer equipment to residential, Government and business customers. For services other than customer equipment, the Company operates in both wholesale and retail markets.

The Company operates under a PTO Licence issued by BOCRA which allows it to offer services of any kind, using any technology (technology neutral), connected with public telecommunications systems. BTCL therefore offers services in the conventional fixed, mobile and convergent domains, providing mobile, fixed and convergent products and services.

2. INVESTMENT HIGHLIGHTS AND KEY STRENGTHS

BTCL's key strengths

BTCL has a number of strengths and competencies which translate to certain key competitive advantages over other players in the Botswana communications sector. BTCL's key competitive advantages can be summarised as follows:

- strong brand recognition and perception;
- lowest mobile tariffs;
- widest mobile footprint and coverage (beMOBILE);
- implementation of new process efficiencies as part of business and organisational transformation;
- leading fixed line business operations;
- extensive fixed copper network;
- only operator in Botswana with the scale to offer FMC ICT solutions in Botswana;
- strategic partnership with Vodafone;
- skilled workforce;
- sound financial discipline and management;
- stable stakeholder relations; and
- well-instilled "Good Governance" culture.

These strengths are discussed in greater detail at Section 23 of the Prospectus.

3. PROSPECTS

BTCL's future growth strategy and business transformation programme is as follows:

Growth strategy

A three year strategic plan, covering the period from 2014 to 2017, was formulated and approved by the BTCL Board in 2014 and was reconfirmed in March 2015. BTCL's growth strategy, as set out in its strategic plan, is centred on leveraging its fixed, mobile and convergent products and services potential. This strategy, commonly referred to as FMC, is to leverage off BTCL's unique market position as the only fixed and mobile network in Botswana. FMC creates competitive advantage through the combining of traditional, mobile, broadband, information and content capabilities to form single line and converged service offers.

The strategic partnership recently formed with Vodafone is expected to allow BTCL to benefit from access to new products at globally competitive prices and accelerate the implementation of the FMC strategy. The Vodafone partnership will allow BTCL to access Vodafone's knowledge bank as well as permit use of Vodafone's international carrier network which will result in beMOBILE, the mobile business division of BTCL, giving its customers better quality and a more seamless customer experience.

Business transformation programme

BTCL is implementing "Accelerating Change", a business transformation programme designed to ensure BTCL will meet its strategic objectives in an ever-changing, fast-moving business environment. The programme addresses processes, systems, organisation and culture and is aimed at delivering a sustainable business model for the new competitive environment.

4. PRIVATISATION AND SEPARATION RESTRUCTURING

Privatisation and Separation Restructuring

BTC was established in 1980 as a body corporate in terms of the BTC Act to provide, develop, operate and manage Botswana's national and international telecommunications services.

Government, in 2000, adopted the Privatisation Policy of Botswana (Government Paper no. 1 of 2000) (the "**Policy**"). The intention of the Policy is to implement a programme whose objectives, amongst others, are to improve the efficiency, productivity and competiveness in the performance and delivery of services and infrastructure by the public sector.

BTCL was identified in the Privatisation Master Plan of 2005 as a candidate for privatisation. To facilitate BTCL's privatisation process, Parliament, in 2008, passed the Transition Act to enable Government to convert BTC from a statutory body to a limited liability company under the Companies Act. Government further adopted a privatisation model for BTCL in 2010 (the "**Privatisation Model**"). The key features of the Privatisation Model include, amongst others, the following:

- 44% of BTCL's equity would be made available for ownership by Citizens of Botswana via the BSE;
- Government would retain 51% equity, together with the Trans-Kalahari Optic Fibre Network, the Gaborone-Francistown Loop and other backbone infrastructure assets and contracts (the "**Retained Infrastructure**").
- The Retained Infrastructure would be placed under a separate entity, wholly owned by Government;
- Prior to Listing, 5% of the total equity of BTCL would be allocated to BTCL's Citizen employees and an Employee Share Trust be established to manage and hold these shares for the employees.
- Trading of shares in BSE would be permitted amongst Citizen investors only;
- BPAH would act as a market maker to facilitate trading of the shares amongst Citizens.

Separation Restructuring

In October 2012, as part of the Government's privatisation programme, a new Government owned infrastructure holding vehicle, BoFiNet, was formed to house and operate the Retained Assets on behalf of Government.

On 1 November 2012, BTCL was converted to and registered as a public company limited by shares and now exists as a public company governed by the Companies Act.

The Separation Restructuring involved a comprehensive process of identification of the Retained Assets to be transferred from BTCL to BoFiNet. The Retained Assets include the rights to international connectivity capacity through the East African Submarine System ("**EASSy**") and the West African Cable System ("**WACS**"); the Dense Wave Division Multiplex ("**DWDM**") and associated assets and sites; the Internet Point of Presence equipment in Gaborone and London; the backbone fibre network; and the access fibre network. In commencement of the Separation Restructuring, initial agreements were entered into between BTCL and BoFiNet in 2013 so as to enable BoFiNet to begin operating and utilising the Retained Assets. The Separation Restructuring was finalised when BTCL and BoFiNet entered into a POU agreement in March 2015.

BTCL still uses some of the Retained Assets in order to conduct its day-to-day business. BTCL and BoFiNet have entered into a number of agreements, including but not limited to an IRU agreement, which govern the terms and conditions on which BTCL may use certain of the Retained Assets (the "**Asset Use Agreements**"). BTCL and BoFiNet continue to maintain a commercial trading relationship regulated by the terms and conditions of the Asset Use Agreements.

5. REGULATORY FRAMEWORK

BOCRA introduced a new Unified Licencing Framework in September 2015. This will impact upon all telecommunications industry operators. BTCL will continue to operate under a PTO Licence, until migration of the exisiting PTO Licence to the new framework is completed, and its services will continue to cover mobile, broadband and fixed retail services. BOCRA has indicated that migration shall commence in September 2015 and run for a period of 18 months until February 2017. BTCL will also continue to offer wholesale services. BOCRA has indicated that migration of the PTO Licence to the new regulatory framework will be on the same or more favourable terms as the existing licence.

6. SUMMARY FINANCIAL INFORMATION

	2011 Adjusted P'000	2012 Adjusted P'000	2013 Adjusted P'000	2014 Adjusted P'000	2015 Adjusted P'000
Revenue	1 065 112	1 173 908	1 356 855	1 454 487	1 479 988
Net Interest Income	18 444	13 231	18 267	24 936	26 066
Tax	(50 026)	(52 110)	(62 462)	(2 880)	(53 814)
Profit after Tax	177 364	184 752	273,643	140	146 755
Other income (Gain on revaluation)	-	108 210	-	-	188 741
Total comprehensive income	177 364	292 962	221 458	140	335 496
Number of Shares in issue	800 000 000	800 000 000	800 000 000	800 000 000	800 000 000
Earnings per share (thebe)	22.17	23.09	27.68	0.02	18.34
Dividend per share (thebe)	5.66	7.11	7.40	50.68	0

The above historic financial information should be read in conjunction with the pro forma statements of comprehensive income in Section 36.1, 37 and the Independent Reporting Accountant's Assurance Report thereon reproduced in Annexure 5 hereto.

7. SUMMARY PROFIT FORECAST

Preparation of the profit forecast is the responsibility of the Directors. The forecast has been prepared in accordance with the Company's accounting policies which comply with International Financial Reporting Standards. The summary forecast should be read in conjunction with the detailed profit forecast in Section 36.2 and the Independent Reporting Accountant's Assurance Report thereon reproduced in Annexure 6 hereto. Refer to Section 36.3 and Annexure 4 for further forecast details for years ending 31 March 2017 and 31 March 2018 and an explanation of the assumptions underlying the preparation of these forecasts.

Summary forecast income statement items for the year ending 31 March 2016

	P'000
Revenue	1 468 599
Operating loss (including impairment)	(192 372)
Net interest income	28 326
Tax	36 090
Loss after tax	(127 956)
Weighted number of shares in issue	820 833 333
Loss per share (thebe)	(15.59)
Earnings per share (thebe) – before impairment	13.47

Forecast income statements items for the years ending 31 March

	2016 P'000	2017 P'000	2018 P'000
Revenue	1 468 599	1 520 282	1 598 565
Total expenditure	1 660 971	1 388 997	1 464 897
Operating (loss)/profit	(192 372)	131 285	133 668
Interest income	28 326	16 015	11 726
(Loss)/profit before tax	(164 046)	147 300	145 394
Taxation	(36 090)	32 406	31 987
(Loss)/profit after tax	(127 956)	114 894	113 407
Weighted Number of shares in issue post listing	820 833 333	1 050 000 000	1 050 000 000
(Loss)/Earnings per share (thebe)	(15.59)	10.94	10.80

Impairment Exercise and the 2016 Loss

Following the valuation exercise undertaken by BTCL for the purposes of the IPO, a large differential between the net asset value and enterprise value of BTCL has arisen. This difference is an indicator of a possible impairment charge to be recorded in the financial statements of BTCL against the carrying value of its operating assets.

BTCL management has computed and made an indicative impairment adjustment amounting to P305 843 000 against property, plant and equipment (the "**Impairment Adjustment**").

The Impairment Adjustment, which is the reason for the loss for 2016, is merely a book entry to recognize the write down in value of the operating assets in use by BTCL and is not a reflection of the profitability of the Company in 2016 or the going concern status of BTCL.

Following the Impairment Adjustment, there will still be a differential between the net asset value and enterprise value of BTCL, which is considered normal for companies in the telecommunications sector globally.

8. PURPOSE OF THE OFFER AND LISTING

The Directors believe the Listing is the next significant strategic step in the advancement of the business. The Listing is also in compliance with Presidential Directive Cab 21/2012.

The objectives of the Offer and Listing are to:

- provide an opportunity to Citizens of Botswana, who have supported Botswana Telecommunications Corporation over the years, to share in the growth and profitability of the Company;
- raise the Company profile and investor awareness of BTCL locally;
- raise equity capital for the Company; and
- enable Government to privatise BTCL in line with the Privatisation Master Plan of 2005.

9. THE OFFER

The Offer comprises 462 000 000 Shares of which 250 000 000 are to be issued and allotted by the Company and 212 000 000 Shares are to be sold by the Selling Shareholder.

All the Offer Shares will rank *pari passu* in all respects, including for dividends, with the Shares in issue as at the date hereof.

Copies of the resolutions, authorisation and approvals by virtue of which the Subscription Shares to be issued have been created and will be issued are as set out in Annexure 10.

10. OFFER PRICE

The Public Offer Price is P1.00 per Share.

The Public Offer Price has been released on the BSE News Service (X-News) on 21 December 2015 and published in the press thereafter.

11. RISK FACTORS

Sections 27 and 62 to this Prospectus, describe certain risks that at a minimum should be considered, together with the remaining information in this Prospectus, before making a decision to purchase any Shares. Although information has been provided in this Prospectus in relation to the Shares, a prospective purchaser should use his or her own judgement and seek advice from an independent financial advisor as to the value of the Shares and whether or not to invest in them.

12. CONDITIONS

The Offer is conditional on the Listing of all the Shares on the BSE, failing which, the Offer and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Selling Shareholder or Botswana Telecommunications Corporation or any other person as a result of the failure of any condition.

The Offer and Listing is subject to achieving a free float and spread of shareholders acceptable to the BSE and the Offer is available only to:

i. natural persons who are citizens of Botswana; or

ii. corporate entities registered or operating in Botswana which are wholly citizen owned; or

iii. unincorporated associations, partnerships, and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly Citizen owned; or

iv. trusts whose ultimate beneficiaries are all Botswana citizens; or

v. Local Pension Funds managed by institutional investors registered in Botswana; or

vi. any other entities operating in Botswana which are wholly citizen owned; or

vii. 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.

Your attention is drawn to paragraph 3 of Annexure 9 in this regard.

13. MINIMUM SUBSCRIPTION

In the opinion of the Directors, the minimum capital to be raised is P250 000 000, to be applied as working capital and to fund capital expenditure in relation to the growth of the Company.

14. PUBLIC OFFER

For the purpose of the Public Offer, copies of this Prospectus may be collected from the Company's registered office, all Barclays branches in Botswana, select BotswanaPost branches in Botswana, all BTCL retail outlets, select Choppies branches in Botswana all as indicated in Annexure 11 to this Prospectus and from the offices of the Sponsoring Broker.

15. APPLICATION FOR SHARES

Application for the Public Offer may only be made on the Public Offer application forms attached to the back of this Prospectus. Applicants who are individuals must use the blue Public Offer application form.

Applicants who are companies or corporate entities must use the white Public Offer application form.

Applications must be made in accordance with the terms and instructions set out in the respective application forms.

Notwithstanding that the terminology used in this Prospectus is that of an offer, the applications completed by the applicants shall constitute an offer to Botswana Telecommunications Corporation or the Selling Shareholder for the Public Offer Shares, and shall not constitute an acceptance of the Offer contained in this Prospectus by Botswana Telecommunications Corporation and/or the Selling Shareholder.

16. ALLOTMENT, ALLOCATION AND PAYMENT

The basis of allotment and allocation of the Offer Shares will be determined on an equitable basis by an allotment and allocation committee consisting of representatives from BTCL, MTC and MFDP, in their sole discretion, after consultation with the relevant advisors.

In the event of an over-subscription the order of preference in terms of the allotment and allocation will be natural persons who are Citizens of Botswana, then corporate entities registered or operating in Botswana which are wholly Citizen owned, unincorporated associations, partnerships, pension and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly Citizen owned, trusts whose ultimate beneficiaries are all Citizens, any other entities operating in Botswana which are wholly Citizen owned and then Local Pension Funds. The formula for the basis of allotment and allocation will be calculated in such a way that a person will not, in respect of his/her application, receive a lesser number of Shares than any other person that applied for the same number or a lesser number of Shares.

Applicants may receive no Offer Shares or fewer Offer Shares than the number for which they applied.

There can be no dealing in Offer Shares prior to delivery of Offer Shares to the CSD account of an Applicant.

Results of the Public Offer shall be published in the local press by the date agreed with the BSE following the closing of the Public Offer, and refunds, where applicable, will be made within one month after the closing of the Public Offer or such longer period as the BSE may approve. It is anticipated that, dependent upon the number of applications received, longer periods as appropriate may be required to process applications.

17. UNDERWRITING

The Subscription Offer has been underwritten by the Government and such underwriting is to the satisfaction of the BSE.

In terms of the Sale Offer the Selling Shareholder will retain any shares that it does not sell.

Post completion of the Offer it is the intention of Government to transfer all the Shares held by Government at that stage in BTCL to BPAH.

18. PROCEDURES IN RELATION TO ENABLING TRADING IN BTCL SHARES POST LISTING

Ownership of BTCL Shares is restricted in terms of the Constitution (see Annexure 9). As such, certain procedures need to be followed by legal holders of Shares and by parties wishing to become holders of Shares to be able to trade BTCL Shares through the BSE or to be able to receive dividends. The BSE will 'block' all BSE trading accounts in relation to BTCL Shares. Trading accounts held in the name of individuals and other legal entities that prove that they are Citizens or Local Pension Funds managed by any institutional investors registered in Botswana will be unblocked on the terms set out in the paragraph below. The trading accounts of non-Citizens will remain blocked at all times, whether in relation to acquiring or trading in BTCL Shares.

Trading accounts held or to be opened by legal entities or unincorporated associations, partnerships, pension and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly Citizen owned, or trusts whose ultimate beneficiaries are all Citizens, or any other entities operating in Botswana which are wholly Citizen owned, or entities (whether or not falling into the above categories) which are wholly Citizen owned which manage investment funds for the benefit of Citizens only, as at the last date of application for the Offer, will only be able to be 'un-blocked' for purposes of selling or buying Shares, or receiving dividends, by following the procedures set out below, yearly in February and August for holders of Shares, at such times, and any time during the year for parties wishing to acquire BTCL Shares for the first time:

a) download the necessary form from the BTCL or the Transfer Secretaries' websites;

b) complete the form as per the instructions set out in the form, attach the certified documents as stipulated in the form, and sign the form containing the undertakings that need to be complied with on an ongoing basis; and

c) return the completed form with the required attachments to the Transfer Secretaries as per the instructions in the form.

The Transfer Secretaries will inform the BSE as per the arrangements in place between the BSE, BTCL and the Transfer Secretaries to facilitate 'un-blocking' the trading account in relation to BTCL of a compliant party.

Incomplete forms (such as incorrectly completed or partially completed or non-compliant required attachments or such like) will result in sellers and buyers with 'blocked' accounts not being able to transact in BTCL Shares. Additionally, Shareholders of 'blocked' accounts will not be able to receive dividends on Shares held by them in a 'blocked' account, nor will such Shareholders be able to vote Shares held in a 'blocked' account in an Annual General Meeting or an Extraordinary General Meeting of BTCL.

If you are unsure as to any of the procedures above, please seek the advice of your legal or financial advisor or contact the Transfer Secretaries.

19. IMPORTANT DATES AND TIMES

The Offer opens at 9:00 on Friday, 11 January 2016 (first date of receipt of applications and payment) and is expected to close at 17:00 on Friday, 04 March, 2016. Applications will be received up until 17:00 on Friday, 04 March, 2016. Any material changes will be released on the BSE News Service (X-News) and published in the press in Botswana.

PART A:
THE BUSINESS

20. OVERVIEW OF THE BUSINESS

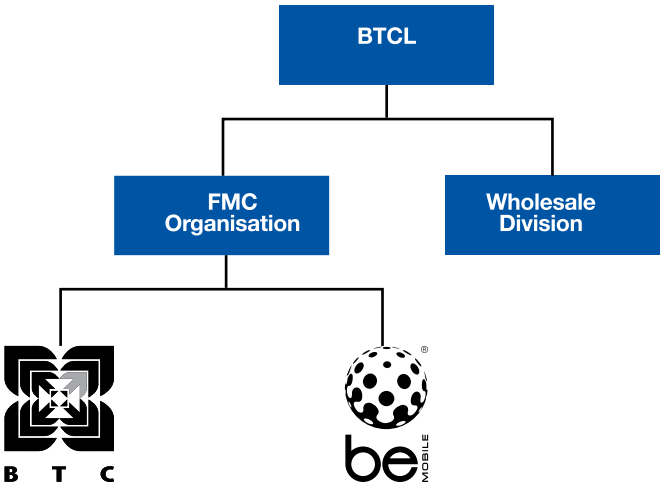
BTCL was established in 1980 as a body corporate by the BTC Act to provide, develop, operate and manage Botswana's national and international telecommunications services. Since then, the Company has evolved to become one of the leading providers in Botswana of voice telephony, both fixed and mobile,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

Part of the Company's growth and success stems from the acquisition of the PTO Licence in 2007, which was one of the three licences issued by BOCRA (then the Botswana Telecommunications Authority). The PTO Licence permits BTCL to offer services of any kind, using any technology (technology neutral), connected with public telecommunications.

BTCL is the only PTO Licence holder operating both the traditional fixed and mobile networks. Because of this unique positioning, the Company is able to offer services in the conventional fixed, mobile and convergent domains, providing mobile, fixed and convergent products and services.

BTCL offers its products and services through two operating business units namely:

- BTCL Wholesale – the wholesale arm of BTCL's business; and
- FMC Organisation – which combines beMOBILE, Broadband and Fixed into a single business unit.



The BTCL growth strategy is centred on leveraging its FMC products and services potential. The strategy includes driving mobile and broadband and leveraging BTCL's unique market position as the incumbent supplier of fixed mobile and broadband services in Botswana to create a competitive advantage by combining traditional fixed, mobile, broadband, information and content capabilities to form converged product and service offers.

In the telecommunications sector, it is essential to have a strong and motivated workforce as it is one of the key drivers of the business. BTCL has such a workforce.

BTCL provides a flexible and positive workplace by ensuring that there is work-life balance through various wellness initiatives that involve employees' families and team building as a priority. The culture is driven by the values being: fun, teamwork, simple, delivery, pride and ownership. In the new world of FMC, BTCL has ensured:

- transfer of skills to teams on their new roles, through process training and knowledge transfer;
- systems training prior to the start of the new role;
- that technology, customer and sales continue to be the Company's highest priority; and
- the supervisory and executive and management training which have recently commenced have been delivered through leading institutions to build leadership bench strength.

21. HISTORY OF THE BTCL BUSINESS

Early History and Licence

At the time of inception, BTC had 15 electro mechanical exchanges (mostly Strowger Equipment) and an analogue microwave linking Francistown to Lobatse via Gaborone.

BTC was the only telecommunications provider in Botswana until 1996 when an amendment of the Telecommunications Act repealed the monopoly of BTC and introduced other service providers in the telecommunications arena.

Botsnet, which was a wholly owned subsidiary of BTCL, served as an internet service provider. However it was de-registered on 8 July 2011 and duly absorbed in BTC as a business unit, and subsequently the brand was withdrawn from the market place.

In 2007, BTC was awarded a PTO Licence which allowed the Company to offer services of any kind, using any technology, connected with public telecommunications. Following further liberalisation of the telecommunications industry, the BTC mobile network, beMOBILE, was established in 2008, which commenced its trading activities as a business unit of BTC.

Privatisation and Separation Restructuring

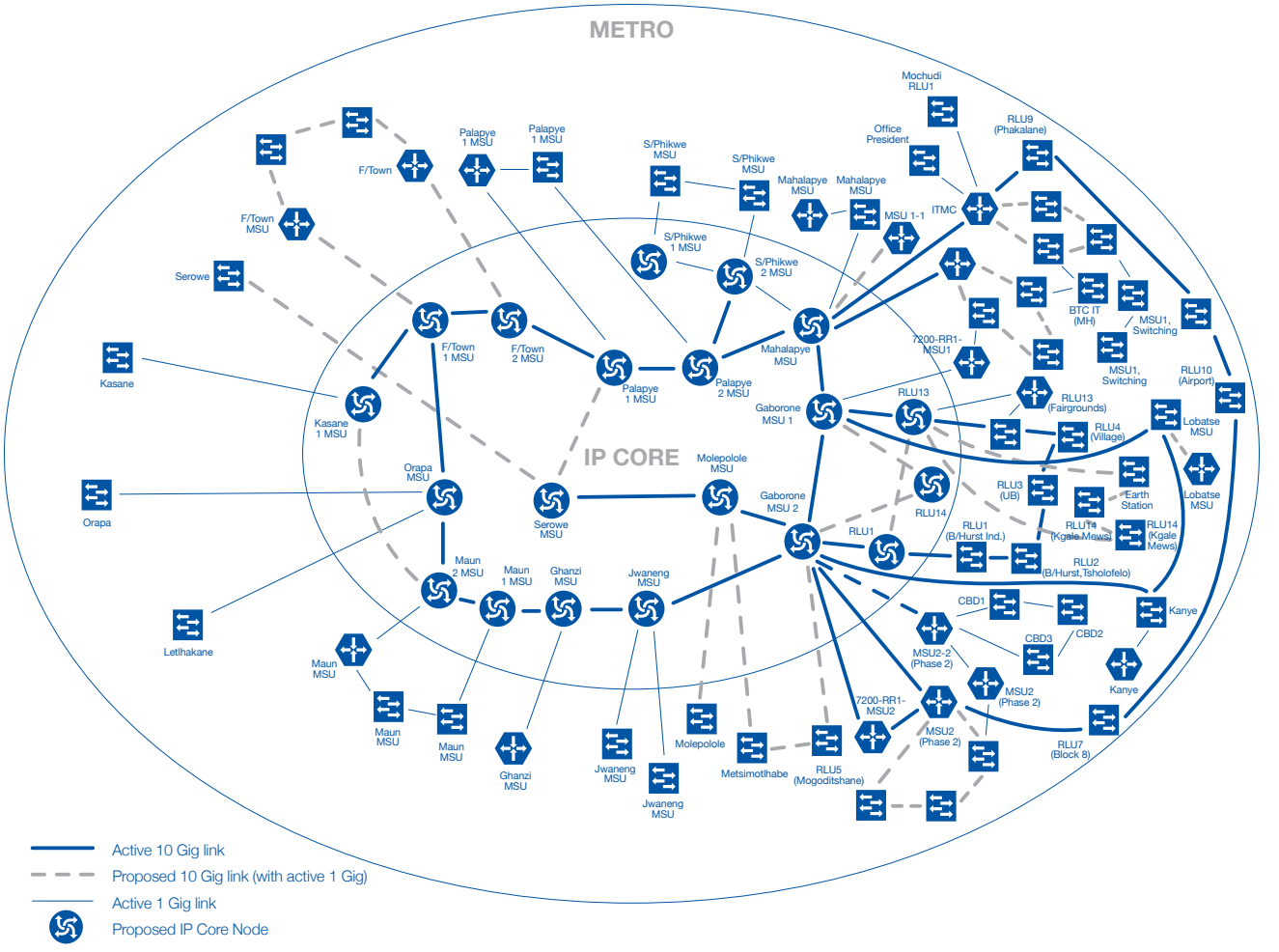
BTC was established in 1980 as a body corporate in terms of the BTC Act to provide, develop, operate and manage Botswana's national and international telecommunications services.

Government, in 2000, adopted the Privatisation Policy of Botswana (Government Paper no. 1 of 2000) (the "**Policy**"). The intention of the Policy is to implement a programme whose objectives, amongst others, are to improve the efficiency, productivity and competiveness in the performance and delivery of services and infrastructure by the public sector.

BTCL was identified in the Privatisation Master Plan of 2005 as a candidate for privatisation. To facilitate BTCL's privatisation process, Parliament, in 2008, passed the Transition Act to enable Government to convert BTC from a statutory body to a limited liability company under the Companies Act. Government further adopted a privatisation model for BTCL in 2010 (the "**Privatisation Model**"). The key features of the Privatisation Model include, amongst others, the following:

- 44% of BTCL's equity would be made available for ownership by Citizens of Botswana via the BSE;
- Government would retain 51% equity, together with the Trans-Kalahari Optic Fibre Network, the Gaborone-Francistown Loop and other backbone infrastructure assets and contracts (the "**Retained Infrastructure**");
- The Retained Infrastructure would be placed under a separate entity, wholly owned by Government;
- Prior to Listing, 5% of the total equity of BTCL would be allocated to BTCL's Citizen employees and an Employee Share Trust be established to manage and hold these shares for the employees.
- Trading of shares in BSE would be permitted amongst Citizen investors only;

BTCL METRO & IP CORE



The IP Core network provides a resilient IP transport network which is able to provide Ethernet interfaces to all BTCL access networks that are carried over the Metro Ethernet network. It has a 10Gbps capacity and is transported to the BTCL main centres through the Bofinet DWDM Network.

- BPAH would act as a market maker to facilitate trading of the shares amongst Citizens.

Separation Restructuring

In October 2012, as part of the Government's privatisation programme, a new Government owned infrastructure holding vehicle, BoFiNet, was formed to house and operate the Retained Assets on behalf of Government.

On 1 November 2012, BTCL was converted to and registered as a public company limited by shares and now exists as a public company governed by the Companies Act.

The Separation Restructuring involved a comprehensive process of identification of the Retained Assets to be transferred from BTCL to BoFiNet. The Retained Assets include the rights to international connectivity capacity through the East African Submarine System ("**EASSy**") and the West African Cable System ("**WACS**"); the Dense Wave Division Multiplex ("**DWDM**") and associated assets and sites; the Internet Point of Presence equipment in Gaborone and London; the backbone fibre network; and the access fibre network. In commencement of the Separation Restructuring, initial agreements were entered into between BTCL and BoFiNet in 2013 so as to enable BoFiNet to begin operating and utilising the Retained Assets.

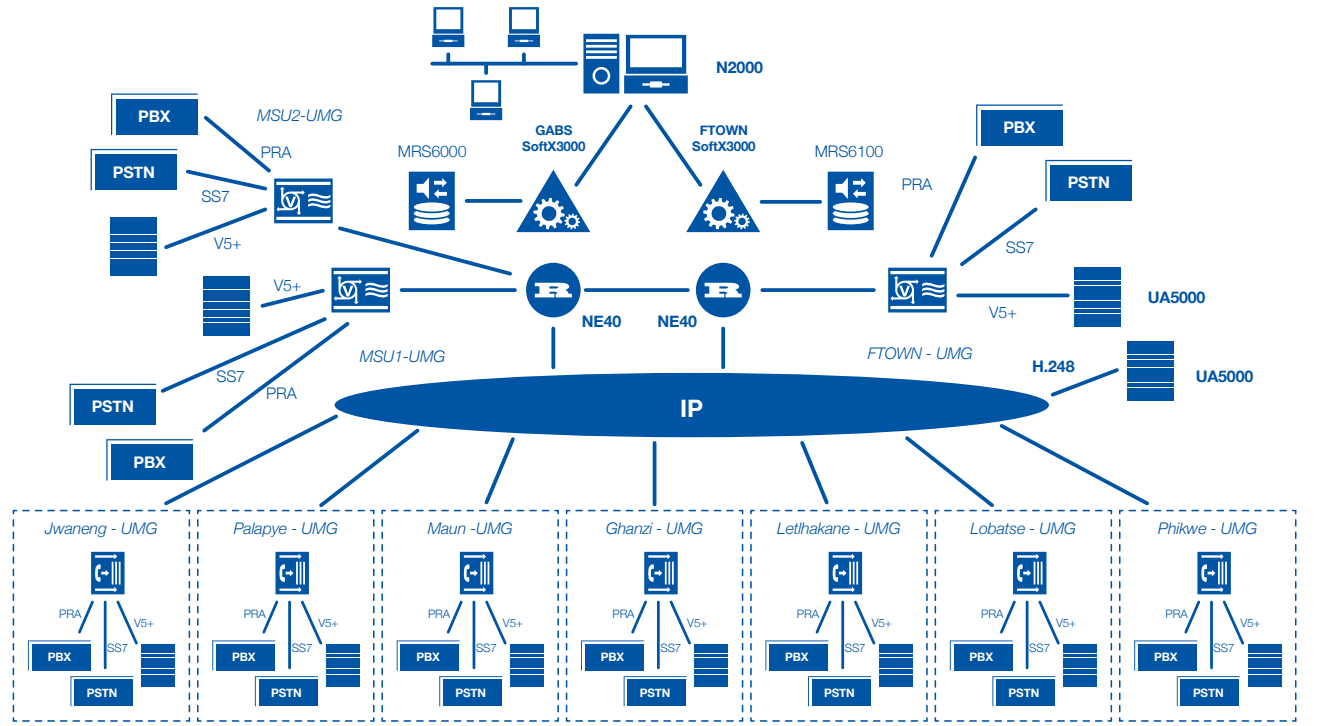
The Separation Restructuring was finalised when BTCL and BoFiNet entered into the POU Agreement in March 2015.

BTCL still uses some of the Retained Assets in order to conduct its day-to-day business. BTCL and BoFiNet have entered into a number of agreements, including but not limited to an IRU agreement, which govern the terms and conditions on which BTCL may use certain of the Retained Assets (the "**Asset Use Agreements**"). BTCL and BoFiNet continue to maintain a commercial trading relationship regulated by the terms and conditions of the Asset Use Agreements.

22. CURRENT OPERATIONS

BTCL is licenced as a 'Public Telecommunications Operator' which enables the Company to offer services of any kind connected with public telecommunications. Currently, BTCL is one of the leading providers in Botswana of voice telephony, both fixed and mobile as well as national and international internet, directory services, data services, virtual private networks and customer equipment to residential, government and business customers. For services other than customer equipment, the Company operates in both wholesale and retail markets.

BTCL NEW GENERATION NETWORK CORE NETWORK



The NGN voice network is based on IP technology. Apart from the traditional voice services It also supports advanced voice services such as VoIP, Multimedia conferencing, Sip Trunking and Sip Video calling

BTCL is the market leading fixed line service provider in Botswana and its operating activities are managed along the following two business unit lines, namely:

- BTCL Wholesale – the wholesale arm of BTCL's business; and
- FMC Organisation – which combines beMOBILE, Broadband and Fixed into a single business unit.

A list of BTCL's product offering includes, but is not limited to the following:

BTCL PRODUCTS AND SERVICES

PRODUCT OR SERVICE	DESCRIPTION
FIXED	
Voice	
Postpaid voice (residential & business)	Monthly contract direct line offered with a standard telephone instrument. Also includes a 'Toll-Free' line where charges for calls are charged to the called number instead of the caller.
Prepaid voice (residential)	Fixed line service that uses scratch and dial cards where customers can make calls after recharging.
Scratch and dial cards	Used to recharge pre-paid phone or used on any BTC line to make calls-call on the go.
Bundled voice services (Letsa Calling Plan)	Bundled product that offers substantial discount to residential customers on local, national and beMOBILE calls.
Future Connect	A landline that offers fixed mobility service that provides voice, fax and data services in areas where BTCL does not have copper network infrastructure.
Data services	
Leased Lines	Wide Area Network ("**WAN**") technology used to connect geographically dispersed sites with dedicated bandwidth.
Frame Relay	WAN technology used to connect geographically dispersed sites.
ISDN	A service that simultaneously transmit voice, data and other network services over traditional circuits of the PSTN. The service is offered through Basic Rate Interface ("**BRI**") and Primary Rate Interface ("**PRI**").
VSAT	Provides a satellite link completely independent of the local terrestrial infrastructure and can be deployed anywhere anytime.
ADSL	Asymmetric Digital Subscriber Line service - a type of Digital Subscriber Line ("**DSL**") service, a data communications service that enables faster data transmission over copper telephone lines than a conventional voiceband modem can provide.
Unified communications	
IP PABX	Private Automatic Branch Exchange commonly known as Switchboard. BTCL offers 2 types: SL1000 targeted to SMEs and Mitel 3300 targeted to corporate customers.
Metro Ethernet	Used to connect businesses to a larger service network (including their offices) or the internet. Creates a converged platform for providing business grade IP/MPLS VPNs, QoS and internet services.
VPNs	A Virtual Private Network ("**VPN**") is a private communications network that allows a customer to communicate confidentially and securely over a public network, without the need for dedicated leased line connections between multiple offices.
MPLS VPN	A method of harnessing the power of multiprotocol label switching to create virtual private networks.
Managed services	A total management of the customer network where BTCL frees up internal IT resources to focus on the core business. By delegating routine tasks, companies free IT staff resources to focus on the core business.
Contact centre solution	A technology solution provided by BTCL to customers to create their own call centre environment.
IPLC	Point-to-point connection available for transmission of data for international communications, which are secure and exclusive to the user.

PRODUCT OR SERVICE	DESCRIPTION
FIXED	
VANS	
Voicemail	Allows callers to leave message if the phone is not answered or busy.
CLI	Allows for the display of telephone numbers of incoming calls.
Time announcement	The service allows you know the time at the moment by dialling a short code (181/182).
Email notification of voicemail	This is an enhancement to the Universal Voice Messaging ("**UVMS**") system for mailbox subscribers to receive email notification when a message is left in their mailboxes.
Call barring	Service that disables the phone from making calls according to the barring level.
Remote recharging	This pre-paid value added service allows you to put airtime directly into friends, families and loved ones phone without being physically at that phone.
Airtime transfer	This is a pre-paid service that allows a prepaid customer to transfer some of their funds to another pre-paid phone. Any amount from P1.00 to P999.00 can be transferred.
Call diversion	This service enables the telephone to forward calls to any chosen destination.
Abbreviated dialling	This service enables the customer to program the commonly called numbers onto chosen keys. Customers can programme a maximum of 10 numbers.
Call waiting	This service enables the called party to answer an incoming call while the other call is on hold
3 Party conference	3 Party Conferencing service allows simultaneous voice calls to be established between three different numbers. The calling number bears the cost of the calls. The customer applies and signs for the service to be activated on their line It is ideal for business discussions or family meetings.
Itemised billing	BTCL is able to present you with a bill that can show a breakdown of calls that were made from telephone. This format shows time, date, duration, called number and cost of the call. Only account holders or authorized signatory may be supplied with an itemised bill.
Directory Services	Directory Enquiry Services for residential and business customers by dialling 192.
Broadband	
ADSL	Broadband internet product offered through the use of landline. Connection is done through same twisted copper pair used for telephone line.
Internet@home	Entry level broadband product offering reliable speeds up to 256/64kbps.
Broadband Home+	Entry level broadband product offering reliable speeds up to 256/64kbps bundled with notebook.
Corporate ADSL	Broadband ADSL is offered to residential customers through their employers account Internet offering to corporate employees whose employer has dedicated internet with BTCL.
Hosted services	
Domain name registration	Process of reserving an identity on the internet.
Web hosting	Type of internet hosting service that allows individuals and organizations to have their websites reside within the service providers servers.
Mail hosting	Type of Internet hosting service that allows individuals and organizations to provide their own website accessible via the web.
Web development	Building, creating, and maintaining websites which involves web design, web publishing, web programming and database management.
Dedicated internet	Dedicated internet service provided via a leased line or metro ethernet with uncontended internet bandwidth to BTCL internet.

PRODUCT OR SERVICE	DESCRIPTION
WHOLESALE	
ADSL Connect	Designed as an access product that allows service providers to connect consumer and business broadband end users to the internet and other services.
Frame Relay	Frame Relay is a data transmission technology enabling multi-site connectivity for corporate WANs and is catered towards resale carriers and service providers who have corporate and large customers needing to connect their LANs to multiple sites nationwide.
Leased Line	Bandwidth product and service offering that supports dedicated telecommunications point-to-point links through a private circuit or data line.
IPLC	International dedicated, point to point connectivity for voice, data and video applications between two customer locations across the globe.
IPLC- Transit	Dedicated border to border connection from one neighbouring country to another neighbouring country and is available to customers from the point of interconnection located at the border of each neighbouring country.
Botsgate	Internet bandwidth service provided to customers requiring internet connectivity for bandwidth ranging from 1024kbps to 622Mbps.
beMOBILE	
Postpaid voice and data	Customer is charged for usage in the prior month, this does not feature any limitations on volume of service used.
Prepaid voice and data	Advance payments of a service.
Automated credit loading (ACL)	Hybrid prepaid facility on a contract period. This is where beMOBILE will credit the subscriber with a fixed monthly amount on an agreed date.
Mobile office manager (MOM)	Closed user group which allow for subscribers to call each other at a zero rated cost.
Mobile banking	System that allows customers to operate their bank account through a mobile device.
Mobile financial services	Loading money into the customer's individual account (mWallet) at an agent. Withdrawing money from the mWallet at an agent. Sending money from the mWallet to anyone with a phone (no agent required). Buying airtime for oneself or another person from the mWallet (no agent required).
E-recharge/street reseller	System which allows one to purchase airtime electronically.
Roaming	Allows a customer to use partner networks when an individual travels overseas. Inbound and outbound to numerous countries and operators globally.

23. COMPETITIVE ADVANTAGES

BTCL has a number of strengths and competencies which translate to certain key competitive advantages over other players in the Botswana communications sector. BTCL's key competitive advantages can be summarised as follows:

- strong brand recognition and perception;
- lowest mobile tariffs;
- widest mobile footprint and coverage (beMOBILE);
- implementation of new process efficiencies as part of business and organisational transformation;
- leading fixed line business operations;
- extensive fixed copper network;
- only operator in Botswana with the scale to offer FMC ICT solutions in Botswana;
- strategic partnership withVodafone;
- skilled workforce;
- sound financial discipline and management;
- stable stakeholder relations; and
- well-instilled "Good Governance" culture.

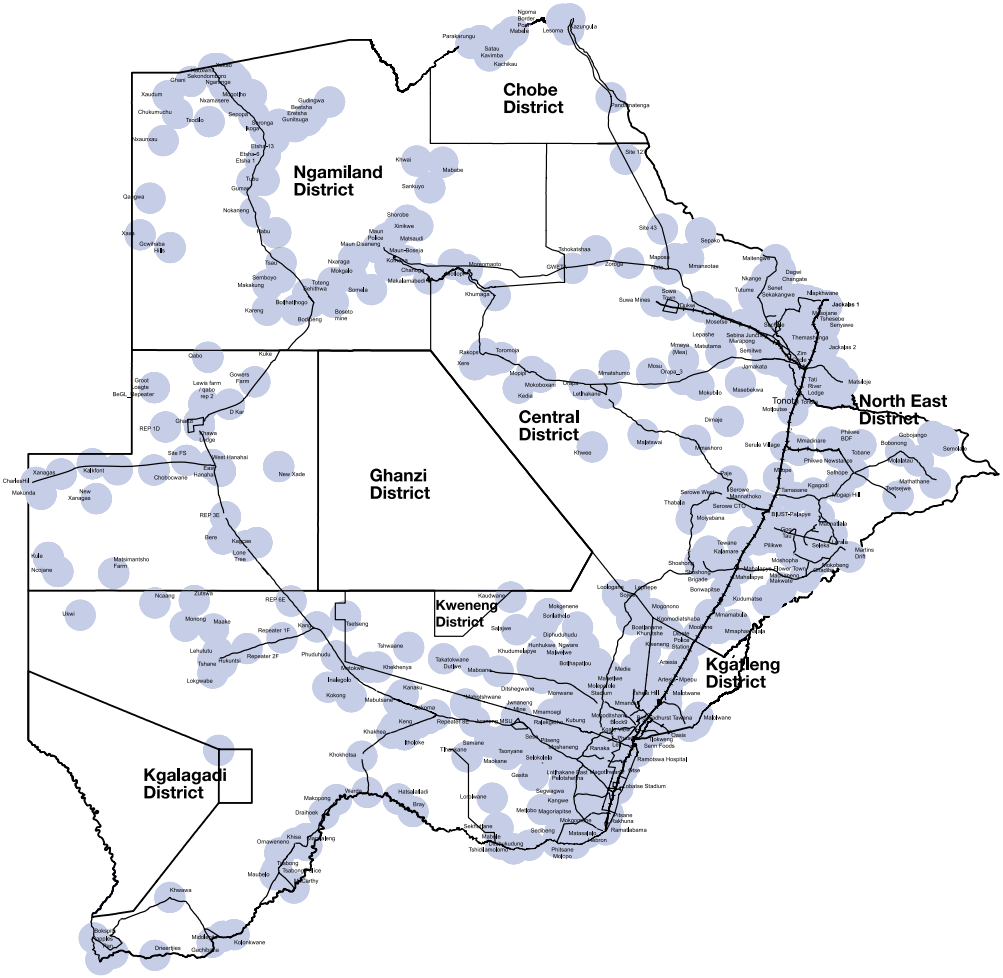
BTCL is uniquely positioned in the following key areas:

Network footprint

A fundamental competitive advantage of BTCL is that its fixed, mobile and other products and services are offered in a convergent portfolio, given its legacy position as an incumbent fixed network operator. BTCL has a PTO Licence issued by the regulator, BOCRA. It is one of the three local PTO Licence operators with the others being Mascom Wireless and Orange Botswana. BTCL is, however, the only PTO Licence holder operating both the traditional fixed and mobile networks.

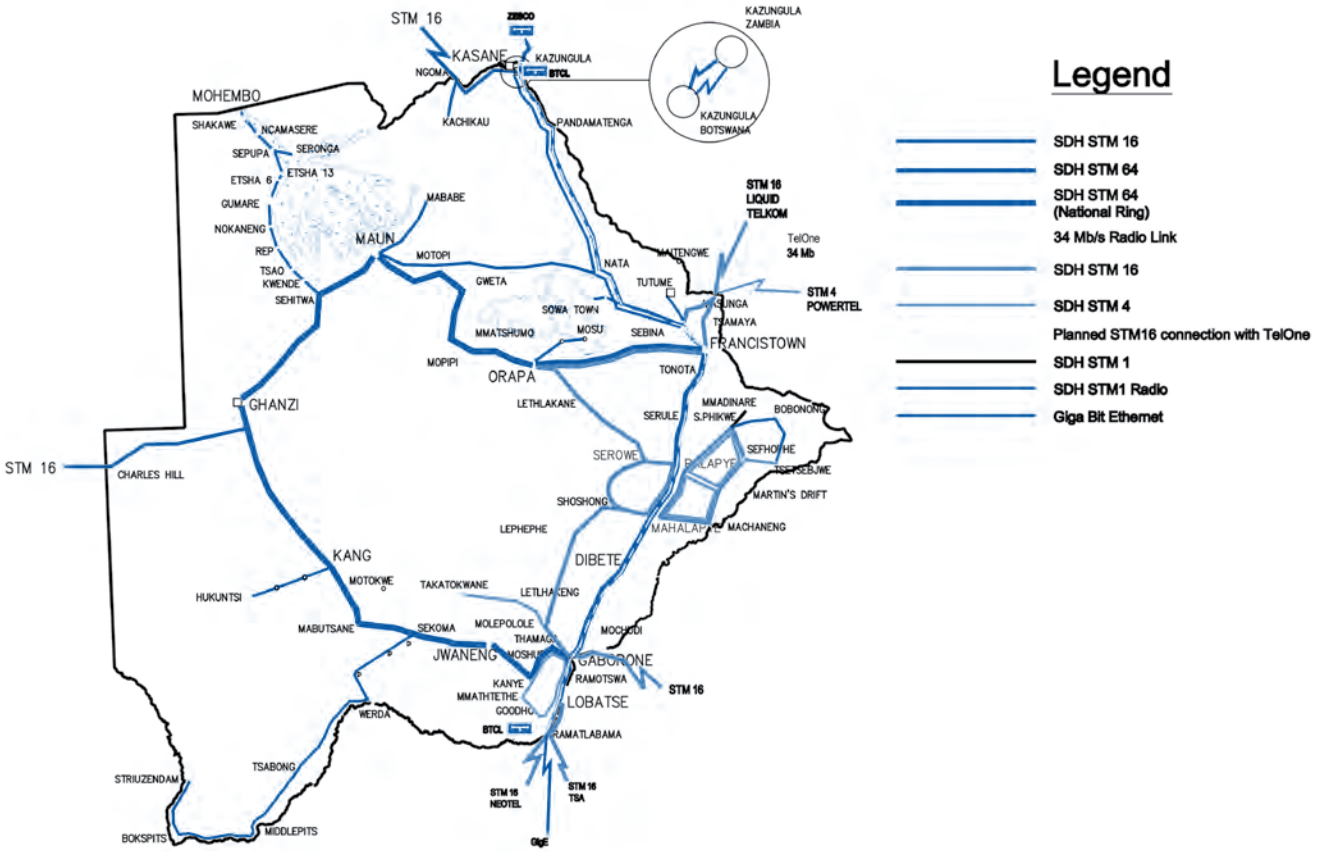
BTCL has gained significant competitive advantage in the mobile domain, particularly in remote areas because of its extensive mobile coverage (*c.*95% population coverage). In 2009, BTCL contracted with the Botswana Government for the provision of telecommunication services to 156 under-serviced communities in the Kgalagadi, Kgatleng, Kweneng, Central, Southern, Ghanzi, Ngamiland and Chobe districts via mobile telephony, based on the GSM/GPRS-EDGE standard. The contract included 149 Tele-centres, (commonly referred to as Kitsong Centres) which are internet cafes dimensioned and targeted for the rural communities, with typing, printing, photocopying, pre-paid calling, fax and internet services.

beMOBILE COVERAGE MAP



BTCL, through its mobile operation boasts of the widest network coverage in almost all the four corners of Botswana. This vast network coverage is more than *c.*90% of the country, through the legacy 2.5G Network. BTCL has *c.*38% population coverage on 3G and will be growing its 3G network coverage between 2015 and 2017 to reach underserved population as well as aggressively rolling out 4G technologies within the same period.

BTCL NATIONAL TRANSMISSION NETWORK-MODEL



The core Transmission network is a Synchronous Digital Hierarchy (SDH) network of capacity STM-64 (10 Gbps). The network is made up of Network elements connected together through fibre to form a ring connecting the major centres and towns around the country.

In the 2015/16 financial year €9 million (*c.*P104 million) was approved by the BTCL Board to further enhance mobile network quality.

This network strength results in *c.*65% market share in fixed broadband and data services, *c.*90% in fixed network voice services and *c.*17% in mobile connections. The mobile market share is notable in so far as it has been achieved within seven years against two very prominent and well established brands. No other operator has assets deployed as widely across both fixed and mobile services space, a key strength that will be further leveraged through the Accelerating Change programme (refer to Section 26).

The existence of BTCL's copper access network means BTCL is the only operator with capacity and capability to offer ADSL services. This affords BTCL a market opportunity to offer voice and ADSL services through the copper network to its home, SOHO, SMME and Corporate customers. With the advent of technologies such as Ethernet over Copper ("**EoC**") and Fibre To The "x" ("**FTTx**"), BTCL will in future be able to offer improved broadband internet speeds over its copper network of up to 20 Mbit/Sec. 10 and 20 Meg WDSL services have been launched in the market place. Opportunities also abound to capitalise on FTTx solutions to accommodate higher broadband throughput speeds by leveraging off the BoFiNet fibre network.

Vodafone Partnership

In order to meet the expectations of a changed competitive landscape, BTCL is strengthening its brand, accelerating the introduction of new products and converged services that will promote customer loyalty and increase BTCL's market share.

In this context, BTCL has entered into a strategic partnership with one of the world's leading communications services providers, Vodafone.

In March 2015, Vodafone and BTCL entered into a co-operation agreement which established a framework of terms and conditions giving Vodafone and BTCL the option to cooperate and deploy certain products and services (including third party products and services); enabling BTCL to gain access to the Vodafone knowledge bank; and permitting the parties to carry out capability assessments and co-operate on procurement for the benefit of BTCL in Botswana for a period of three years.

The relationship between the two parties was further reinforced in October 2015 by Vodafone and BTCL entering into a global carrier master services agreement in terms of which the parties may provide telecommunications services to each other.

The relationship with Vodafone is expected to allow BTCL to benefit fully from Vodafone's extensive procurement network, knowledge and products and from access to Vodafone's well established telecommunications systems and networks. Training and development opportunities will also be accessible to employees of both organisations.

Strength of the BTCL people

BTCL's human resources strategy aims to develop the capability of the team so as to deliver shareholder value and to continuously improve the level of employee engagement so as to contribute to improved customer service levels. The Company has migrated to the FMC structure to support the transition to becoming a fully converged entity. As part of the transition, processes were re-engineered and supported by the new structure.

The Executive Committee of BTCL (consisting of the MD, COO and 11 General Managers) (the "Exco") was appointed following the FMC re-structuring of the business to better deliver against the fixed and mobile and convergence vision. Of the thirteen members of Exco, one was recruited from outside the business, two were promoted and the remainder assumed new responsibilities as part of the re-alignment process. The team represents a good balance of those from within the industry and those who are new to it. Additionally, the team is predominantly local with only one expatriate member. Contracts of employment for executive members (which expire between November 2015 and August 2017) shall in principle be renewed for 3 years upon expiry of current contracts. The Board has resolved to extend or renew contracts to the extent that no Exco member, other than the Managing Director, will have less than three years contracted time remaining on their contract. The Managing Director's current contract expires in July 2016.

The key pillar that drives BTCL's strategic intent (as discussed in greater detail at Section 26) is formed by its people and involves building vital skills and capabilities, strengthening efficiencies in the operating platforms, building a performance based culture and growing talent.

The strength of employee key competencies is BTCL's greatest differentiating factor in the telecommunications sector. BTCL has provided cross-training for multiple roles which engenders enhanced job satisfaction providing employees the opportunity for career advancement within BTCL. By restructuring the whole organisation, employees were mapped against each role in the FMC structure. The majority of employees, especially at the managerial level, were assessed to ensure their level of fitness for the role. Development plans have been designed for each individual's needs. These are currently being finalised to inform the overall training plan that is aligned to the business strategy.

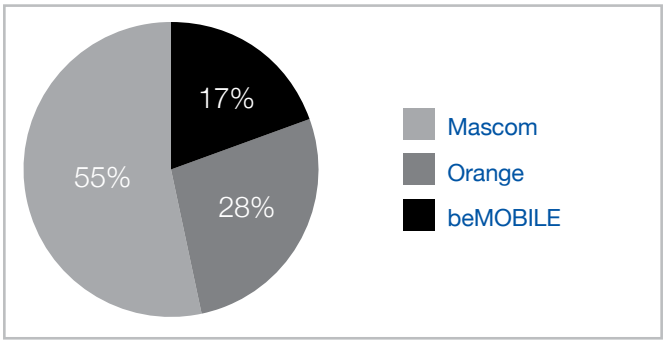
BTCL continues to upskill its teams to ensure that it has the best equipped employees. BTCL collaborates with world class institutions to provide relevant skills training for its employees. Such institutions include:

- Botswana Accountancy College;
- Botswana International University of Science and Technology;
- Human Resource Development Council;
- Institute of Development Management - Botswana Campus;
- Oxford University;
- University of Botswana;
- University of Stellenbosch Business School; and
- UNISA

BTCL's technicians are among the best in the market due to skills transferred from BTCL's technical training partners such as:

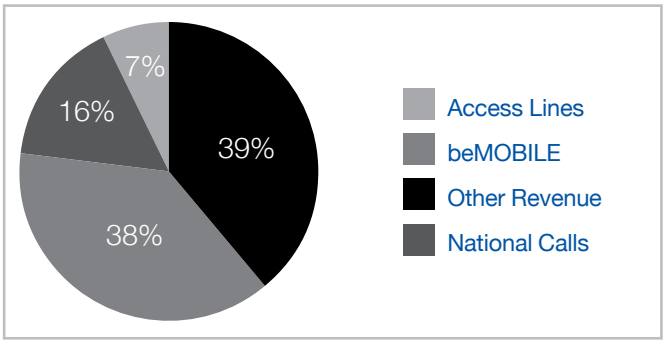
- Cisco Networking Academy;
- Commonwealth Telecommunications Organisation - Programme for Development and Training ;
- Comztek;
- Ericsson Academy;
- Huawei University of Technology;
- Mitel;
- Snap Tech;
- Torque IT; and
- Trutech.

MOBILE MARKET SHARE



The figures contained in this chart are estimates. [Source: BTCL]

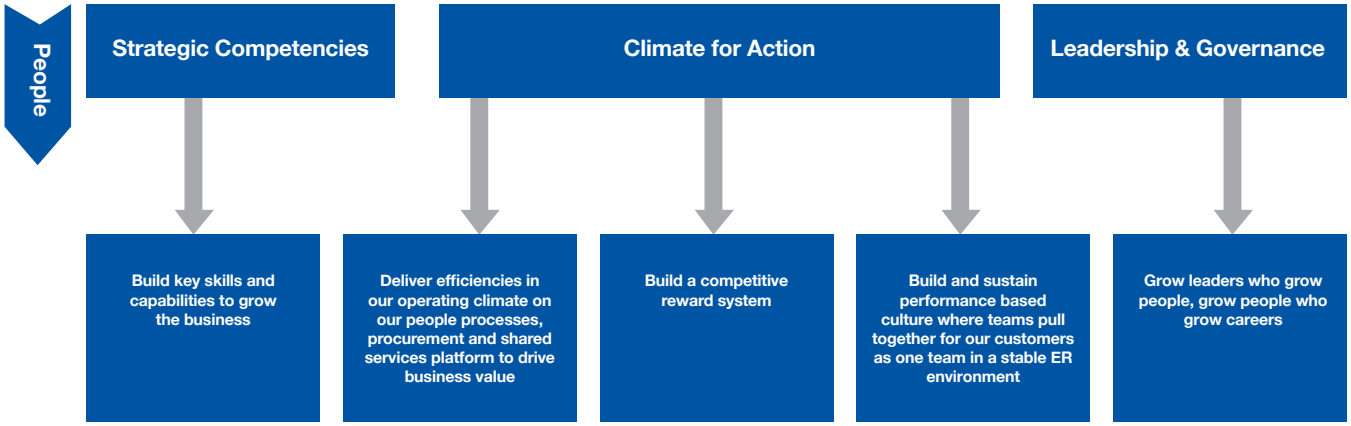
REVENUE CONTRIBUTION



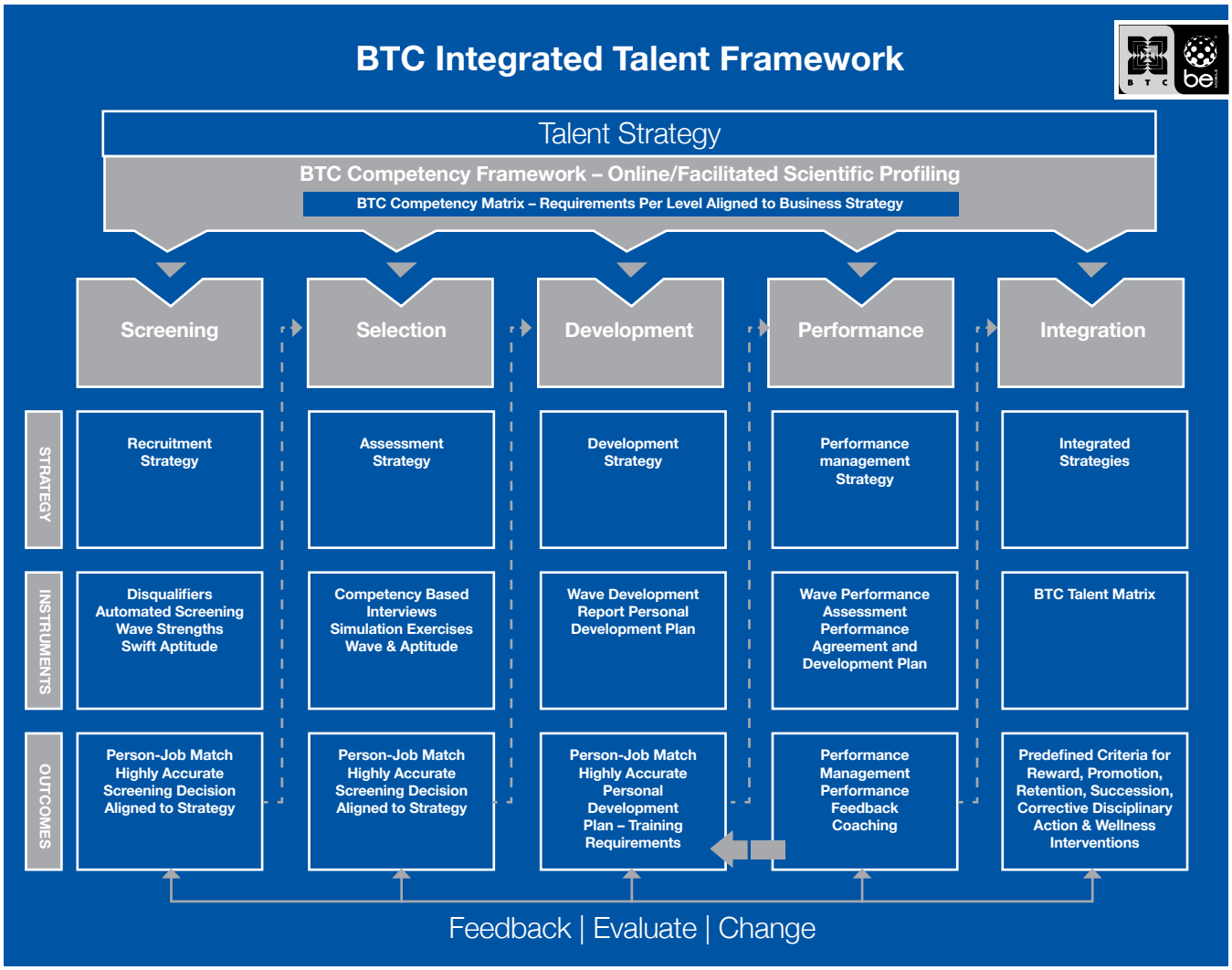
This chart indicates where BTCL's current revenues are derived from. Please note that figures in this chart are estimates.

BTCL PEOPLE

BTCL people, BTCL passion - building a climate for action



The Company's believes that by building and developing human talent it will remain the foremost FMC operator in the Botswana communications sector. The business launched an integrated talent framework that defined key competencies that the Company wishes to develop within its people and defined a talent matrix that demonstrated key strengths and weaknesses of the talent mix. This contributes to ensuring BTCL has the right people in the right roles. Profiling is therefore used at selection stage for any external recruitment to assess the fit for BTCL.



Staff turnover at BTCL has consistently been below a 5% benchmark with average tenure of 15 to 20 years and has been consistent for the past three years.

BTCL staff turnover statistics	Amount
Staff turnover during the last financial year	1.98%
Staff that have worked continuously within the relevant business area for over 3years	92.48%
Staff head count as at 1 November 2015	947

The Company has low level of disciplinary and grievance matters with both disciplinary issues and grievances below 1% (relative to its total staff complement) every year. BTCL has seen increased participation in the employee engagement survey from a low participation rate of 36% in 2012 to 99% in 2015, with an increase in the engagement score from 2.68 to 3.1.

The BTCL staff complement currently stands at 947. 95% of the total staff possesses tertiary level qualifications.

BTCL has spent *c.*P34 million over the period 2010/11 to date on training with the range of courses including developmental, vocational and academic. Additionally, all members of the team are measured by objectives on a yearly basis with a strong interlock between individuals' objectives and the overall company strategy. Staff engagement surveys indicate overwhelmingly positive employee-Company relations.

The implementation of the Employee Share Trust (refer to Section 25 below) will likely further strengthen the bond between the BTCL team and the Company. Furthermore, the Accelerating Change programme (refer to Section 26 below) will promote the empowerment of BTCL staff through a number of 'staff-related' initiatives such as on-line training.

Employee relations

BTCL enjoys stable employee relations and cordial industrial relations. BTCL recognises Botswana Telecommunications Employees Union (BOTEU) as the sole employee representative. The parties signed a recognition agreement in March 2012 that is valid until 2016. This agreement stipulates rules of engagement and adherence to such rules has promoted the cordial relations that prevail within the Company. The parties to the agreement have since engaged during major projects such as the recent FMC restructuring exercise, salary negotiations and policies relating to employee conditions of service.

The bargaining unit extends over certain categories of employees in the organisation amounting to a total possible membership of around 57% of the total staff complement. As of 27 October 2015, 415 members of the bargaining unit are union members representing *c.*80% of all employees eligible for union membership.

The Union is fully supportive of the Accelerating Change programme and often shares a platform with management at various speaking engagements and briefings around the country. The Union is formally briefed on relevant matters on a quarterly basis, with other more frequent informal discussions taking place as and when required.

Customer satisfaction

BTCL is increasingly focusing on its level of customer satisfaction. Recent surveys of certain customers being undertaken by the Company indicate that there have been considerable improvements in customer satisfaction in retail stores. Customer satisfaction currently stands at *c.*63% against a target satisfaction rate of 70%. As part of BTCL's drive to maximise customer satisfaction a structured employee training programme has been introduced which encourages and enhances:

- adherence to strict behavioural standards and customer service principles;
- a sound knowledge of BTCL products and services;
- employee abilities and responsibilities so that the team is able to resolve customer complaints at first level;
- adherence to international telephone standards; and
- effectively managed stock levels.

BTCL brand

Recent brand tracking surveys indicate that there are high levels of brand recognition of BTCL's brands, BTC and beMOBILE. A number of brand recognition surveys were conducted by the Company amongst both personal and business consumers in Botswana. Key findings from these surveys include, among others:

- excellent brand awareness of both BTC and beMOBILE brands, with over 90% of survey respondents indicating that they are aware of and recognised the brands;
- if customers were considering switching providers, beMOBILE is most likely to be the network they would select;
- beMOBILE coverage was thought to be best (with wide network coverage deemed to be the most important service offering to be provided by operators);
- BTC and beMOBILE are perceived to have the best network quality;
- beMOBILE promotions are thought to be the most attractive;
- beMOBILE is well known for contributing positively to society, through football sponsorship; and
- very positive perceptions of both beMOBILE and BTC in the business segment.

In support of the FMC vision BTCL is currently undergoing a rebranding exercise the objective of which is to merge the existing BTC and beMOBILE brands into a single, modern, relevant brand family that supports the Company's FMC vision. The merging of both brands is expected to ensure that the potential and existing customers associate both BTC and beMOBILE with BTCL.

Retail offering

BTCL has retail stores in all of the major towns and villages across the country. This gives BTCL a unique channel to service its customers – particularly to promote new services.

Supplier relationships

Being the longest established communications operator in Botswana and having the widest reach, BTCL has developed strong partnerships with suppliers over the years. This is evidenced through its numerous long term contracts with field and engineering supporting companies across the country. This established supply chain is an advantage BTCL has over its competitors and is able to use to, among others, secure more favourable discount arrangements than its competitors from its suppliers.

24. EMPLOYEE INCENTIVES.

BTCL has implemented a Performance Management System ("**PMS**") which aims to establish a performance based culture through robust measurement of business targets across all divisions. These targets are drawn from the overall company scorecard per the Shareholder Compact in any given year which comprises of key perspectives: Customer; Financial; People; Shareholder; and Processes and Technology.

Alignment of objectives at each tier of management with BTCL's overall business deliverables is a key test used to assess the effectiveness of the PMS. To strengthen the performance calibration process, further checks, as indicated below, were introduced to the PMS to enhance the quality of the system:

- employee output against actual ratings which tests for any leniency (overrating) or underrating of individuals against actual performance;
- performance spread of ratings across all levels (executive, management, and non-management); and
- inter–divisional performance spread to ensure alignment of each division's spread to the actual unit/division's performance in supporting the overall company scorecard.

BTCL introduced a bonus scheme in July 2004 as a key enabler so as to drive performance. The Company saw the need to develop an incentive scheme that would reward and motivate employees to deliver improved performance, ultimately resulting in a high performing organization.

The employee bonus scheme has evolved since its inception to be more aligned with BTCL's aim of building a high performance organization by first aligning performance against targets for each division and its respective units to ensure that the contribution to bottom-line results is commensurate to the level of bonus awarded. Initially the bonus model was based on the percentage of an employee's salary. This model was further adjusted in 2013 to be more performance based.

As with the previous employee bonus models, however, the Company has to reach its budgeted net profit (before tax) in a given year for any bonus to be approved. The bonus model provides for how bonuses are to be paid to employees at all levels of the Company, including the executive, and all bonuses are to be approved by the Human Resources, Remuneration and Nomination Committee of the BTCL Board and by the BTCL Board itself.

The table below demonstrates the bonus pool for the last performance years:

Year	Net profit before tax (BWP'000)	Bonus incentive pool (BWP'000)
2014/2015	200 569	16 725
2013/2014	3 020*	16 397
2012/2013	283 920	13 790
2011/2012	236 862	14 511

*After impairment adjustment of P266 051 000 and other impacts e.g. price reductions, new tramission costs post separation, organisational restructuring costs.

A performance calibration process on the performance of each division is conducted prior to bonus awards to ensure the performance curve of each unit and division is reflective of actual performance. Year on year comparisons are conducted at division level against the corporate scorecard. Further checks are conducted to test for any performance rating biases of either gender or grade (managers/clerical/cadre/executives). Distribution of the bonus pool is further calibrated to ensure alignment of performance to reward. The underlying principle is to ensure reward of high achievers while not encouraging underperformers through awarding a bonus. Both the performance calibration process and the bonus awards are subject to audit.

A sales incentive scheme is currently being piloted for potential future implementation.

25. EMPLOYEE SHARE TRUST

An Employee Share Trust has been established which will hold 52 500 000 Shares as on the day of listing of the Company on the BSE (being 5% of the Shares in issue), for the benefit of the Citizen employees.

The Employee Share Trust will be managed by trustees appointed by the Company (the "Trustees"). The Trustees will be guided by the terms of a trust deed ("Trust Deed") which will provide, amongst others, that the Employee Share Trust is not permitted to dispose of the 5% Shares.

Dividends declared by the Company on the 52 500 000 Shares will be payable into the Employee Share Trust. Such dividends will, in turn, be distributed to the Citizen employees by the Trustees in terms of the Trust Deed.

26. PROSPECTS

BTCL recognises and appreciates the fact that, technology companies succeed when they capture innovation; produce innovative products; secure market share and timeously resolve customer issues. The BTCL growth strategy is premised on transforming the organisation so as to best position it to achieve the foregoing, building on the organisation's strengths and to seize opportunities, minimise weaknesses and counteract imminent market threats.

The significantly changed telecommunications sector operating landscape in Botswana has resulted in the review and revalidation of the BTCL strategy for continued sustainability and business profitability. This is set out in a new three-year strategic plan, covering the Company's growth and development strategy from 2014 to 2017, which was first approved by the BTCL Board in September 2014 and further reviewed and revalidated by the Board in March 2015.

BTCL's future growth strategy and business transformation plan is as follows:

Growth strategy

The BTCL growth strategy is centred on leveraging its fixed, mobile and convergent products and services potential. The strategy, commonly referred to as FMC, is intended to leverage BTCL's unique market position as the only fixed and mobile network operator in Botswana, creating competitive advantages for the Company by the combination of traditional fixed and mobile broadband, information and content capabilities, so as to offer single line FMC products and services.

BTCL's strategic plan focuses on:

- leveraging BTCL's unique market position in Botswana, as the sole fixed and mobile operator, combining its mobile and fixed networks coverage, to smartly package unique Fixed and Mobile value propositions;
- moving BTCL Wholesale to higher value managed services, by offering managed (hosted) data services to mitigate the threat posed by direct competition with BoFiNet and others entering the managed data services market;
- defending the existing business. This entails sophisticated bundling and packaging of traditional products, promoting BTCL tariffs, which are the lowest in Botswana, and marketing the BTCL network presence, both fixed and mobile, which provide the widest coverage in the country, as well as increased focus on customer satisfaction;
- enhancing the company's high performance and customer centric culture; leveraging the newly adopted telecommunications industry eTOM framework and the associated FMC organisation and also through seeking and fostering strategic alliances and partnerships to facilitate and realise the skills and talent in our workforce.
- mitigating the effects of the low levels of international work experience and exposure of the BTCL workforce;
- controlling costs through business transformation by unifying networks and minimising the IT platforms estate, ensuring flexibility and agility in products and service offerings;
- innovating and growing revenues through building strategic alliances and partnerships, so as to improve levels of innovation, research and development capabilities within BTCL;
- creating strategic sourcing (and outsourcing) partnerships such as the strategic partnership with Vodafone; and
- supporting Government ICT Initiatives. These include the national ICT Policy *(Maitlamo)*, the e-Government Programme (1-Gov) and the National Broadband Strategy.

THE STRATEGY MAP

Direction – Towards 2016/17

20% Mobile Market Share by Revenue 2016/17
22% of Revenue from data in 2016/17
10% of Data Revenue from FMC in 2016/17

Stakeholders

Long Term Stakeholder Value
(New Revenue Sources; Increase Customer Value; Improve Cost Structure; Improve Asset Utilisation)

	PAT	RCE
2014/15	78M	3%
2015/16	61M	2%
2016/17	161M	8%

Customer

Customer Value Proposition
(Price; Quality; Timeliness; Features; Products & Services; Customer Service; the Brand)

Customer Satisfaction Index
Feb, 2015 Retail Outlet Baseline = 66.4%; Target TBA

Process

Innovation Culture
(Build the Franchise)

Customer Management Processes
(Increase Customer Value)

Operational Processes
(Provide Operational Excellence)

Social & Environmental Processes
(Be a Good Citizen)

To-Be Processes Operational
2014/15 = 25%
2015/16 = 75%
2016/17 = 100%

Technology

Strategic Technologies
All IP/NGN Network; Business Systems Capabilities; Automation; Operational Efficiency; Improved QoS; Reduced Infrastructure Costs

Network & Systems Op. Costs As %-tage of Revenues:
2014/15 = 7%
2015/16 = 9%
2016/17 = 8%

People

Strategic Skills & Competencies; Employee Development

Climate for Action - High Performing Team; Customer Centric Culture

Leadership & Governance; Leadership Development

Employee Engagement Index
2014/15 = 3.1
2015/16 = 3.3
2016/17 = 3.4

Key BTCL growth areas in the short term are mobile and broadband (fixed and mobile), with converged offers providing the major opportunity in the mid-term.

BTCL will make significant investments in growing its mobile and broadband (both fixed and mobile) business. The intention is to create a new dynamic from the opportunities in these fields and the inherent confidence within BTCL generated by the Accelerating Change programme.

There will be added another *c.*P110 000 000 in the years 2015/2016 to the existing P110 000 000 invested in beMobile during 2014/2015. Equally there will be a parallel focus on the enhancement of customer service, call centre performance, the launch of new and innovative products and other value added services.

The mobile investment will be augmented by significant investment in the fixed line network. It is envisaged that there will be added, in the short term, 50 EoC sites and 20 additional ADSL sites. WDSL is expected to be deployed at 180 base stations. The planned removal of obsolescence at every possible level should also provide impetus to the process of reconfiguring the fixed network so as to leverage off the unique mobile and fixed capabilities of BTCL.

When allied to the FMC objective of a reinvigorated organisation, whose processes have been re-engineered, whose culture has changed, and whose identity is intended to be transformed into a single, vital, wholly recognised household name, coupled with enhancements in relation to systems efficiencies, cost-reduction and the capabilities and opportunities presented by the strategic alliance with Vodafone, it becomes clear that BTCL is poised to meet its growth prospects with a singular strength and determination.

It is an acknowledged fact that, globally, mobile is a vibrant and evolving industry at the heart of everyday life. Operators continue to develop strong value propositions so as to deliver new and innovative services to end users, a process greatly assisted by the advent of smartphones combined with the widespread deployment of mobile broadband networks. This has led to an explosion of demand for mobile data services worldwide, corresponding to the prevalence and ubiquity of social media usage. Botswana is no exception to this demand and it is clear within the industry that mobile will continue to play a crucial role in bringing internet access to the broader population in country.

Although Botswana's national mobile subscription penetration is at *c.*154% and therefore saturated, there is room for growth in relation to mobile internet penetration, which is currently at *c.*48% (and which grew at approximately 250% during 2013). Given globally declining revenues from text messages (SMS) and other traditional mobile usages, the key will be to deliver data fast and with quality to a sophisticated and demanding end user.

beMobile is well placed to participate within this environment, whilst continuing to benefit from the fact that it is widely known and recognised as a local brand, offers the lowest tariffs in the country and has the widest footprint and coverage in rural and remote areas. Turning to the fixed operation, BTC fixed has similar, local brand recognition and the factual advantage that it is the only fixed line operator with a copper network that reaches all cities, towns and major villages in Botswana.

Although the market for PSTN (fixed telephony) is declining, BTCL does have approximately 163 000 lines, representing a tele-density of *c.*8.5%. This, with a current 100% market share, brings in P 720 000 000 in retail revenues, with a growth rate of *c.*4% per annum.

The sole operator advantage may also be gleaned in relation to fixed line broadband and internet (where wholesale prices are dropping, with trickle down benefits to the end user). In this segment, market penetration is low at approximately 8%, but growing at *c.*40% per annum.

With these sectoral advantages (in mobile and fixed) to hand, it is altogether an exciting prospect for BTCL to look forward to the even greater advantages provided by a converged fixed and mobile offering, that will combine traditional fixed, mobile, broadband, information and content capabilities and services.

It is from this unique vantage point that BTCL intends distinguishing itself in the Botswana telecommunications market and achieving its mission statement of delighting its customers "by providing world-class communication, information and content services".

Business Transformation Programme – Accelerating Change

Accelerating Change is the business transformation programme designed to ensure BTCL will meet its strategic objectives in an ever-changing, fast-moving business environment. The programme is the primary delivery vehicle, through which BTCL envisages achieving its strategic objectives. This programme is discussed in greater detail below.

BTCL recognises that development of the telecommunications market in Botswana, and specifically the increasing competition brought about by the launch of BoFiNet and the introduction of a new Unified Licensing Framework by BOCRA means that the Company will need to adapt in order to achieve its strategic ambitions. FMC markets provide growth opportunities for BTCL. Revenue growth in future will be focused around data, mobile and the introduction of new, higher margin bundled products enabled as a result of convergence. However, to exploit these opportunities, BTCL recognises the need to focus on its customers, bring new products and services to market quickly and increase its operational efficiency through the enhancement and automation of processes.

BTCL commissioned the organisational transformation programme, Accelerating Change, in 2012, aimed at expediting the BTCL transformation journey to ensure BTCL remains competitive in the "separated" and planned privatised environment. Accelerating Change is a business transformation programme designed to ensure BTCL will meet its strategic objectives in an ever-changing, fast-moving business environment. The Accelerating Change business transformation programme is designed to deliver a sustainable business model for the new competitive and privatised environment. Through the Accelerating Change business transformation programme, BTCL will address the organisational changes, process improvements, unification of systems and cultural changes required to succeed.

The key outcomes and benefits of this program are as follows:

- From an internal perspective -
  - alignment to strategic vision by focusing on the FMC organisation, high performing culture, converging the brand and creating a customer centric environment;
  - improved operational efficiency by ensuring a reduced systems estate, enhanced automation and improved processes bringing new products to market faster;
  - higher margin revenue opportunities by bundling FMC broadband offers; and
  - reduced cost structures for delivery of services.

- From a customers perspective -
  - improved customer centricity as a result of a single point of contact for all products and services;
  - improved services levels as a result of convergent billing (one bill), quicker service delivery and more sophisticated portfolio of products;
  - improved Quality of Service levels; and
  - greater loyalty due to improved share of spend, higher cost of change and better value for money for our customers

- From a financial perspective
  - the financial benefit expected to be derived from the Accelerating Change programme is estimated at P1.2bn over a four (4) year period. The benefit is mainly determined from improved operational efficiency as a result of the systems and processes to be implemented.

At conception stage in 2012, a programme design phase was initiated to assess business processes and capabilities of the organisation. From this analysis an organisational structure and portfolio of projects were defined that would transform and enable the business to achieve its strategic objectives as a FMC organisation. Under the direct stewardship of the Managing Director, significant milestones along the transformation journey have since been achieved:

- In 2013 a new organisational structure aligned to enhanced business processes was successfully deployed.

- Also in 2013, a technology strategy was adopted which provides the systems infrastructure to support deployment of new products and services as well as delivering operational efficiency through increased automation.
- In 2014, the High Performance Culture (HPC) project started laying the basis for a culture transformation. Several systems were delivered to improve automation, and the BTCL Brand project commenced. The HPC project continues with an initial focus on developing a change management capability within the organisation.

- During 2015 the Company continued to deliver key elements of the Accelerating Change programme. An online Business Process Management tool was delivered; an IT Enterprise Architecture defined; the Business Systems Programme has advanced to procurement level; the Executive Management, Heads of Department, Programme and Project Managers have been trained in Change Management; the Corporate Brand consolidation strategy and corporate identity was defined; and human resources policies were reviewed to ensure alignment to the new FMC organization.

Central to the BTCL Accelerating Change Programme and the FMC vision is the Technology and Enterprise Information Technology ("**EIT**") capabilities (i.e. Business Systems): These are:

- Fulfilment Assurance and Billing ("**FAB**") Systems;

- Enterprise Resource Planning ("**ERP**"); and

- Customer Relationship Management ("**CRM**").

BTCL has engaged external support, as part of the Technology Assurance Programme, to help define end-to-end business and technical requirements for three EIT systems (i.e. FAB, ERP and CRM). Three tender documents have subsequently been produced for release to the market, one for each stream. BTCL has taken the decision to implement the FAB system first. The contract negotiations are expected to be concluded in the first quarter of 2016. The remaining two EIT systems tender documents are yet to be released to the market.

The Accelerating Change programme is set to continue through 2015, and is expected to conclude in the 2016/17 financial year. The focus in the forthcoming period will be the implementation of the Business Systems programme and automation of key processes.

BTCL's commitment to delivery of the Accelerating Change programme underlines the Company's vision of its future operating model and readiness to succeed as a privatised business.

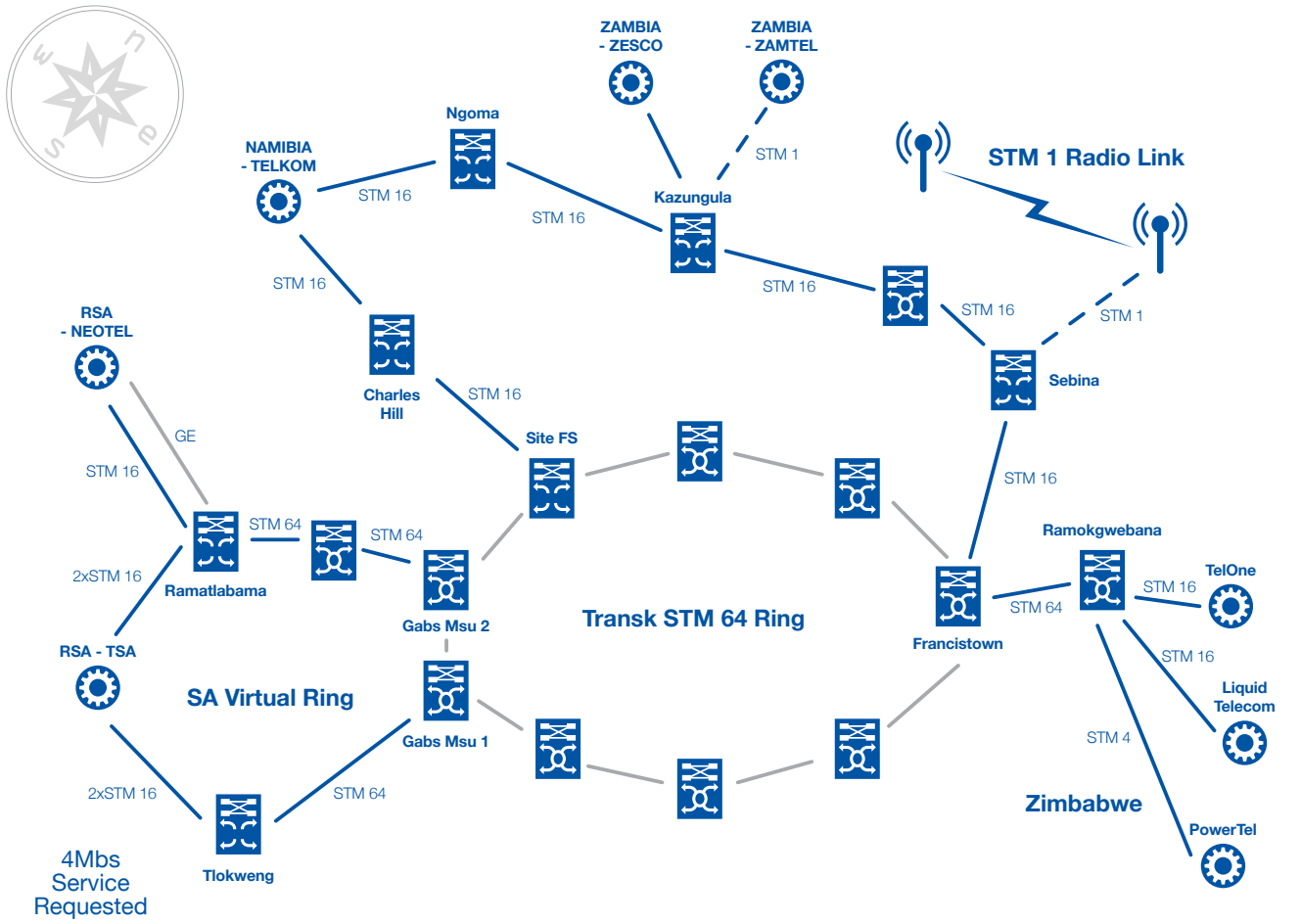
27. RISKS

There a number of factors which may affect BTCL's business. These are as follows:

CORE RISKS

- **BTCL's future success is dependant on attracting and retaining key personnel in whom intellectual capital resides.**
  - Risk: Failure to attract and retain key personnel, in the long term, could impede BTCL's ability to execute its strategic business objectives and growth strategy.
  - Mitigation: One of BTCL's key strategic pillars is to build a high performance and customer centric culture, by, among other things, capitalising on the BTCL workforce profile, skills and competencies; seeking and fostering strategic alliances and partnerships to facilitate and realise the skills and talent in our workforce. It is anticipated, that through the above strategies, employee morale and engagement shall be significantly improved thus building a sense of belonging amongst the employees. Another employee retention strategy is to build competitive reward systems, which coupled with the job satisfaction strategies above,are entrenched to help mitigate the threat of loss of key executive personnel and employees.

BTCL INTERNATIONAL CONNECTIVITY NETWORK SUMMARY



BTCL recently upgraded the transmission capacities from STM 16(2.5G) to STM 64(10G).This has availed more link capacity on SDH sites around Gaborone and also at the Botswana borders (i.e. Namibia, South Africa, Zambia and Zimbabwe). This has catered for bandwidth requirements needed for International Private Leased Line services (IPLC), with the ability to deliver Ethernet interfaces namely Fast Ethernet (FE), Gigabit Ethernet (GE) and 10 x Gigabit Ethernet (10GE).

- **Non-exclusivity of various supply and distribution agreements**
  - Risk: A few of BTCL's supply and distribution agreements are non-exclusive and can be terminated at short notice. This type of agreement is standard in the industry. This presents the risk that the service providers could potentially choose to distribute their products through other distribution channels or use other service providers to perform value added services.
  - Mitigation: BTCL mitigates this risk by ensuring that, for major and strategic network infrastructure and equipment, it enters into long term contracts with equipment vendors. These contracts are supported by master services agreements. Long term support contracts for equipment, software and services are also deployed to ensure continued systems support and service delivery.

- **BTCL is a high volume business with profitability that is very sensitive to variation in margins.**
  - Risk: The backbone provider, BoFiNet, determines the margins available to network/telecoms operators. BTCL may not always be able to pass on to the retailer or customer any margin compression enforced by the backbone provider. Therefore, an increase in pricing of certain products supplied by the backbone provider may reduce BTCL's margins and threaten BTCL's profitability
  - Mitigation: As a means of mitigating the threat posed by margin erosion resultant from the introduction of the backbone provider, in the service provision value chain, BTCL intends to move its Wholesale business to higher value managed and hosted services, through the provision of end-to-end business solutions capable of supporting all wholesale processes and products in a responsive and agile manner. On the retail front, a strategy focusing on high value high-margin products and growing ARPU has also been adopted, to defend the existing business.

- **Increased competition in the Botswana telecommunications sector**
  - Context: One of the Government's objectives, expected to be achieved by privatising BTCL and creating BoFiNet, is to stimulate competition in the telecommunications market in Botswana - in essence, to increase penetration of the internet and mobile data services across the country.
  - Risk: Botswana has adopted a new Unified Licensing

Framework, potentially enabling new entrants to the market with lower barriers to entry and therefore lower fixed costs than BTCL. Such new market entrants may have an impact on BTCL's pricing.
- Mitigation: BTCL will need to adapt in order to thrive in this new environment. To address this, BTCL is strengthening its brand, accelerating the introduction of new products and converged services that will promote customer loyalty and increase BTCL's market share.
- Mitigation: BTCL has also provided inputs towards the new Unified Licensing Framework, with a view to positively influencing the final shape and form of the new Unified Licensing Framework and will continue to engage with BOCRA on sustainable tariff plans.
- Mitigation: The Company from time to time engages with potential strategic business partners to consider ways to co-operate and develop markets so as to ensure BTCL's continued competitiveness, as represented by the Vodafone partnership.

MARKET RISKS

- **Strategy and planning risks**
  - Context: The risk set out below is not peculiar to the operations of BTCL. It is a general market risk which applies to all companies operating in the Botswana telecommunications sector.
  - Risk: There is a risk that BTCL may not achieve its business objectives. This will consequently impact on growth prospects and profitability.
  - Mitigation: Continuous planning and review processes will mitigate the exposure to these risks.

- **Economic and market risk**
  - Context: The risk set out below is not peculiar to the operations of BTCL. It is a general market risk which applies to all companies operating in the Botswana telecommunications sector.
  - Risk: Weak economic conditions will result in weaker or low demand, inadequate infrastructure, inadequate market and limited access to new human resources. This will impact on operations, profitability, cash flow and uncertainty in collecting receivables.
  - Mitigation: To mitigate these, BTCL has to create new and innovative affordable services, efficient credit policies and better credit management.

- **Competition risks**
  - Risk: There is a rise in competition in the market as a result of the Separation Restructuring and further market liberalisation. This has led to loss of some key customers and revenue with potential adverse effects on BTCL profitability.
  - Risk: Wholesale customers migrating to BoFiNet.
  - Risk: Retail customers migrating to new market entrants
  - Mitigation: The risk mitigation is for BTCL to develop compelling tariff plans and innovative products whilst further enhancing customer service and experience.

FINANCIAL RISKS

The risks set out below are are not peculiar to the operations of BTCL. They are general market risks which apply to all companies operating in the Botswana telecommunications sector.

- **Liquidity, capital and finance risks**
  - Risk: High cost of capital resulting in high volatility of cash inflows and outflows may have an adverse impact on BTCL implementing its strategic plan. This presents challenges of cash flow, interest risk, liquidity risk and foreign currency risks as certain transactions are denominated in foreign currency with international operators and foreign suppliers. This has an impact on investments, costs of operation and continuity of business.
  - Mitigation: BTCL must continue to maintain capital at optimal levels as well as ensuring that the timely management of the Company's capital expenditure program and the related payment commitments, cash balances, and cash conversion cycle is continued in order to mitigate these risks.

- **Credit risk**
  - Risk: In the event of a failure to collect revenue or of a counter party defaulting on its contractual obligations, BTCL may face challenges of business sustainability, profitability and business continuity. The Company is exposed to this risk from its operating activities (primarily for trade receivables) and from its financing activities including making deposits with banks and financial institutions.
  - Mitigation: BTCL must maintain a well-managed credit policy with credit evaluations performance on customers requiring credit in order to mitigate such risks.

NETWORK OBSOLESCENCE, FAILURES AND QUALITY OF SERVICE RISKS

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

INTERNAL PROCESS RISKS

- **BTCL has committed to FMC process optimisation and process automation for efficiency and effectiveness and to further create and deliver shareholder value.**
  - Risk: Non adherence to these new processes and the slow implementation of process automation affects internal controls and smooth operations as processes drive forward the realisation of BTCL's business objectives.
  - Mitigation: To mitigate this risk, BTCL has to implement world class best practices and appropriate cost effective processes with regular reviews to be responsive to the ever changing telecommunication market and to ensure that BTCL maintains its competitive edge.

- **Execution of the Accelerating Change programme**
  - Context: The Accelerating Change programme is focussed on delivering improved process automation levels, readying the business for a post-FMC environment and delivery of higher value products and services as well as improved time to market, whilst reducing systems estate operating costs. This shall be achieved through delivery of world class and integrated Operations Support and Business Support Systems (OSS/BSS) and enhanced billing capability.
  - Risk: If the Accelerating Change programme is not efficiently and timeously executed, BTCL may not realise all the intended benefits of the programme.
  - Mitigation: So as to ensure that the Accelerating Change programme is delivered consistent with BTCL business needs, BTCL has engaged the services of a business systems delivery assurance services provider, highly experienced in such complex business systems transformation programmes, to assist with the upskilling of BTCL personnel as well as to ensure delivery of a systems fit for purpose in a timely manner.

REGULATORY AND COMPLIANCE RISKS

The risks set out below are are not peculiar to the operations of BTCL. They are general market risks which apply to all companies operating in the Botswana telecommunications sector

- **Potential non-compliance with licence requirements**
  - Risk: Non-compliance with the terms and conditions of licences may lead to the licence being revoked and a subsequent inability of BTCL to carry on the part of its business to which the revoked licence relates.
  - Mitigation: BTCL strives to ensure vigilance in terms of internal checks and controls, including stringent governance controls, so as to minimise any potential events of regulatory non-compliance.

- **Regulatory price controls**
  - Risk: Significant price controls by the regulator that may put pressure on BTCL market share, competitive position and future profitability.
  - Mitigation: On-going initiatives to improve operational efficiency and the quality of information would enable BTCL to cope with an ever changing regulatory landscape.
    These Cost Control Business Transformation initiatives are aimed at improving operational efficiency and include the unification of networks and minimisation of IT platforms to ensure flexibility and agility in products and services offerings.

28. REGULATORY FRAMEWORK

The business activities of BTCL are regulated by BOCRA.

BOCRA is vested with authority to regulate and supervise all aspects of the business and activities of operators and service providers that fall under its jurisdiction. BOCRA is further mandated to supervise and promote the development and provision of efficient telecommunication services in Botswana, as well as to promote and facilitate a competitive ICT environment.

Under the Communications Regulatory Authority Act, BOCRA has complete authority to licence all telecommunications operators. In 1996, BTCL (then BTC) was awarded a licence for the provision of fixed line public telecommunication services in Botswana by the Botswana Telecommunications Authority, the predecessor organization to the BOCRA. On 21 March 2007, BTCL was awarded a PTO Licence, which is a technology neutral licence and which allowed BTCL for the first time to offer any type of public telecommunications service. The implementation of the PTO Licence transformed and liberalised the telecommunications sector in Botswana, and created new opportunities for BTCL, permitting the provision of a telecommunications service, whether wired or wireless, including mobile cellular services, wireline and wireless communications and supply and delivery of various telecommunications services.

The PTO Licence issued to BTCL is subject to the provisions of both the Communications Regulatory Authority Act and the terms and conditions set out in BTCL's PTO Licence.

The PTO Licence was granted to BTCL for a period of fifteen years, and expires on 20 March 2022.

BOCRA, in line with its mandate, has created a conducive environment for development of the ICT sector in Botswana by issuing a new Unified Licensing Framework effective from September 2015. The current BTCL PTO Licence will remain in force. However, conversion or migration to the new Unified Licensing Framework is mandatory and has commenced in September 2015 and shall run for 18 months up to February 2017. BOCRA has guaranteed that any licence which is migrated onto the new system will be reissued on the same terms as or more favourable terms than the existing licences. BTCL will be required to apply for conversion, indicating licences it is converting to and BOCRA will assess each application on its merits.

The new Unified Licensing Framework will ensure continued market growth and improvement of the welfare of society, taking into account convergence of technologies and evolution to next generation networks.

Under the Communications Regulatory Authority Act, BTCL is required to submit a tariff proposal in writing to the Authority, for approval, for the different services or products it offers.

The licence fees payable by BTCL under the PTO Licence currently include the following:

- a universal access and service levy of 1% of annual gross turnover of BTCL;
- an annual fee for the operation of the licenced system of P1 080 000 (as at April 2007, escalated by the average Consumer Price Index (CPI) on a yearly basis; now at P2 248 625.07 for 2015/2016);
- an annual fee for the provision of the licenced services of P178 200; (as at April 2007, escalated by the average CPI on a yearly basis; now at P318 553.32 for 2015/2016);
- a turnover related fee equal to 3% of annual net turnover of BTCL payable quarterly in arrears; and
- spectrum fees of P2 398 086 for 2014/15.

In future the Company may require new spectrum licences to gain access to additional spectrum.

The implementation of the Listing will not cause BTCL to be in breach of any of the terms of the PTO Licence, and/or the Communications Regulatory Authority Act as BTCL has obtained the prior written approval of BOCRA for the implementation of the Listing.

29. GROUP STRUCTURE

As at the date of the Prospectus, BTCL does not have any subsidiaries and all activities are conducted in one legal entity, being BTCL, and at such date the MTC Minister and Permanent Secretary, on behalf of the Government, are the shareholders of BTCL.

30. DIVIDENDS AND DIVIDEND POLICY

Dividend history

BTCL was required by Government Directive CAB40/2004 to pay a dividend of 25% of its profits to the Government. Dividends of P45 million, P57 million and P59 million paid in the 2011, 2012 and 2013 financial years respectively were in line with this directive. For the 2014 financial year, the Company, paid a dividend in specie to Government of P405 million, to discharge the costs funded by BTCL to establish BoFiNet amounting to P121 million and to pay for the assets BTCL tranfered to BoFiNet.

Government Directive CAB 40/2004 applied to all Government owned institutions that were not required to pay income tax. Post privatisation, BTCL is now required to pay income taxes and therefore no longer falls within the remit of the directive.

Below is a table which details the adjusted profits before and after tax and dividends declared and paid by BTCL in the preceding four years:

Financial year ended 31 March	Profit before tax P'000	Profit after tax P'000	Dividends paid P'000
2015	200 569	146 755	0
2014	3 020	140	405 449*
2013	283 920	221 458	59 216
2012	236 862	184 752	56 848
2011	227 390	177 364	45 263

*Dividend in specie

In the table above, dividends paid in 2012 related to "ordinary shares" only. In 2013 and 2014, the dividends relate to ordinary shares issued in terms of the Constitution. "Preference share" dividends are classified as interest costs, included as part of finance costs and have been subtracted in determining the profit before and after tax. "Preference share" dividends amounted to P184 000 in 2012, 2013 and 2014. The "preference shares" were redeemed in full on 28 October 2014.

Dividend policy

The Board of BTCL has resolved to pay as a dividend to shareholders, as much of its after tax profits as will be available after satisfying BTCL's other obligations.

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

Once declared, dividends will be paid annually in the fourth quarter of each calendar year, at a date to be determined by the BTCL Board. The Company may also pay an interim dividend based on half year results at the discretion of the BTCL Board and at a date determined by the BTCL Board.

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

PART B:
DIRECTORS AND KEY MANAGEMENT

31. DIRECTORS AND KEY MANAGEMENT

All of the Directors referred to in this section ((Part B) Sections 31.1 and 31.2) have completed and submitted Director's declarations in compliance with Section 7.B.17 of the BSE Listings Requirements.

The names, ages, business address, qualifications, occupations, nationalities and brief Curriculum vitae of the Directors of BTCL are set out below:

31.1. Non-executive Directors of BTCL

Director	Residential address	Directorships	Abbreviated curriculum vitae
Daphne Matlakala (61) Chairman of the BTCL Board Date of appointment to the BTCL Board: April 2012 Appointed Chairman: July 2014 Independent Nationality: Motswana	Plot 21164, Village, Gaborone	Malebeswa Matlakala Legal Consultants (Business: Law firm providing legal services) (Position: Partner) Tsela Alliance (Proprietary) Limited (Business: Investments in immovable property) (Position: Director) Provenance Holdings (Proprietary) Limited (Business: Dormant) (Position: Director)	BA Law (University of Botswana and Swaziland), Bachelor of Laws LLB (University of New South Wales, Australia), and Master of Laws LLM (Legislative Drafting) (Edinburgh University, Scotland) Daphne has been in private practice since 2012. Before that she was Secretary for Legislative Drafting, as well as Deputy Attorney-General, in the Attorney General's Chambers of the Republic of Botswana. During the span of her career she has developed expertise in, among others, legislative drafting, statute law revision, regulatory matters, international environmental law matters, international water law, public procurement and commercial law.
Gerald Nthebolan (48) Deputy Chairman of the BTCL Board Date of first appointment to the BTCL Board: August 2013 Date of re-appointment: July 2014 Appointed Deputy Chairman: July 2014 Independent Nationality: Motswana	Plot 32556, Phakalane, Gaborone	Key Enterprise (Proprietary) Limited (Business: Dormant) (Position: Director)	B.Sc (Hons) (Computer Science) (Leicester Polytechnic), and MBA (General) (De Montfort University) Gerald is currently the Head of Information Management of Debswana Diamond Company Limited, having held this position from 2007. Prior to this, Gerald has fulfilled various positions at Debswana Diamond Company (Proprietary) Limited from 1993 to 2006 and also worked in the Botswana Ministry of Works, Transport and Communication between 1992 and 1993.

Part B: Directors and Key Management (continued)

Director	Residential address	Directorships	Abbreviated curriculum vitae
Alan Boshwaen (51) Chairman – Audit and Risk Committee Date of appointment to the BTCL Board: September 2010 Date of appointment as Chairman – Audit and Risk Committee: July 2014 Independent Nationality: Motswana	Plot 21402, Phakalane, Gaborone	Foxwarren (Proprietary) Limited (Business: Investment in immovable property) (Position: Director) Bosh Properties (Proprietary) Limited (Business: Dormant) (Position: Director) Letshego Financial Services Company (Business: Provider of financial services) (Position: Director) Botswana Innovation Hub (Proprietary) Limited (Business: Development of Science & Technology sectors within Botswana) (Position: *ex officio* as Chief Executive Officer)	BA (Industrial Relations and Psychology) (University of Kent at Canterbury), UK, and MBA (University of Cape Town, RSA) Alan is the Chief Executive Officer of Botswana Innovation Hub (Proprietary) Limited. He is Chairman of the Advisory Board of the University of Botswana's Faculty of Business. Alan has held several senior management positions with various public and private companies over the past 28 years including Botswana International Financial Services Centre and Barclays Bank of Botswana Limited. His work experience also includes having held the position of Senior Account Relationship Manager at Standard Chartered Bank Botswana Limited and Industrial Relations Officer at De Beers Botswana Limited.
Choice Pitso (41) Date of first appointment to BTCL Board: April 2012 Date of retirement: December 2013 Date of re-appointment to BTCL Board: July 2014 Independent Nationality: Motswana	Plot 43062, Phakalane, Gaborone	None	BA (Soc Sciences) (University of Botswana), MSc (Human Resource Management) (Manchester University) Choice is Human Resources Manager at Metropolitan Botswana Limited. Choice has over 15 years cross industry experience as the Head of Human Resources in various organisations including Laurelton Diamonds, Botswana Agricultural Marketing Board and Debswana Mining Company. She specialises in the resolution of organisation design issues resulting in successful delivery of organisational restructuring and staff downsizing projects.
Professor Rejoice Tsheko (48) Date of appointment to the BTCL Board: July 2014 Independent Nationality: Motswana	Plot 32417 Phakalane, Gaborone	Aldebo Investment (Proprietary) Limited t/a McGills (Business: Construction & Retail of Fencing and Water Engineering Materials) (Position: Director)	B.Sc in Agricultural Engineering (McGill University) and PhD from the University of Newcastle upon Tyne. Rejoice is currently an Associate Professor in the Department of Agricultural Engineering and Land Planning. He was the Head of Department from 2001 to 2007. He has been a member of the BCA Governing Council and also a member of the WaterSA editorial board (WaterSA is published by the Water Research Commission in RSA). Professor Tsheko's research interest is in digital image processing and remote sensing. His research laboratory receives data through a multi-service dissemination system based on standard Digital Video Broadcast (DVB) technology. Professor Tsheko has many years of experience dealing with space agencies and space industry ISPs.

Director	Residential address	Directorships	Abbreviated curriculum vitae
Serty Leburu (49) Date of appointment to the BTCL Board: April 2009 Independent Nationality: Motswana	Plot 31331, Gaborone North, Gaborone	The Touch Holdings (Proprietary) Limited (Business: Lodging & Recreation) (Position: Director) House of Glam (Proprietary) Limited t/a Camelot Spa (Business: Leisure & Lifestyle) (Position: Director) Sponsor a Child Trust (Business:Trust providing for the underpriviledged-especially children) (Position: Trustee & Treasurer) Ba-Isago University College (Business: University Education) (Position: Board Member)	B.Comm (University of Botswana), Chartered Management Accountant with the Chartered Institute of Management Accountants (UK) Serty is currently Deputy Chief Executive Officer at Botswana Housing Corporation (BHC), a job she has held for almost 3 years. Before joining BHC she was with Standard Chartered Bank for 5 years. At Standard Chartered Bank she held numerous positions including Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and Chief Operations Officer. Serty has also worked for one of the biggest mining companies in the world, Debswana Diamond Company (Proprietary) Limited for more than 17 years in varied capacities, as a technical expert, a manager and a leader in the business. Her years of diversified experience, exposure and qualifications allow her to be able to lead, direct, advise and contribute, technically and strategically, to achieve the required goals in any commercial and non-commercial business environment.

31.2. Executive Directors of BTCL

Director	Residential address	Abbreviated curriculum vitae
Paul Taylor (55) Managing Director Date of appointment: 22 June 2011 as Chief Executive Officer and as Managing Director on 1 November 2012. Nationality: British	Refer to BTCL management at Section 35 on page 43.	

32. PROVISIONS IN THE CONSTITUTION RELATING TO DIRECTORS

Set out in Annexure 8 to this Prospectus are extracts of the relevant provisions of the Constitution regarding:

- the qualification, appointment, terms of office, service contracts, if any, and remuneration of Directors;
- the borrowing powers of BTCL exercisable by the Directors (which powers may be varied by an amendment to the Constitution or by law in the form of the Transition Act);
- the extent of Directors' powers to vote on a proposal, arrangement or contract in which they are materially interested and to vote remuneration to themselves or any member of the BTCL Board; and
- retirement of Directors by rotation.

No Director has the power to vote on a matter regarding remuneration to themselves. The Human Resources, Remuneration and Nomination Committee has been appointed to assist the BTCL Board to implement and maintain an appropriate remuneration strategy. The remuneration of Directors is, in any event, required to be approved by the shareholders in general meeting.

The borrowing powers of the Company have not been exceeded during the past three years and, save for the restrictions set out in the Constitution and as contained in the Transition Act, there are no other restrictions on the borrowing powers of BTCL. The Constitution can only be varied by special resolution of the BTCL shareholders.

Any Director appointed to fill a casual vacancy or as an additional Director shall only hold office until the next Annual General Meeting of the Company, at which meeting they will retire and become available for re-election.

At least one third of Directors are subject to retirement by rotation and re-election by the Shareholders at each Annual General Meeting of the Company. Executive directors are not subject to retirement and election for so long as they are employed by the Company.

No service agreements or contracts in relation to royalties, secretarial fees or technical fees are in place for the Directors.

No provision is made for restraint of trade payments or retrenchment packages. There is no requirement for Directors to retire after a prescribed age. Non-executive Directors do not have any service contracts with the Company.

33. AGGREGATE REMUNERATION AND BENEFITS TO DIRECTORS

The total aggregate remuneration and benefits paid by BTCL to the Directors for the year ended 31 March 2015 are set out below:

33.1. Executive Directors

Director	Remuneration P'000	Fees P'000	Performance bonus P'000	Fringe and other benefits P'000	Total P'000
Paul Taylor	3 790.7	0	643.2	362.3	4 796.2

33.2. Non-executive Directors

Director	Remuneration P'000	Fees P'000	Performance bonus P'000	Fringe and other benefits P'000	Total P'000
Alan Boshwaen		23.1			23.1
Choice Pitso		26.2		5.8	32
Daphne Matlakala		31.7			31.7
Gerald Nthebolan		20.8			20.8
Leonard Makwinja (retired)		6.1			6.1
Serty Leburu		22.1			22.1
Prof. Rejoice Tsheko		24.4			24.4

Other than as disclosed above, none of the Directors have received any salaries, fees, bonuses, benefits or other remuneration from BTCL for the year ended 31 March 2015.

Save for the fees disclosed in this Prospectus, no other fees have been paid to executive or non-executive Directors in respect of bonuses and performance-related payments, expense allowances, commission, gain or profit-sharing arrangements.

No fees have been paid, accrued or are proposed to be paid by BTCL to any third party in lieu of Directors' fees.

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

BTCL will not be managed by any third party under any contract or arrangement at the time of Listing.

34. DIRECTORS' INTERESTS

As at the Last Practicable Date, none of the Directors or any of their associates have any direct or indirect beneficial interest in BTCL shares or any transactions which are or were unusual in their nature or conditions or material to the business of the Company.

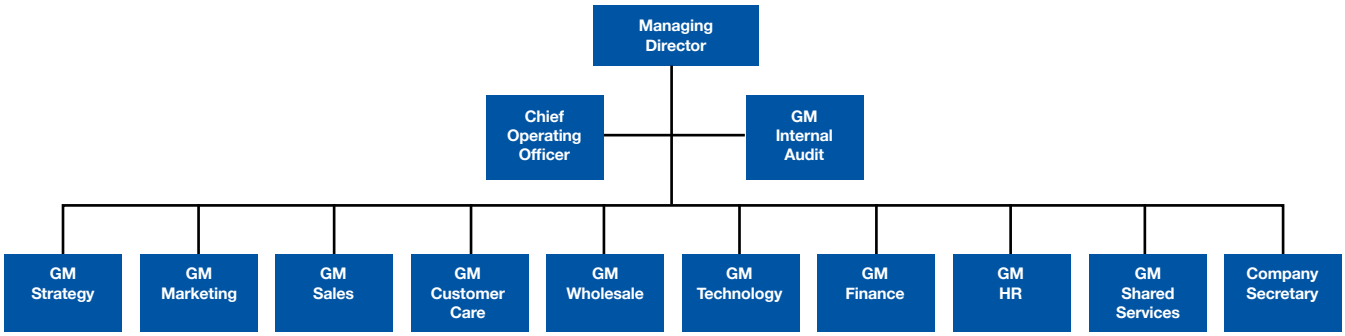
Citizen Directors may acquire Shares in the Company as part of the IPO. Citizen Directors who wish to acquire Shares in the Company as part of the IPO will have to apply for Shares in the manner set out in this Prospectus.

35. MANAGEMENT

BTCL's senior management comprises of the Chief Executive Officer, Chief Operating Officer and 11 other General Managers and the Company Secretary.

BTCL's current senior management structure, as set out in the organogram below, is a result of a restructure following the recent dismissal of the former General Manager Support Services and HR. Following the dismissal, the responsibilities of General Manager Support Services and HR have been redistributed among two new executive positions; General Manager Shared Services and General Manager HR. The former General Manager Support Services and HR has appealed the dismissal. BTCL is expected to come to a final decision on the outcome of the appeal proceedings by the end of the first quarter of 2016.

A breakdown of BTCL's senior management structure is outlined in the organogram below:



A summary of the senior management team's key reponsibilities and experience is provided below.

Paul Taylor – Managing Director

Age	55
Qualifications	BTec, Dip.M, FCIM, I.Eng, MIET, EAIIB
Nationality	British
Residence	Plot 50359, Khama Crescent, Gaborone
Abbreviated CV	Paul Taylor is a seasoned business leader with over 30 years of experience in the telecommunications sector with the last 16 years operating at board level at various blue-chip companies. He has significant international exposure having lived in Asia, Middle East, UK, Mainland Europe and the Caribbean, and worked in *c.*60 countries. He is a member of the advisory board of the Graduate School of Business of the University of Botswana and is a member of Africom100 – the most influential 100 people in the communications industry on the African continent. Paul has been with BTCL for over four years. In that time the business has seen considerable revenue and profit growth whilst re-positioning itself for privatisation and subsequently, Listing. Contemporaneously the organisation has begun the transformation journey re-aligning its assets and resources to better deliver against the FMC strategy. Paul specialises in leading transformation efforts whilst at the same time delivering on challenging short-term budget targets. His skills span the complete business spectrum with emphasis on marketing, sales and customer care. Previous experience includes a four year period as Chief Executive Officer of Cable and Wireless Switzerland and Deputy Chief Commercial Officer with Turk Telekom where he was primarily responsible for the development of sales, marketing and customer care capabilities. Paul has also led and been involved in a significant number of corporate finance deals involving mergers and acquisitions, IPO's and successful licence bids across the world. The most notable of these was the successful public offering and subsequent listing of 15% of Turk Telecom on the Istanbul Stock Exchange in 2009 in which Paul led the Commercial and Operations team working on the listing. Paul's educational background began in telecommunications engineering with significant post-graduate studies in both business and marketing. He is a Fellow of the UK's Chartered Institute of Marketing, an Incorporated Engineer and a Member of the Institute of Engineering and Technology.

Part B: Directors and Key Management (continued)

Anthony Masunga – Chief Operating Officer

Age	44 years
Qualifications	BSc Computer Science from McGill University (Canada) MBA from De Montfort University (UK), Executive Development Program, University of Stellenbosch Business School (RSA)
Residence	Plot No. 55116, Phakalane, Gaborone
Abbreviated CV	Anthony has been in the IT and telecommunications industry for over 18 years. He has worked in various portfolios and programmes where his roles ranged from business leadership, commercial leadership, business strategy development, programme management, product development, technology innovation and strategy development, to business planning. His most recent assignments included establishment and growth of the new market entrant, beMOBILE (BTCL's mobile service offering); spearheading the transformation of BTCL's wholesale organisation (development and delivery of the 3 year wholesale strategy); laying the foundation for BTCL's internal readiness for privatisation and development and implementation of BTCL's marketing strategy. Prior to joining BTCL, Anthony was the Chief Technical Officer at Mascom Wireless Botswana. He has widely consulted on various ICT projects in the SADC region. Anthony also served in the Executive Council of the Botswana Information Technology Society (BITS) and COBIT (an advocacy body for local ICT companies). His board experience includes board chairmanship for Cabling for Africa and board of trustees for the Mascom Staff Pension Fund. As Chief Operating Officer, Anthony is responsible for supporting the delivery of the BTCL business strategy within a framework agreed by the BTCL Board and ensuring creation and delivery of shareholder value.

Same Read Kgosiemang – General Manager: Internal Audit

Age	45 years
Qualifications	Higher National Diploma - Accountancy and Business Studies (Botswana Institute of Administration and Commerce) Chartered Institute of Management Accountants (CIMA, UK)
Residence	Plot No. 43085, Ngwapa Way, Phakalane
Abbreviated CV	Same is a Chartered Management Accountant and has held various senior management positions at Water Utilities Corporation, Local Enterprise Authority and now at BTCL. He has acquired a wealth of experience in the following fields: Internal Audit, Risk Management, Finance, Human Resources, IT and SHE. As General Manager: Internal Audit, Same's key role is to ensure that BTCL achieves its strategic objectives through independent and objective assurance and consulting activities carried out by the internal audit department, which evaluates and improves the effectiveness of risk management, control and governance processes.

Christopher Diswai – General Manager: Strategy

Age	49 years
Qualifications	B Eng, Dip. M, MBA, MIET, CSMO
Residence	Plot 823, Rasesa
Abbreviated CV	Christopher possesses over 23 years' experience in the ICT industry. He is highly experienced in strategic planning and management; program and project management; business transformation, change and operations management. He is a full Member of the Institute of Engineering and Technology (UK) and a Certified Strategy Management Officer. Prior to joining BTCL, Christopher worked for Lacell SU, in Bujumbura, Burundi as the founding Chief Technical Officer, for the start-up mobile network operator, where he was responsible for the formulation and alignment of Lacell's technology strategy with its business vision. Prior to that, he worked for Orange Botswana in various leadership roles, where his responsibilities included network planning and optimisation; setting up and establishing the ISP Business unit as well as the management of the organisation's strategic transformational programmes and time-to-market (TTM) programme. Christopher has also been involved in a number of international programmes and projects. His board experience includes being a member of the Board of Directors of the West Indian Ocean Cable Company (WIOCC) international consortium, on which he has served from 2009 to date. He also served in the Management Committees of the successfully delivered multibillion dollar East African Submarine System (EASSy) and the West African Cable System (WACS) international consortia between the years 2009 and 2013. In his current role as General Manager Strategy, Christopher is responsible for leading the overall BTCL strategic planning and delivery function. He is responsible for driving efficiency and performance improvement through the development of robust strategic, corporate and business plans. This includes for delivery of the ongoing Accelerating Change programme. Prior to his appointment to the GM Strategy role, he was the Group General Manager for the Programme Management Office and also acted as the Group General Manager Technology for a six month period. BTCL's Strategy Division consists of Business and Commercial Strategy; Service and Technology Strategy; Knowledge Management and the Corporate Programme Management Office.

Abel Bogatsu – General Manager: Finance

Age	46 years
Qualifications	B.Comm (UB), FCCA-UK, FCPA (Bots.)
Residence	Makakatlela Ward, Oodi
Abbreviated CV	Abel is a Chartered Accountant and has over 21 years' experience in the profession. He is experienced in financial accounting, management reporting and control, financial systems, credit management, strategic planning, performance management and transformation. As General Manager: Finance, Abel's duties includes providing professional finance inputs to the creation and maintenance of the BTCL business strategy, to direct BTCL's financial management within the framework of an agreed business strategy and to meet operational targets for return on investment, profitability and customer satisfaction. Abel's current role incorporates finance controller, treasury and cash management, budget planning and analysis, asset management, revenue assurance and fraud management.

Part B: Directors and Key Management (continued)

Masego Pigeon Ndwapi – General Manager: Human Resources (Acting)

Age:	53 years
Qualifications:	Bachelor of Social Sciences Honours (University of Keele) Psychotechnician (SHL) CPA (BIOSS)
Residence:	Lot No. 17, Modipane
Abbreviated CV	Pigeon has been in the telecommunications industry for over five years with her main focus and speciality being the provision of professional human resource inputs to the creation and maintenance of BTCL's business strategy that will deliver shareholder value. Pigeon is also involved in determining the direction of and managing BTCL's human resources within a strategic framework that supports the achievement of business targets for profitability and customer satisfaction. Prior to this appointment she was Head of Department - HR Strategy and Policy responsible for the provision of professional advice and inputs to the creation and maintenance of a BTCL HR strategy that will deliver shareholder value as well as developing a framework of policies which clearly defines all human resources management and organisation development management interventions within BTCL. During this period she acted as Group General Manager Corporate Affairs and successfully led the organisational readiness project, a major change initiative that was a precursor to the BTCL fixed mobile convergance structure deployment, in addition to being instrumental in the successful negotiation of a recognition agreement with the Botswana Telecommunications Employee Union which had expired in 2002. Before joining BTCL, Pigeon worked for numerous organisations within different industries, such as, Debswana, Motor Company of Botswana, Botswana Diamond Valuing Company and DTCB; an illustrious career spanning nearly thirty years covering the full spectrum of the HR field including consultancy services. Pigeon is also a member of the Botswana Telecommunications Corporation Limited Pension fund and BTCL representative on the Commonwealth Telecommunication Organisation. The Human Resources division will ensure that BTCL becomes a high performing organisation that is able to attract and retain a motivated and engaged talent to deliver improved customer satisfaction and shareholder value in a stable employee relations environment. The Human Resources division comprises of five departments, such being Employee Relations, Human Resources Strategy and Policy, Rewards, Human Resources Business Partners and Human Resources Services.

Kaelo Radira – Company Secretary

Age	44 years
Qualifications	LLB (University of Botswana)
Residence	Plot No. 34914, Gaborone
Abbreviated CV	Kaelo, an attorney by profession, has been in the corporate world for over 16 years. He has served as a board secretary for 15 years in both the banking and telecommunications industries. Prior to BTCL, Kaelo has held various executive management roles including leading the credit risk and legal functions of National Development Bank. Kaelo's current role as Company Secretary of BTCL encompasses the following functions: legal, regulatory and competition, corporate communication, investor relations and enterprise risk management portfolios. Furthermore, Kaelo's responsibilities include the development and implementation of policies and strategies to manage BTCL's legal and regulatory affairs, ensuring compliance with regulatory requirements and licence conditions. Kaelo also advises the BTCL Board on legal and regulatory issues.

Pilot Yane – General Manager: Marketing

Age	43 years
Qualifications	MBA; Bcomm University of Botswana; Grad. Dip in Marketing; IMM Graduate School, RSA Cit. in Mktng Innovative Technologies ; Harvard Business School, USA Senior Management Development Programme ; Stellenboch, RSA
Residence	Phakalane, Plot 32415, Gaborone
Abbreviated CV	Pilot is a well rounded marketing executive with 18 years of experience across service industries from air transport to telecommunications. His experience spans from operational to strategic commercial management in the areas of sales, project management, costing & pricing, portfolio management, brand management and marketing communications. Pilot is currently charged with accelerating the transformation of BTCL's marketing function into a customer focused, innovative and effective delivery engine that supports revenue generation and the existing customer satisfaction efforts of BTCL. He is currently leading the BTCL rebranding exercise that is meant to usher in a single BTCL brand, that will drive Fixed Mobile Convergence vision of the company. Pilot leads a team of marketing professionals responsible for developing customer centric products and solutions, maintaining a profitable portfolio of both mobile, fixed and broadband solutions, brand management and marketing communications, market research and commercial sponsorship management.

Mokgethi Nyatseng – General Manager: Wholesale

Age	38 years
Qualifications	BSc-Electrical Engineering (Drexel University, USA) BSc-Biomedical Engineering (Drexel University, USA) MBA (Mancosa, South Africa)
Residence	Plot No. 25165, Block 9, Gaborone
Abbreviated CV	Mokgethi possesses eleven years' experience in the ICT industry, with a strong commercial track record, and has vast experience and knowledge in market development and building collaborative customer relationships. His role as General Manager: Wholesale includes leading a team of senior managers in creating a viable BTCL Wholesale business strategy which delivers customer satisfaction and to create and maintain a comprehensive business strategy for BTCL Wholesale that will contribute to the delivery of shareholder value for BTCL. BTCL Wholesale is the only one stop shop for wholesale services in Botswana. With more than 15 years' experience in the wholesale market the team prides itself with skills and expertise coupled with a wealth of experience and understanding of the local and regional wholesale market. The division comprises of Wholesale Strategy and Products, Licenced Operator Sales, Commercial Contracts and Wholesale Operations. Mokgethi previously worked as a Wholesale Strategy Implementation Programme Manager at BTCL and also serves as the Vice President of the Junior Chamber International Botswana board.

Part B: Directors and Key Management (continued)

Boitshepo Puleng – General Manager: Shared Services (Acting)

Age	39 years
Qualifications	Honours Degree Manufacturing Engineering and Management, Loughborough University, UK Senior Management Development Programme; Stellenbosch, RSA. Bulletproof manager, CrestCom International
Residence	Kgaleview, Plot 51493, Gaborone
Abbreviated CV	Puleng is a procurement and supply chain executive with invaluable knowledge of managing projects, resources, staff and is highly focused with a comprehensive understanding of logistics, procurement and the supply chain. He is responsible for developing policies on BTCL procurement and logistics management, optimal management of procurement processes to reduce waste in the supply value chain, managing forecasts for inventory planning and warehousing and security. He is also responsible for ensuring full compliance with national employment legislation, regulatory and competition requirements and that BTCL conforms to investors' expectations. He has a total of ten years' work experience in production, telecommunications, total quality management (TQM), logistics and supply chain management (SCM). Puleng is committed to identifying and implementing continuous improvements in the supply chain. He leads the shared services team, which comprises of fleet, security, properties and facilities as well as safety, health, environment and quality (SHEQ) and the procurement team responsible for driving operating plans, major projects and initiatives from planning to producing significant bottom line results.

Thabo Nkala – General Manager: Technology

Age	46 years
Qualifications	BSc - Physics and Mathematics (University of Botswana) MSc - Computer Systems & Information Technology (Washington International University) MBA (University of Botswana)
Residence	Plot No. 53195, Phakalane Phase 2, Gaborone
Abbreviated CV	Thabo possesses over 23 years' experience in the ICT industry, having worked in private, parastatal, Government and international organisations. Prior to joining BTCL, Thabo worked for Botswana Examinations Council as an ICT director where his duties included strategic leadership, tactical ICT management and project management. His duties as General Manager: Technology include providing networks and IT-related inputs to the creation and maintenance of a BTCL business strategy and to direct BTCL's technical operations within the framework of an agreed business strategy. Thabo's current role encompasses technology planning, network build and performance, access network operations, core network operations, IT services and mobile network services departments.

Masego Mathambo – General Manager: Customer Care

Age	48 years
Qualifications	BSc (Hon) - Engineering Management (University of Hertfordshire) (UK) MBA (University of Botswana)
Residence	Plot No. 8520, Broadhurst, Gaborone
Abbreviated CV	Masego possesses 20 years' experience, with a strong commercial track record, and has vast experience and knowledge in customer service and enhancing collaborative customer relationships. Prior to this appointment she was Head of Customer Care at BTCL and was also the Customer Operations Manager at Mascom Wireless Botswana. Her role as GM: Customer Care is to provide professional customer care inputs to the creation and maintenance of a BTCL strategy that will create and deliver shareholder value. Additionally, she directs BTCL's customer activities within an agreed framework, meeting targets for return on investment, profitability and customer satisfaction. The division comprises of post sales services, billing and collections management, contact centre and integrated channel management.

Boitumelo Masoko – General Manager: Sales

Age	44 years
Qualifications	Bachelor of Arts-Social Sciences (University of Botswana) MSc-Strategic Management (University of Derby-UK)
Residence	Plot No. 15615, Extension 44, Gaborone
Abbreviated CV	Boitumelo has been in the telecommunications industry for over 18 years with her main focus and speciality being sales, customer service and product and people management. Prior to this appointment, she was General Manager: Fixed and General Manager, responsible for Revenue Generation. Boitumelo is also the chairperson of the Botswana Telecommunications Limited Pension fund. The sales division will ensure that BTCL remains relevant and competitive in the mature and highly competitive Botswana market defending the BTCL revenues and customer base. Prior to formation of the sales division, one customer was served by three sales people. To deliver improved customer experience and improved service delivery, this model has been changed such that one customer will now be served by one person who will sell all the three BTCL main product lines – Home & Office, beMOBILE and Broadband. The sales division comprises of four departments, being business development, corporate and Government accounts, small and medium enterprises accounts, and consumer and SOHO accounts.

PART C:
FINANCIAL INFORMATION

36. *PRO FORMA* PROFIT HISTORY AND PROFIT FORECAST

36.1. *Pro forma* Statements of Comprehensive Income

The *pro forma* statements of comprehensive income for the financial years ended 31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012 and 31 March 2011 are shown below.

The *pro forma* statements of comprehensive income, for illustrative purposes only, are the responsibility of BTCL's directors and have been prepared based on the notes on adjustments to historical information listed below.

	Notes	2011 Adjusted P'000	Notes	2012 Adjusted P'000	Notes	2013 Adjusted P'000	Notes	2014 Actual P'000	Notes	2015 Actual P'000
Sale of goods and services		1 065 112		1 173 908		1 356 855		1 454 487		1 479 988
Interest income		21 311		13 415		18 451		25 144		26 066
Revenue		1 086 423		1,187,323		1 375 306		1 479 631		1 506 054
Cost of services and goods sold		(427 694)		(512 321)		(566 760)	**4**	(817 231)		(566 070)
Gross Profit		658 729		675 002		808 546		662 400		939 984
Other Income		41 504		60 071		66 600		52 114		39 652
Selling and distribution Costs		(11 883)		(36 098)		(34 510)		(42 955)		(46 745)
Administrative expenses		(297 873)		(309 173)		(357 863)		(376 240)		(416 656)
Other Expenses		(160 220)		(152 756)		(198 669)		(292 091)		(315 666)
Operating profit		230 257		237 046		284 104		3 228		200 569
Finance costs		(2 867)		(184)		(184)		(208)		0
Profit before tax		227 390		236 862		283 920		3 020		200 569
Income tax expense	**1**	(50 026)	**1**	(52 110)	**1**	(62 462)		(2 880)		(53 814)
Profit for the year		177 364		184 752		221 458		140		146 755
Gains on property revaluation		-		108 210		-		-		188 741
Other comprehensive income for the year (net)		-		108 210		-		-		188 741
Total comprehensive income for the year		177 364		292 962		221 458		140		335 496
Dividends		45 263		56 848		59 216	**2**	405 449	**5**	0
Number of shares in issue	**3**	800 000 000	**3**	800 000 000	**3**	800 000 000	**3**	800 000 000	**3**	800 000 000
Earnings per share (thebe)		22.17		23.09		27.68		0.02		18.34
Dividend per share (thebe)		5.66		7.11		7.40		50.68	**5**	0

Notes on adjustments to historical information:

1) BTCL was converted to a company with effect from 01 November 2012 and from this date BTCL effectively became a corporate tax payer. A notional income tax expense at 22% of profit before tax has been applied to the financial years ended 31 March 2012 and 31 March 2011. For the financial year ended 31 March 2013, an adjustment has been made to the income tax expense to derive a charge of 22% on profit before tax, as the Company became a taxable entity with effect from 1 November 2012. These adjustments have been made for comparative purposes.
2) The dividend paid in the financial year ended 31 March 2014, comprises a special dividend paid to the Government of Botswana.
3) The number of shares in issue is after the share split of 800 shares for every share in issue.
4) Included in cost of services and goods sold is an asset impairment charge amounting to P266 051 000.
5) No dividend was declared in 2015 to preserve cash for financing of capital requirements in line with the Company's strategy.

The *pro forma* statements of comprehensive income have been reported on by the Independent Reporting Accountant, whose report is included as Annexure 5 to this Prospectus.

36.2. Profit forecast

The unaudited profit forecast for BTCL for the financial year ending 31 March 2016 is shown below.
The unaudited profit forecast is the responsibility of BTCL's directors and has been prepared based on the notes and assumptions listed below.

	Notes	2016 Forecast P'000
Sale of goods and services		1 468 599
Interest income		28 326
Revenue		1 496 925
Cost of services and goods sold	1	(876 910)
Gross Profit		620 015
Other Income		25 302
Selling and distribution costs		(51 826)
Administrative expenses		(417 630)
Other expenses	2	(339 907)
Operating loss		(164 046)
Finance costs		-
Loss before tax		(164 046)
Income tax credit	3	36 090
Loss for the year		(127 956)
Other comprehensive income for the year	4	-
Total comprehensive loss for the year		(127 956)
Weighted average number of shares in issue	5	820 833 333
Loss per share (thebe)		**(15.59)**
Earnings per share before impairment adjustment (thebe)	1	**13.47**

Notes and assumptions made

1 An indicative impairment charge was calculated by management amounting to P305 843 000, against property, plant and equipment, to recognise a write down in the carrying value of the operating assets in use by BTCL. This adjustment is an estimate, as a full impairment exercise will be conducted by management and the full impact of the adjustment will be reflected in the 2016 financial statements of BTCL. A corresponding credit adjustment of P67 285 000 was made to the tax charge and deferred tax asset.

2 Listing expenses (refer section 73 of the Prospectus) have been charged to profit and loss in accordance with International Financial Reporting Standards and are included in Other Expenses.

3 Tax has been calculated at the corporate rate of 22%.

4 Land and buildings, included as part of property, plant and equipment, are measured at revalued amount less accumulated depreciation on buidings and impairment losses recognised at the date of revaluation. Valuations are performed every 3 years by an independent valuator. The next revaluation of land and buildings is due for the financial year ending 31 March 2018 and, therefore, no gains or losses arising from the revaluation have been reflected in the forecast for 2016.

5 The weighted average number of shares in issue is after the share split of 800 shares for every share in issue and takes into account the issue of 250 000 000 shares on or about 26 February 2016.

The unaudited profit forecast has been reported on by the Independent Reporting Accountant, whose report is included as Annexure 6 to this Prospectus.

36.3. Additional financial information – Profit forecasts

The Directors are making the following numbers available for illustrative purposes only and wish to emphasise that they cannot and have not verified or procured an audit of these numbers and the related assumptions. It must be noted that the numbers below have not been audited or reviewed by any advisors, accountants or auditors. The Directors believe that these numbers (read with the related assumptions) give a fair indication of what the future performance of BTCL is likely to be, although it must be emphasised that these numbers and the related assumptions have not been independently verified or reviewed by any advisors, accountants or auditors.

Profit forecasts:

Year ending 31 March	2017 P'000	2018 P'000
Revenue	1 520 282	1598 565
Total expenditure	1 388 997	1 464 897
Operating profit	131 285	133 668
Interest income	16 015	11 726
Profit before tax	147 300	145 394
Taxation	(32 406)	(31 987)
Profit after tax	**114 894**	**113 407**
Number of shares in issue post listing	1 050 000 000	1 050 000 000
Earnings per share (thebe)	10.94	10.80

37. *PRO FORMA* STATEMENT OF FINANCIAL POSITION

The *pro forma* statement of financial position is the responsibility of BTCL's directors. The *pro forma* statement of financial position, for illustrative purposes only, has been prepared based on the notes and adjustments to historical information listed below. Because of its nature, the *pro forma* statement of financial position cannot give a complete picture of the entity's financial position.

	Notes	1 April 2015 P'000
ASSETS		
Non current assets		
Property, plant and equipment	**3**	1 526 439
Intangible asset		29 758
Deferred tax assets	**3**	26 611
		1 582 808
Current assets		
Inventories		93 928
Trade and other receivables		327 388
IRU prepayment		34 000
Cash and cash equivalents	**1**	615 977
		1 071 293
Total assets		**2 654 101**
EQUITY AND LIABILITIES		
Capital and reserves		
Stated Capital	**2**	478 892
Revaluation reserve		351 574
Accumulated profits		1 342 464
		2 172 930
Non current liabilities		
Development grants		167 983
Employee related provisions		33 529
		201 512
Current liabilities		
Trade and other payables		227 672
Current portion of development grants		24 397
Current portion of deferred revenue		907
Employee related provisions		26 683
		279 659
Total equity and liabilities		2 654 101
Number of shares in issue at date of listing		1 050 000 000
Net Asset Value (NAV) per share (thebe)	**3**	206.95

Notes on adjustments to historical information:

1 Cash and cash equivalents includes adjustments for cash raised from the offer for subscription and the redemption of preference shares. The effect of the adjustments are shown below:

	P'000
Cash and cash equivalents	
Before adjustments	365 977
- Cash raised from offer for subscription	250 000
Adjusted cash and cash equivalents	**615 977**

2 The stated capital includes P250 million raised from the offer for subscription in terms of the IPO.

3 Subsequent to 1 April 2015 an impairment adjustment was recognised against property, plant and equipment as described in 36.2. After the impairment adjustment, net of taxation, the net asset value reduces to 184.23 thebe per share..

The *pro forma* statement of financial position has been reported on by the Independent Reporting Accountant, whose report is included as Annexure 5 to this Prospectus.

38. ANNUAL FINANCIAL STATEMENTS FOR THE THREE YEARS ENDED 31 MARCH 2015

The audited financial statements for the three years ended March 2015 are set out in Annexures 1, 2 and 3.

39. MATERIAL CHANGES

There has been no material change in the financial or trading position of BTCL between 31 March 2015 and the Last Practicable Date.

PART D:
INCORPORATION HISTORY OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED AND STATED CAPITAL

40. HISTORY OF THE COMPANY'S STATED CAPITAL

There has been no change in the stated capital of Botswana Telecommunications Corporation since its incorporation, save in relation to the Listing.

The table below sets out all changes in Botswana Telecommunications Corporation's stated capital since the date of its incorporation on 1 November 2012, up to the date of this prospectus.

Date	Stated Capital P	Total shares in issue	Description of change
Ordinary shares			
1 November 2012	228 892 000	1 000 000	Incorporation of Botswana Telecommunications Corporation Limited
27 November 2015	228 892 000	800 000 000	Share split of 1 share into 800 Shares
Preference shares			
28 October 2014	2 301 000	2 301 000	Redemption of "preference shares" that were held by MFDP

40.1. Share split

A share split was effected on 27 November 2015 in terms of which each share in BTCL was split into 800 Shares. This share split was effected in anticipation of the Listing in order to meet the Listings Requirements and to facilitate liquidity in the trading of Shares after Listing.

40.2. Shares to be sold by the Selling Shareholder and Shares offered for subscription by the Company

Details of the Shares to be sold by the Selling Shareholder and offered for subscription by the Company in the Offer are set out in the table below:

	Number of Shares to be sold in the Sale Offer	Number of Shares to be subscribed in the for Subscription Offer	Total Number of Shares to be allocated and allotted in the Offer
Government of Botswana	212 000 000		212 000 000
BTCL		250 000 000	250 000 000
Total	212 000 000	250 000 000	462 000 000

The sale of the Sale Offer Shares by the Selling Shareholder and the allotment of the Subscription Offer Shares by the Company are all conditional on the Listing of BTCL.

41. STATED CAPITAL AT THE LAST PRACTICABLE DATE

The table below presents the stated capital of the Company as at the Last Practicable Date

	P'000
Issued stated capital	
800 000 000 no par value ordinary shares	228 892
Total issued stated capital	**228 892**

All the issued Shares of Botswana Telecommunications Corporation are of one class.

42. STATED CAPITAL IMMEDIATELY AFTER LISTING

The table below presents the stated capital of the Company expected immediately after Listing:

Issue price per Share	**P1.00**
Issued stated capital	**P'000**
1 050 000 000 Shares	P 478 892
Total issued stated capital	**P 478 892**

This table has been prepared based on the assumption that the 250 000 000 Subscription Offer Shares are issued and allotted.

43. INFORMATION ON SHAREHOLDING

Details of Shareholding, in BTCL as at the Last Practicable Date are set out below:

Shareholder	Number of shares	Percentage of BTCL Shares held
Government of Botswana	800 000 000	100%

There has been no change in controlling shareholder of BTCL or change in trading objectives of BTCL in the previous three years.

Details of anticipated shareholding in BTCL after the listing:

Shareholders	Number of Shares	Percentage of Shares held
Government of Botswana*	535 500 000	51%
Employee Share Trust	52 500 000	5%
General Public	462 000 000	44%
Total	1 050 000 000	100%

* Shares to be held through BPAH.

44. RIGHTS ATTACHING TO SHARES

The Sale Offer Shares and the Subscription Offer Shares are ordinary shares and are of the same class, and rank equally and *pari passu* in all respects with the shares in issue as at the Listing Date. Ordinary shares in the Company are entitled to:

(i) participate equally in any dividend distributed; and
(ii) one vote on a show of hands; and
(iii) one vote for each share held on a poll.

Rights of shares of a class can be changed only by resolution approved by 90% of the holders of shares in that class.

Refer to Annexure 9 for the details of the rights attaching to Shares.

The BSE has given consent to the imposition of a restriction on the transferability of Shares in the form of the requirement that Shares can only be held and registered in the name of natural persons who are Citizens of Botswana or corporate entities registered or operating in Botswana which are at all times wholly Citizen owned per the terms of the Constitution. This is a special dispensation from the ordinary Listings Requirements.

45. OPTIONS IN RESPECT OF SHARES

No options in respect of BTCL Shares exist at the Last Practicable Date.

46. ISSUES OR OFFERS OF SECURITIES OF BTCL DURING THE PRECEDING THREE YEARS

There have been no issues or offers of BTCL shares in the three years preceding the Last Practicable Date.

47. OTHER INFORMATION RELATING TO BOTSWANA TELECOMMUNICATIONS CORPORATION SHARES

Prior to the Last Practicable Date:

- there have been no offers for subscription or sale of any ordinary shares or other shares of BTCL to the public;
- other than for the now redeemed "preference shares", the only class of Shares in issue is ordinary shares and no Shares have previously been listed on any stock exchange.

PART E:
PARTICULARS OF THE OFFER

48. PURPOSE OF THE OFFER AND LISTING

The objectives of the Offer and Listing are to:
- achieve widespread Citizen participation in the ownership of BTCL;
- improve the efficiency and effectiveness of service delivery by BTCL;
- raise capital for the Company to provide funding in relation to its future growth; and
- raise the Company's profile and create investor awareness of BTCL locally.

49. THE OFFER

The Offer comprises Shares being sold by the Selling Shareholder as part of the Sale Offer as well as Shares being issued by the Company as part of the Subscription Offer. Full details of the Offer Shares are included in Section 40.2.

The Public Offer is conditional on the Listing of all the issued Shares on the BSE, failing which, the Public Offer and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against BTCL or the Selling Shareholder or any other person as a result of the failure of any condition.

BSE approval of the Listing is conditional on attainment of a spread of shareholders acceptable to the BSE.

The Shares to be issued in relation to the Offer for Subscription will rank *pari passu* in all respects with the existing Shares.

50. OFFER PRICE

The Public Offer Price is P1.00 per Share.

The Public Offer Price was released on the BSE News Service (X-News) on 21 December 2015 and published in the press thereafter.

The net amount of the consideration to be received by the Company in respect of the Shares being issued by the Company as part of the Subscription Offer shall be P250 000 000 minus any costs relating to the Subscription Offer. The net amount of consideration to be received by the Selling Shareholder in respect of the Sale Offer shall be P212 000 000.

51. USE OF PROCEEDS

The proceeds of the Offer shall be applied to:
- providing capital to BTCL to fund future growth.
- provide working capital to BTCL for utilisation in the ordinary course of business.
- pay the Selling Shareholder for Shares sold as part of the Offer.

52. TIME AND DATE OF THE OPENING AND CLOSING OF THE OFFER

The Offer opens at 09:00 Monday, 11 January 2016 and is expected to close on 17:00 Friday, 04 March 2016.

Applications for participation in the Offer will be received up until 17:00 Friday, 04 March 2016.

Any material changes to the Offer will be released on the BSE News Service (X-News) and published in the Botswana press.

53. CONDITIONS PRECEDENT

The Offer is conditional on the Listing of all the issued Shares on the BSE, failing which, the Offer and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against BTCL or any other person as a result of the failure of any condition.

The Offer and Listing is subject to achieving a free float and spread of shareholders acceptable to the BSE (see Section 60).

54. UNDERWRITING

In line with the Government's objective for broad public participation in the privatisation of BTCL by way of a Listing on the BSE, the Subscription Offer has been underwritten by the Government and in terms of the Sale Offer the Selling Shareholder will retain any shares that it does not sell. Post completion of the Offer it is the intention of Government to transfer all the Shares held by Government at that stage in BTCL to BPAH.

55. REPRESENTATION

Any person applying for Offer Shares in terms of the Offer shall be deemed to have represented to BTCL and the Government that such person was in possession of a copy of this Prospectus at that time and that such person is eligible in terms of the application criteria as per Section 56 below.

Any person applying for or accepting an offer of Offer Shares on behalf of another shall be deemed to have represented to BTCL and the Government that:

- such person is duly authorised to do so and that the person on whose behalf he/she acts is a Citizen;
- such person, and the proposed subscriber or purchaser for whom such person is acting as agent, is duly authorised to do so in accordance with all relevant laws;
- such person guarantees the payment of the Public Offer Price; and
- a copy of this Prospectus was in the possession of the proposed subscriber or purchaser for whom such person is acting as agent.

56. APPLICATION FOR SHARES

Application for the Offer may only be made on the applicable application form attached to the back of this Prospectus. Such applications must be made in accordance with the terms and instructions set out in the applicable application form.

Notwithstanding that the terminology used in this Prospectus is that of an offer, the applications completed by the Applicants shall constitute an offer to BTCL and the Selling Shareholder for the Offer Shares, and shall not constitute an acceptance of the Offer contained in this Prospectus by BTCL or the Selling Shareholder.

The Offer and Listing is subject to achieving a free float and spread of shareholders acceptable to the BSE and the Offer is available only to:

i. natural persons who are Citizens of Botswana; or

ii. corporate entities registered or operating in Botswana which are wholly Citizen owned; or

iii. unincorporated associations, partnerships, and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly Citizen owned; or

iv. trusts whose ultimate beneficiaries are all Botswana Citizens; or

v. Local Pension Funds managed by institutional investors registered in Botswana; or

vi. any other entities operating in Botswana which are wholly Citizen owned; or

vii 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.

Your attention is drawn to Annexure 9 in this regard.

57. PUBLIC OFFER

For the purpose of the Public Offer, copies of this Prospectus may be collected from the Company's registered office, all Barclays branches in Botswana, select BotswanaPost branches in Botswana, all BTCL retail outlets, select Choppies branches in Botswana all as indicated in Annexure 11 to this Prospectus and from the offices of the Sponsoring Broker.

58. ALLOTMENT, ALLOCATION AND PAYMENT

The basis of allotment and allocation of the Offer Shares will be determined on an equitable basis by an allotment and allocation committee consisting of representatives from BTCL, MTC and MFDP acting in their sole discretion, after consultation with the relevant advisors.

In the event of an over-subscription, the order of preference in terms of the allotment and allocation will be natural persons who are Citizens of Botswana, then corporate entities registered or operating in Botswana which are wholly Citizen owned, unincorporated associations, partnerships, pension and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly Citizen owned, trusts whose ultimate beneficiaries are all Citizens, any other entities operating in Botswana which are wholly Citizen owned and then Local Pension Funds which are managed by institutional investors registered in Botswana. The formula for the basis of allotment and allocation will be calculated in such a way that a person will not, in respect of his/her application, receive a lesser number of Shares than any other person that applied for the same number or a lesser number of Shares.

Applicants may receive no Offer Shares or fewer Offer Shares than the number for which they applied.

There can be no dealing in Offer Shares prior to delivery of Offer Shares to the CSD account of an Applicant.

Results of the Public Offer shall be published in the local press no more than five days following the close of the Public Offer or such longer period as the BSE may approve, and refund cheques, where applicable, will be sent by post within one month after the closing of the Public Offer or such longer period as the BSE may approve.

59. APPLICABLE LAW

The Offer, applications, allotment, allocations and acceptances will be governed exclusively by the laws of Botswana.

Each applicant will be deemed, by applying for Public Offer Shares, to have consented and submitted to the jurisdiction of the courts of Botswana in relation to all matters arising out of or in connection with the Public Offer.

60. LISTING OF THE SHARES ON THE BSE

Application has been approved by the BSE for the listing of the entire issued ordinary stated capital of BTCL on the Domestic Main Board of the BSE subject to:

– attainment of a spread of shareholders, acceptable to the BSE, constituting at least 300 public shareholders; and
– a minimum of 20% of the Shares being held by the public, as defined by the Listings Requirements.

Upon fulfilment of the above BSE conditions, the Listing is expected to be effective from the commencement of business on Friday, 08 April 2016.

61. ISSUE COSTS AND TRANSFER COSTS

BTCL shall bear and pay the costs it may be required in law to bear and pay associated with the issue of all Subscription Offer Shares allotted and issued pursuant to the Subscription Offer.

The Selling Shareholder shall bear and pay the costs it may be required in law to bear and pay associated with the transfer of all Sale Offer Shares to successful applicants pursuant to the Offer.

62. RISKS RELATED TO THE OFFER

- **The absence of an existing market for the Shares may limit their liquidity.**
  - Risk: Although the Shares are expected to be listed on the BSE, there is no guarantee that an active trading market for the Shares will develop and continue after the Offer. If no active trading in the Shares develops or continues after the Offer, this could have a material adverse effect on the liquidity and the market price of the Shares.
  - Mitigation: BPAH will be appointed to act as market maker for the Shares post the Listing Date and will operate in accordance with the BSE rules from time to time in connection with such activity. The Public Offer Price will be determined by the Selling Shareholder, and the Directors of BTCL and may not be indicative of the market price of the Offer Shares after the Listing.

- **The market price of the Shares may prove to be volatile and is subject to fluctuations, including significant decreases.**
  - Risk: The market price of the Shares could be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to BTCL's financial performance. These include changes in general market conditions, the general performance of the BSE, changes in sentiment in the market regarding the Shares (or securities similar to them), regulatory changes affecting BTCL's operations, variations in BTCL's operating results, business developments for BTCL or its competitors, the operating and share price performance of other companies in the industries and markets in which BTCL operates, or speculation about BTCL's business in the press, media or the investment community. Furthermore, BTCL's operating results and prospects from time to time may be below the expectations of market analysts and investors.

    Any of these events could result in a decline in the market price of the Shares.

- **BTCL may not be able to declare and make dividend payments now and in the future.**
  - Risk: BTCL's ability to pay dividends on the Shares is dependent upon the availability of distributable reserves and the dividends it may declare may be restricted to protect the security of BTCL, as applicable legislation does not allow for the payment of dividends unless capital adequacy requirements are met.

PART F:
ADDITIONAL INFORMATION

63. PRINCIPAL IMMOVABLE PROPERTY OWNED OR LEASED

The BTCL Board confirms that there is no immovable property or leased property used by the Company in connection with its business, acquired in the last two years preceding the Last Practicable Date, as required by section 12 of the Tenth Schedule in the Companies Act.

The principal immovable property held and occupied by the Company is Plot 50350, Megaleng House, Gaborone Botswana measuring 11 213m^2. Megaleng House is valued at P 196 386 549.39 and there is a deed of fixed period State grant (the "**Deed**"), granting BTCL occupation and use of Plot 50350 for 50 years. The commencement date of the Deed is 21 October 1996. Additional details in respect of immovable property held and occupied by BTCL is contained in the legal due diligence report, one of the documents available for inspection in terms of section 79.

64. PROPERTY AND BUSINESS ACQUIRED OR TO BE ACQUIRED

No material acquisitions of any securities in or the business undertaking of any other companies or business enterprises or any immovable properties or other properties in the nature of a fixed asset or any option to acquire such property has been made by BTCL during the three years preceding publication of this Prospectus.

BTCL does not intend to use any of the proceeds of the Subscription Offer to acquire any securities in or the business undertaking of any other companies or business enterprises or any immovable properties or other properties in the nature of a fixed asset or any option to acquire such property in the foreseeable future, other than in the normal course of business.

Excluding subsidies obtained from Government, no material assets have been purchased or acquired from the Selling Shareholder by the Company during the three years preceding publication of this Prospectus.

65. DISPOSAL OF PROPERTY

Other than in relation to the Separation Restructuring, no material business undertaking or business enterprises or any immovable properties or other properties in the nature of a fixed asset have been disposed of by BTCL during the three years preceding publication of this Prospectus.

66. MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

66.1. Capital expenditure

As at 31 March 2015 the Company had the following capital commitments:

Capital commitments	Amount (P' 000)
Contracted but not paid	108 656
Authorised but not contracted	323 902
Total capital commitments	**432 558**

These commitments will be financed by internally generated funds and from the proceeds of the Subscription Offer.

66.2. Other commitments – IRU agreement

The entity entered into capacity arrangement with BOFINET for 10 years effective 01 April 2014. As per the agreement,the grantor grants the grantee an indefeaseble, exclusive and irrevocable right of use of the transmission (IRU). BTCL will be purchasing bandwidth capacity for Pula 340 million over the 10 years thus Pula 34 million per year. The payment schedule is as below:

First payment-P68 million paid on 31 July 2014;
Second payment-P96 million payable on 1st April 2015;
Third payment-P96 million payable on 1st April 2016; and
Final payment-P80 million payable on 1st April 2017;

66.3. Lease payments

Future minimum lease payments payable under non-cancellable operating leases as at 31 March 2015 are as follows:

Operating lease commitments (BTCL as lessee)	Amount (P'000)
Balance due within 1 year	6 669
Balance due within 2 and 5 years	8 286
Balance due after 5 years	5 186
Total operating lease commitments	**20 141**

Operating lease commitments (BTCL as lessor)	Amount (P'000)
Balance due within 1 year	1 381
Balance due within 2 and 5 years	2 887
Balance due after 5 years	1 846
Total operating lease commitments	**6 114**

In addition to the above, the Company has entered into service and maintenance contracts with third parties. The majority of the operating leases with the Company as lessor are in respect of sites on which radio site premises have been built and sub-let by the Company. These leases comprise of fixed rentals payable on a monthly basis with annual escalations of 10% per annum generally with a one month notice.

67. STATEMENTS AS TO ADEQUACY OF CAPITAL

The Directors of BTCL are of the opinion that the issued stated capital and working capital available to BTCL after the receipt of the Subscription Offer proceeds will be sufficient for the foreseeable future.

68. MATERIAL LOANS PAYABLE BY BTCL

As at the Last Practicable Date, there were no material loans payable by BTCL.

69. MATERIAL LOANS RECEIVABLE BY BTCL

As at the Last Practicable Date, there were no material loans receivable by BTCL.

70. LOANS MADE BY BTCL TO DIRECTORS

As at the Last Practicable Date, there are no loans made or security furnished by BTCL to or for the benefit of any Director or any associate of any Director of BTCL.

As at the Last Practicable Date, there are no material loans made or security furnished by BTCL to or for the benefit of any manager or any associate of any manager of BTCL.

71. MATERIAL CONTRACTS OUTSIDE OF THE ORDINARY COURSE OF BUSINESS

Details of material contracts entered into by the Company outside of the ordinary course of business and the salient terms thereof appear in Annexure 7.

72. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the Company is aware that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Company's financial position. The Company is, however, party to various legal proceedings in the ordinary course of its business but the Company does not believe that these will have a material adverse impact on the Company or its financial position.

73. LISTING EXPENSES

The estimated cost of the Offer and the Listing excluding VAT, are set out below. There are no preliminary expenses relating to the Offer and the Listing.

Expense	Names	P'000
Legal advisors to the Selling Shareholder	Collins Newman & Co.	2 780
Legal advisors to BTCL	Monthe Marumo & Co. and ENSafrica	800
Financial advisors to the Selling Shareholder and Reporting Accountants	Deloitte & Touche	2 930
Financial advisors to BTCL	Investec	5 365
Sponsoring Broker	Stockbrokers Botswana	320
Communications advisor	Hotwire	540
Printing and publication		250
BSE Listing and documentation fees (estimate)		50
Receiving Bank	Barclays Bank	950
Transfer Secretaries	Corpserve Botswana	480
Estimated Total		14 465

Estimated total

The estimated expenses will be paid by BTCL and the Selling Shareholder. The expenses paid for by BTCL will be written off against the stated capital account to the extent permissible by the Companies Act, after the Listing.

74. INTERESTS OF DIRECTORS AND PROMOTERS

Save as otherwise disclosed above, none of the Directors of BTCL has, or has had:

– any material interest, direct or indirect, in any transaction entered into by the Company during the current or immediately preceding financial year or in any earlier period, that remain in any respect outstanding or unperformed;

– any material beneficial interest, direct or indirect, in the promotion of the Company or in any property acquired during the three years preceding the date of this Prospectus; and

– no sums have been paid or agreed to be paid to any of the Directors or to any associate of any Directors to induce him to become a director of BTCL or otherwise for services rendered by him to BTCL, other than disclosed herein.

Likewise, none of the promoters has had any such interest.

75. COMMISSIONS OR AMOUNTS PAYABLE TO PROMOTERS

No commissions or any other amounts were paid to promoters during the three years preceding publication of this Prospectus. Commission at the rate of 0.85% on the value of shares allotted or allocated to a successful applicant in terms of an Application will be paid by either BTCL or the Selling Shareholder depending on whether such shares were allotted or allocated from the Offer for Subscription or from the Sale Offer to the stockbroker's whose stamp appears on such Application forms.

76. REGISTRATION OF PROSPECTUS

This Prospectus was registered in terms of Section 308 of the Companies Act by CIPA.

77. CONSENTS

The Financial Advisors to the Selling Shareholder and Reporting Accountants, Legal Advisors to the Selling Shareholder, Financial Advisors to the Company, Legal Advisors to the Company, Sponsoring Broker, Receiving Bank, Transfer Secretaries and Communications Advisors have given and have not, prior to registration of this Prospectus by the Registrar of Companies in Botswana, withdrawn, their written consents to the inclusion of their names and, where applicable, reports in the form and context in which they appear. Such written consents accompany this Prospectus lodged with CIPA on or about 18 December 2015.

78. DEMATERIALISED BTCL SHARES

Shares may only be traded in dematerialised form on the BSE. Shares will not be issued in certificated form as per the Constitution (see Annexure 8).

79. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of BTCL in Gaborone, Botswana at any time during business hours on business days prior to the Closing Date:

– the Constitution;

– the BTCL Board Charter and the various BTCL Board Sub-Committees' Terms of Reference;

– annual financial statements for BTCL for the years ended 31 March 2013, 2014 and 2015;

– the Independent Reporting Accountant's Assurance Report on the compilation of *pro forma* financial information included in the Prospectus, the text of which is included in Annexure 5 to this Prospectus;

– the Independent Reporting Accountant's Assurance Reports on the profit forecast included in the Prospectus, the text of which is included in Annexure 6 to this Prospectus;

– Legal Due Diligence Report issued by Collins Newman & Co;

– Financial Due Diligence issued by Deloitte and Touche;

– Valuation Report issued by Deloitte and Touche;

– copy of a letter from MFDP dated 10 December 2015 in respect of the underwriting for the Offer for Subscription;

– the written consents referred to in Section 77 above;

– the Shareholder Compact;

– a letter from MTC dated 14 August 2013 in relation to Separation between BTCL and BoFiNet;

– copies of material contracts out of the ordinary course of business referred to in Annexure 7; and

– this Prospectus, duly signed.

PART G:
CORPORATE GOVERNANCE

80. CORPORATE GOVERNANCE

The BTCL Board is committed to the practice of good corporate governance and the guidelines of the BSE Code of Corporate Governance, King III, BSE Listings Requirements and the Companies Act.

The key features of BTCL's approach to corporate governance are set out below. In addition, special attention is to be given to:

- providing all stakeholders and the financial investment community with clear, concise and timely information about the Company's operations and results;
- ensuring appropriate business and financial risk management;
- ensuring that no employee may deal, directly or indirectly, in BTCL Shares on the basis of unpublished price-sensitive information regarding the business; and
- acknowledging the Company's social responsibility and providing assistance and development support to the communities in which it operates, and to deserving institutions at large.

Non-compliance with the BSE Code of Corporate Governance and the King Code

It should be noted that BTCL has previously been a parastatal and has therefore not been obliged to comply with the BSE Code of Corporate Governance.The BSE Code of Corporate Governance will be applied throughout BTCL and by the publication of its 31 March 2016 set of annual financial statements the Directors are confident that they will be able to state that the Company is compliant with the BSE Code of Corporate Governance.

80.1. BTCL Board of Directors

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

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

Non-executive Directors

The BTCL Board has 6 non-executive Directors. Non-executive Directors bring with them diversity of experience, insight and independent judgment on issues of strategy, performance, resources and standards of conduct.

Executive Directors

The executive Directors are involved with the day-to-day business activities of BTCL and are responsible for ensuring that the decisions, strategies and views of the BTCL Board are implemented. The Managing Director cannot hold the position of Chairman.

80.2. Policies relating to nominations, appointments and division of Directors' responsibilities

Nominations and appointment of Directors

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

The Chairman of the BTCL Board is responsible for ensuring a prudent and ongoing process of Director selection and development. The Chairman may, if in the Chairman's view appropriate, co-opt other BTCL Board members to assist in this process, either informally or formally.

The Chairman, or if appropriate, the committee charged with responsibility for Director selection and development:

- makes recommendations to the BTCL Board on the size and composition of the BTCL Board generally, and the balance between executive and non-executive Directors appointed to the BTCL Board;

- makes recommendations to the BTCL Board on the appointment of new executive and non-executive Directors, (skill and experience, demographics and diversity being taken into account in this process);

- procure as far as possible that new Directors undergo an appropriate induction process which, in addition to ensuring such Directors understand their fiduciary duties, will familiarise them with the Company's operations, senior management and its business environment, and make explicit the BTCL Board's and the Chairman's expectations of them;

– the BTCL Board is responsible to put in place a plan for Management succession.

New appointments to the BTCL Board are submitted to the entire BTCL Board for approval prior to appointment.The appointment of Directors is required to be approved by shareholders in general meeting other than casual vacancies which may be filled by the BTCL Board and require approval only at the immediately succeeding annual general meeting of the Company.

Division of responsibilities

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

The Chairperson and Managing Director provide leadership and guidance to the BTCL Board and they also encourage proper deliberation of all matters requiring the BTCL Board's attention and obtain optimum input from the other Directors.

80.3. Company Secretary and professional advice

All Directors have unlimited access to the advice and services of the Company Secretary, who is responsible to the BTCL Board for ensuring that BTCL Board procedures are followed. All Directors, subject to approval, are entitled to seek professional advice at the Company's expense, concerning the affairs of BTCL.

80.4. BTCL Board committees

The BTCL Board has an Audit and Risk Committee; a Human Resources, Remuneration and Nomination Committee; and a Technology and Investment Committee. These committees are fully mandated by the BTCL Board as to their membership, scope of authority, responsibilities and duties. These committees are chaired by non-executive Directors and are comprised of a majority of non-executive Directors.

Directors' remuneration is required to be approved by shareholders in general meeting before any change.

Audit and Risk Committee

The Company's Audit and Risk Committee is chaired by a non-executive Director. The members are financially literate and no relationship exists that could interfere with the Audit and Risk Committee members' independence from management.

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

The Audit and Risk Committee provides assistance to the BTCL Board with regard to:

– ensuring compliance with applicable legislation and requirements of regulatory authorities;

– matters relating to financial accounting, accounting policies reporting and disclosure;

– appointment and retention of external auditors;

– external audit policy;

– review/approval of external audit plans, findings, problems, reports and fees;

– compliance with the Code of Corporate Practices and Conduct; and

– internal audits.

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

Human Resources, Remuneration and Nomination Committee

The Company's Human Resources, Remuneration and Nominations Committee is chaired by a non-executive Director, and is advised, if required, by independent outside experts. The Committee meets at least four times a year and its mandate includes:

– recommending to the Board nominations for Board membership, General Managers and Managing Director appointments;
– ensuring alignment of the remuneration strategy and policy with BTCL's business strategy, desired culture, shareholders' interests and commercial well-being;
– determining remuneration packages needed to attract, retain and motivate high performing executives without paying more than is necessary for this purpose;
– ensuring that remuneration levels relative to other comparable companies are pitched at the desired level taking relative performance into account;
– ensuring adequacy of retirement and health care funding for senior executives;
– communicating remuneration policies, and strategic goals and objectives to all stakeholders; and
– identifying candidates and making recommendations for the appointment of Directors.

On behalf of the BTCL Board, the Human Resources, Remuneration and Nomination Committee:
- reviews remuneration levels of senior executives;
- reviews performance-based incentive schemes, and the related performance criteria and measurements, including share option allocations; and
- reviews fees payable to non-executive Directors (as a separate process from executive remuneration reviews) for confirmation of the BTCL Board.

Remuneration is a key component of the performance management process and an enabler for BTCL to attract, motivate and retain top-calibre people.

The Human Resources, Remuneration and Nominations and the Audit and Risk Committees review their terms of reference annually, consult with the Company Secretary and draw extensively on external surveys, independent advice and information.

Technology and Investment Committee
The duties of the Committee include the following:

To assist the Board with governance of Technology, including, to:
- review BTCL's technology planning and strategy, including the financial, tactical and strategic benefits of proposed significant technology-related projects and initiatives;
- receive reports on existing and future trends in technology that may affect BTCL's strategic plans, including monitoring overall industry trends;
- provide oversight over new innovative technology developments for future deployment within the Company;
- increase awareness of key technology changes and innovations within the Company and in the marketplace;
- review and endorse technology investments / projects including monitoring and reviewing post implementation results of all such key technology projects;
- take responsibility for technology tasks delegated to the Committee;
- ensure that the Company's business and technology plans are integrated;
- ensure that there are robust processes in place to identify, and exploit where appropriate, opportunities to improve the performance and sustainability of the Company in the triple context (People, Planet and Profit) through effective and efficient use of technology;
- 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 intellectual property, investment decisions and tendering processes) to be treated by the Company as an important business asset and that all personal information that is processed by the Company is identified; and
- ensure that an Information Security Management System (ISMS) is developed and incorporates the following high-level information security principles:
  - confidentiality of information;
  - integrity of information; and
  - availability of information and information systems in a timely manner.

To assist the Board with investment activities, including, to:
a) Investments
- review the performance of BTCL investments linked to the overall investment strategy;
- consider capital projects, acquisitions and disposal of assets in line with the BTCL's overall strategy;
- consider changes in the scope of projects that exceed limits as may be determined by the Board from time to time in approving the tender regulations, whether once-off or collectively, of the approved project estimate;
- approves and advises to the Board any other investment, not included above, that exceeds amounts which are defined in the delegation of authority;
- perform such other investment related functions as may be determined by the Board from time to time;
- consider the viability of the capital projects and/or acquisitions and/or disposals and the effect they may have on the Group's cash flow, as well as whether they comply with the Group's overall strategy;
- ensure that appropriate due diligence procedures are followed when acquiring or disposing of assets; and
- oversee the proper value delivery of Technology and ensuring that the expected return on investment from significant Technology investments and projects is delivered and that the information and intellectual property contained in the information systems are protected.

b) Mergers & Acquisitions Transactions and Approval Policies

From time to time, evaluate and revise Merger & Acquisition approval policies for investment, acquisition, enterprise services, joint venture and divestiture transactions, and consider requests from management to approve such proposed transactions.

c) Evaluation of Completed Transactions

Evaluate the execution, financial results and integration of completed investment, acquisition, enterprise services, joint venture and divestiture transactions.

d) Recommendations to the Board

From time to time, report to the Board and make recommendations to the Board as to scope, direction, quality, investment levels and execution of investment, acquisition, enterprise services, joint venture and divestiture transactions.

e) Strategic Alliances

Oversee and recommend strategic alliances.

f) Loans and Obligations

Oversee loans and loan guarantees of third party debt and obligations.

g) Investor Relations

Review the activities of investor relations.

To assist the Board with material tender decisions including, to:

Procurement

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

80.5. Risk management

Effective risk management is integral to the Company's objectives of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk exposure involving segregation of duties, transaction supervision, monitoring, financial and managerial reporting.

80.6. Internal control systems

To meet its responsibility with respect to providing reliable financial information, BTCL and divisions maintain financial and operational systems of internal control.

These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal, and those transactions are properly authorised and recorded.

The system includes documented organisational structures and division of responsibilities, established policies and procedures to foster a strong ethical climate and the careful selection, training and development of people.

External auditors will report material internal control weaknesses that they identify during the course of their external audit to management and the Audit and Risk Committee. Corrective actions will be taken to address control deficiencies as they are identified. The BTCL Board, operating through its Audit and Risk Committee, oversees the financial reporting process and internal control system.

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

80.7. The environment, health, safety and sustainability

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

80.8. Business ethics

BTCL is committed to conduct its business honestly, fairly, legally, transparently and observing all relevant citizen empowerment policies.

81. PARAGRAPHS OF THE TENTH SCHEDULE TO THE COMPANIES ACT WHICH ARE NOT APPLICABLE TO THE PROSPECTUS

Paragraph 24
Part III (paragraphs 32 – 48)

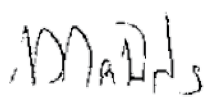
82. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear in Sections 31.1 and 31.2 of Part B of this Prospectus, and are listed below, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts that have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Prospectus contains all information required by law and the Listing Requirements.

The Directors confirm that the Prospectus includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Applicant, and of the rights attaching to the securities to which this Prospectus relates.

The Directors are defined on page 13 of this Prospectus and disclosed in Sections 31.1 and 31.2 of this Prospectus.

Signed by Chairman and the Managing Director duly authorised for and on behalf of each member of the BTCL Board on 18 December 2015 at Megaleng House, Gaborone.



Chairman

Managing Director

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

Signed by the Government of Botswana, acting by way of the Ministry of Transport and Communications on18 December 2015 at Megaleng House, Gaborone - as required by Section 307(2) of the Companies Act.

Minister of Transport and Communications

GOVERNMENT OF BOTSWANA, ACTING BY WAY OF THE MINISTRY OF TRANSPORT AND COMMUNICATIONS

ANNEXURE 1: AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2013

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BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

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

Against this background, the Members of the Board accept responsibility for the financial statements and the information on pages 74 to 111 which were approved on September 13, 2013 are signed on its behalf by

L M Makwinja
Chairperson

Paul Taylor
Managing Director

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

GENERAL INFORMATION

For the year ended 31 March 2013

Directors

Leonard Makwinja (Chairman)
Paul Taylor (CEO)
Serty Leburu
Alan Boshwaen
Dr Geoffrey Seleka
Choice Pitso
Daphne Matlakala
Cecil Masiga

Incorporation of Botswana Telecommunications Corporation Limited

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

Registered Office

Megaleng Khama Crescent
Plot 50350
P.O. Box 700
Gaborone, Botswana

Bankers

African Banking Corporation Botswana Limited
Barclays Bank Botswana Limited
First National Bank Botswana Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited

Auditor

Ernst & Young
P.O. Box 41015
Gaborone, Botswana

In terms of the BTC Act, the Auditor General of Botswana has been empowered to carry out the audit of the Company. Under a special dispensation, he has delegated the power to Ernst & Young, a firm of Certified Public Accountants.

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

REPORT OF THE INDEPENDENT AUDITORS

For the year ended 31 March 2013

TO THE MEMBERS OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

Report on the financial statements

We have audited the annual financial statements of Botswana Telecommunications Corporation Limited, which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 74 to 111.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana (Companies Act, 2003), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Telecommunications Corporation Limited as of 31 March 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana.

Ernst & Young

Ernst & Young Gaborone 13/9/13

Practicing Member: Bakani Ndwapi (19980026)

Certified Auditor

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 P'000	2012 P'000
Sale of goods and services	1	1,356,855	1,173,908
Interest income	4.1	18,451	13,415
Revenue		1,375,305	1,187,323
Cost of services and goods sold	2.1	(566,760)	(512,321)
Gross Profit		808,547	675,002
Other Income	3	39,233	41,960
Selling and distribution Costs	2.2	(34,510)	(36,098)
Administrative expenses	2.3	(357,863)	(309,173)
Other Expenses	2.4	(171,301)	(134,645)
Operating profit		284,106	237,046
Finance costs	4.2	(184)	(184)
Profit before tax		283,922	236,862
Income tax expense	6	(10,277)	—
Profit for the year		273,645	236,862
Gains on property revaluation	7	—	138,731
Other comprehensive income:		—	138,731
Total comprehensive income for the year		273,645	375,593

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2013

	Notes	2013 P'000	2012 P'000
ASSETS			
Non current assets			
Property, plant and equipment	7	1,851,663	1,747,736
Intangible asset	8	34,452	25,091
Deferred lease	9	—	7,052
		1,886,114	1,779,879
Current assets			
Inventories	10	63,478	75,375
Trade and other receivables	11	252,202	233,969
Cash and cash equivalents	20.2	405,548	292,882
Current portion of deferred lease	9	—	1,323
		721,228	603,549
Total assets		2,607,343	2,383,428
EQUITY AND LIABILITIES			
Capital and reserves			
Stated Capital	13	228,892	—
Preference Share Capital	12.2	885	—
Notional share capital	12	—	21,919
Equity application account	12.1	—	207,858
Revaluation reserve	14	185,701	198,677
Accumulated profits		1,578,151	1,350,745
		1,993,628	1,779,199
Non current liabilities			
Development grants	16	224,740	239,770
Preference shares-liability portion	12	1,416	1,416
Deferred revenue	17	50,203	86,828
Employee related provisions	19	17,701	17,770
Deferred tax liabilities	6.1	10,277	—
		304,337	345,784
Current liabilities			
Trade and other payables	18	246,160	193,128
Interest payable on preference shares	15	184	184
Current portion of development grant	16	38,669	40,489
Employee related provisions	19	24,364	24,644
		309,377	258,445
Total equity and liabilities		2,607,343	2,383,428

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Notes	Stated Share Capital P'000
Balance at 31 March 2011		—
Profit for the year		—
Other comprehensive income		—
Total comprehensive income		—
Depreciation transfer for land and buildings	14	—
Ordinary dividend declared		—
Ordinary dividend paid during the year		—
Balance at 31 March 2012		—
Transfer to Stated Capital	12	—
Transfer to Preference Shares		—
Transfer from Notional Share Capital		—
Transfer from Notional Share Capital		21,034
Transfer from Equity Application Account		207,858
		228,892
Profit for the year		—
Total comprehensive income		—
Depreciation transfer for land and buildings	14	—
Ordinary dividend declared	15	—
Ordinary dividend paid during the year	15	—
Balance at 31 March 2013		**228,892**

Preference Share Capital P'000	Notional Share Capital P'000	Equity Application Account P'000	Revaluation Reserve P'000	Accumulated Profits P'000	Dividends P'000	Total P'000
—	21,919	207,858	63,171	1,167,506	—	1,460,454
—	—	—	—	236,862	—	236,862
—	—	—	138,731	—	—	138,731
—	—	—	138,731	236,862	—	**375,593**
—	—	—	(3,225)	3,225	—	—
—	—	—	—	(56,848)	56,848	—
—	—	—	—	—	(56,848)	(56,848)
	21,919	**207,858**	**198,677**	**1,350,745**	**—**	**1,779,199**
—	(21,034)	(207,858)	—	—	—	(228,892)
—	(885)	—	—	—	—	(885)
885	—	—	—	—	—	885
—	—	—	—	—	—	21,034
—	—	—	—	—	—	207,858
885	—	—	—	—	—	—
—	—	—	—	273,645	—	273,645
—	—	—	-	273,645	—	**273,645**
—	—	—	(12,976)	12,976	—	—
—	—	—	—	(59,216)	59,216	—
—	—	—	—	—	(59,216)	**(59,216)**
885	**—**	**—**	**185,701**	**1,578,151**	**—**	**1,993,628**

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Notes	2013 P'000	2012 P'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before working capital changes	20.1	421,495	353,068
Working capital adjustments:			
Decrease/(increase) in inventories		11,897	(30,239)
Decrease/(increase) in trade and other receivables		(18,233)	(71,466)
Increase in trade and other payables		43,296	18,000
Cash generated from operations		458,455	269,363
Ordinary dividend paid to Government	15	(59,216)	(56,848)
Interest on preference shares paid	15	(184)	(184)
Net cash from operating activities		399,056	212,331
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Investment to expand operations:			
Purchase of property, plant and equipment	7	(333,896)	(380,456)
Proceeds from disposal of property, plant and equipment		970	2,251
Interest income	4.1	18,451	13,415
Net cash used in investing activities		(314,475)	(364,790)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Grants received during the year	16	21,818	114,777
Deffered revenue received during the year	17	—	42,000
		21,818	156,777
Increase/(Decrease) in cash and cash equivalents		106,398	4,318
Net foreign exchange difference		6,268	5,269
Net cash and cash equivalents at beginning of the year		292,882	283,295
Cash and cash equivalents at end of the year	20.2	405,548	292,882

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2013

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in Botswana Pula. The functional currency is also the Botswana Pula. All values are rounded to the nearest thousand (P'000) except when otherwise indicated. The Financial Statements of the Company for the year ended March 31,2013 were authorized for issue by the Members of the Board in accordance with a resolution on the 13th September 2013.

CORPORATE INFORMATION

Botswana Telecommunications Corporation Limited is incorporated and domiciled in Botswana. The headquarters is situated at Megaleng, Khama Crescent, Gaborone, Botswana.

BASIS OF PREPARATION

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

Statement of compliance

The financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (''IASB'), interpretations issued by the International Financial Reporting Standard Intepretations Committee (IFRSIC).

Changes in accounting policy and disclosures

The accounting polices adopted are consistent with those of the previous year, except that during the current financial year the Company has adopted and implemented the following standards interpretations and amendments to standards that are mandatory for financial years on or after 1 April 2012.

The changes in accounting policies result from the adoption of the following new standards, interpretations and amendments to the standards

New pronouncements applicable to the March 2013 year-end

The following Standards have been issued or revised and will become effective for the March 2013 year-end:

IFRS 1 Severe hyperinflation and removal of fixed dates for first-time adopters – amendment to IFRS 1.

The amendment provides guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. The amendment becomes effective for the annual periods beginning on or after 1st July 2011 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 7 Transfers of financial assets – amendment to IFRS 7.

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets under certain scenarios. The amendment becomes effective for the annual periods beginning on or after 1st July 2011 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 10, 11 and 12 Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: transition guidance.

The amendments change the transition guidance to provide further relief from full retrospective application. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 13 Fair value measurement.

IFRS 13 describes *how* to measure fair value where fair value is required or permitted to be used as a measurement basis under IFRS (with certain standards being excluded from the scope of IFRS 13.Under IFRS 13 fair value is presumed to be an 'exit price'. New disclosures related to fair value measurements are also introduced. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual r

IAS 1 Presentation of items of other comprehensive income (amendment to IAS 1).

The amendment to IAS 1 requires that items presented within OCI be grouped separately into those items that will be recycled into profit or loss at a future point in time, and those items that will never be recycled. The amendment becomes effective for the annual periods beginning on or after 1st July 2012 and will therefore be applied in the company's first annual report after becoming effective.

IAS 19 Employee benefits (revised).

The 'corridor approach' currently allowed as an alternative basis in IAS 19 for the recognition of actuarial gains and losses on defined benefit plans has been removed. Actuarial gains and losses in respect of defined benefit plans are now recognised in OCI when they occur. For defined benefit plans, the amounts recorded in profit or loss are limited to current and past service costs, gains and losses on settlements and interest income/expense. The distinction between short-term and other long term benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits. In many instances this is expected to have a significant impact on the manner in which leave pay and similar liabilities are currently classified. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

Changes in accounting policy and disclosures (continued)

IAS 27 Separate financial statements (consequential revision due to the issue of IFRS 10).

IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IAS 28 Investments in associates and joint ventures (consequential revision due to the issue of IFRS 10 and 11).

The revised standard caters for joint ventures (now accounted for by applying the equity accounting method) in addition to prescribing the accounting for investments in associates. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IFRIC 20 Stripping costs in the production phase of a surface mine.

The interpretation applies to stripping costs incurred during the production phase of a surface mine and requires such costs to be capitalised as part of an asset (the 'stripping activity asset') if certain criteria are met. The stripping activity asset is to be depreciated on a unit of production basis unless another method is more appropriate. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 7 Disclosures - offsetting financial assets and financial liabilities (amendments to IFRS 7).

Provides additional disclosures (similar to current US GAAP requirements). The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 9 Financial instruments – classification and measurement.

This, the first phase of the IASB's project to replace IAS 39 in its entirety, addresses the classification and measurement of financial instruments. Amendments published in October 2010 incorporate the existing derecognition principles of IAS 39 directly into IFRS 9.

Financial assets

All financial assets are initially measured at fair value.Subsequent measurement of debt instruments is only at amortised cost if the instrument meets the requirements of the 'business model test' and the 'characteristics of financial asset test'. All other debt instruments are subsequently measured at fair value. All equity investments are subsequently measured at fair value either through other comprehensive income (OCI) or profit and loss. Entity also has the option to designate at fair value through profit or loss in certain circumstances.

Embedded derivatives contained in non-derivative host contracts are not separately recognised. Unless the hybrid contract qualifies for amortised cost accounting, the entire instrument is subsequently recognised at fair value through profit and loss.

Financial liabilities

For liabilities designated at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in OCI. The remainder of the change in fair value is presented in profit and loss. All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.

International Financial Reporting Standards (IFRSs) issued but not yet effective during the year

IFRS 10 Consolidated financial statements

The amendment provides provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment becomes effective for the annual periods beginning on or after 1st January 2014 and will therefore be applied in the company's first annual report after becoming effective.

IAS 32 Offsetting financial assets and financial liabilities (amendments to IAS 32).

The amendment clarifies the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of IAS 32 offsetting criteria to settlement systems (such as clearing houses). The amendment becomes effective for the annual periods beginning on or after 1st January 2014 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 9, IFRS 7 Mandatory effective date and transition disclosures (amendments to IFRS 9 and IFRS 7).

Mandatory effective date for IFRS 9 is 1 January 2015.Amendments to IFRS 7 depend on when IFRS 9 is adopted and affect the extent of comparative information required to be disclosed. The amendment becomes effective for the annual periods beginning on or after 1st January 2015 and will therefore be applied in the company's first annual report after becoming effective.

IAS 12: Deferred taxes: Recovery of underlying assets – amendment to IAS 12.

The amendment introduces a rebuttable presumption that deferred tax on investment properties measured at fair value be recognised on a sale basis. The presumption can be rebutted if the entity applies a business model that would indicate that substantially all of the investment property will be consumed in the business, in which case an own-use basis must be adopted. The amendment becomes effective for the annual periods beginning on or after 1st January 2012 and will therefore be applied in the company's first annual report after becoming effective.

ACCOUNTING POLICIES (continued)

* Effective for annual periods beginning on or after the date specified. Early adoption is permitted. Specific rules apply in respect of early adoption for certain standards.

New and amended standards and interpretations not yet effective

IFRS 1: First-time Adoption of International Financial Reporting Standards

The amendments dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition.

This is the same relief as was given to existing preparers of IFRS financial statements. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 10: Consolidated financial statements

IFRS 10 creates a new, broader definition of control than under current IAS 27 and has resulted in SIC 12 being withdrawn.IFRS 10 does not change the consolidation process; rather it changes whether an entity is consolidated by revising the definition of control. The revised definition of control will require consideration of aspects such as de-facto control, substantive vs. protective rights, agency relationships, silo accounting and structured entities when evaluating whether or not an entity is controlled by the investor. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 11: Joint arrangements

IFRS 11 replaces IAS 31 and SIC 13 and refers to IFRS 10's revised definition of 'control' when referring to 'joint control'. Under IFRS 11 a joint arrangement (previously a 'joint venture' under IAS 31) is accounted for as either a:

joint operation – by showing the investor's interest/ relative interest in the assets, liabilities, revenues and expenses of the joint arrangement; or
joint venture – by applying the equity accounting method. Proportionate consolidation is no longer permitted.

Under IFRS 11 the structure of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or joint venture. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IFRS 12 Disclosure of interests in other entities.

The new standard applies to entities that have an interest in subsidiaries, joint arrangements, associates and/or structured entities.

Many of the disclosures are those previously included in IAS 27, IAS 28 and IAS 31. Many new disclosures have however also been added. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IMPROVEMENTS TO IFRSs

IFRS 1

Application of IFRS 1 where an entity has previously applied IFRS; and treatment of borrowing costs capitalised under previous GAAP. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IAS 1

Clarification of the requirements for comparative information. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IAS 16

Classification of servicing equipment. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IAS 32

Tax effect of distribution to holders of equity instruments aligned with IAS 12.The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

IAS 34

Clarification of interim financial reporting and segment information for total assets and liabilities. The amendment becomes effective for the annual periods beginning on or after 1st January 2013 and will therefore be applied in the company's first annual report after becoming effective.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the group's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities as they involve assessments or decisions that are particularly complex or subjective within the next year.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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. In the cash cap method, revenue is allocated to the different elements of the agreement, but the value allocated to the handset is limited to the amount of cash received for it, which may be zero, because the remainder of the revenue in the transaction is contingent upon the BTCL providing the monthly services.

Determining the fair value of each deliverable can require complex estimates due to the nature of goods and services provided. The entity generally determines the fair value of individual elements based on prices at which the deliverable is usually sold on a standalone basis, after considering volume discounts where appropriate.

Presentation: Gross versus Net

Determining whether the entity is acting as a principal or an agent requires judgement and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the entity and its independent service providers are reviewed to determine each party's perspective role in the transaction.Dealer incentives are based on volume and value of transactions and revenue is recognised gross of discounts. Revenue is recognised net of discounts when the discount are granted to the customer.

Development grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Initial capitalisation of costs is based on management's judgment that the attached conditions will be complied with. Revenue is recognised over the useful lives of the assets purchased using the grant. The current portion of development grant is estimated by amortizing 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 2013/2014. Further details are given in Note 16.

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.

Further details are given in Note 7.

Lease classification

The company as the lessor has entered into property rentals lease arrangements. The Corporation has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

These property lease arrangements relate to:
Office space being rented in various locations around Botswana.

Further details are given in Note 9 and 23.

Deferred lease

The current portion of deferred lease is based on the assumption that there will be no additions to operating lease contracts in the financial year 2014. Further details are given in Note 9.

Related parties

Government, parastatals and key management personnel are considered as being related to the company.The government is still a related party despite privatisation. Significant management judgment is required to determine as to who qualifies for being a related party, based on the type of the relationship. Further details are given in Note 24.

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 design life as prescribed by internal experts. The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, customer relationship period, product life cycles and the intention of management.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

The residual value of an asset is determined by estimating the amount that the entity would currently obtain from the disposal of the asset after deducting the estimated cost of disposal, if the asset were already of age and in the condition expected at the end of its useful life. The estimation of the useful life and residual value of an asset is a matter of judgment based on the past experience of the company with similar assets and the intention of management. Further details are given in Note 7.

Debtors impairment

This allowance is created where there is objective evidence, for example the probability of insolvency/bankruptcy or significant financial difficulties of the debtor, that the company will not be able to collect all the amounts due under the original terms of the invoice. An estimate is made with regards to the probability of insolvency and the estimated value of debtors who will not be able to pay. Financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Further details are given in Note 11.

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Management expresses judgement and estimates on the impact of technological changes and expected nature of use of the respective assets in the generation of revenue in the near future.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Initial Fair Value of financial Instruments

Financial liabilities, such as preference shares – liability portion have been valued based on the expected cash flows discounted at current rates at grant date applicable for items with similar terms and risk characteristics. This valuation requires the company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in note 25.5.

ACCOUNTING POLICIES

RETIREMENT BENEFIT COSTS

The company operates a defined contribution pension fund for its eligible citizen employees. The fund is registered under the Pension and Provident Funds Act (Chapter 27:03). The Corporation contributes to the fund 14% of the pensionable earnings of the members. Pension contributions on behalf of employees are charged to profit or loss in the year to which they relate to and as the related service is provided.

In terms of their conditions of employment, expatriate and contract employees receive gratuities at the end of their contract.

The cost of employee benefits is recognised during the period the employee renders services, unless the entity uses the services of employee in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related item of property, plant and equipment item. Other than the regular contributions made, the company does not have any further liability in respect of its employees' pension arrangements.

REVENUE RECOGNITION

Revenue, which excludes value added tax, comprises the value of national & international telephone services, local and access services (rentals & installations), sale of equipment to customers, data communications and other services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties. The company provides telephone and data communication services under post paid and prepaid payment arrangements. The various revenue categories are explained below:

National & International Telephone services comprise of the following product and /or services:

Prepaid products

Upon purchase of an airtime scratch and dial card or electronic vouchers the customer receives the right to make outgoing voice calls and data usage to the value of the airtime scratch and dial card. On initial recognition, the amount received is deffred and revenue is recognised as the customer utilises the airtime available or upon expiration of the usage period, whichever comes first. the expiration of the usage period is twelve (12) months.

Postpaid products

BTC post paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. Revenue is recognized based on usage.

Interconnect - national and international

National and international interconnect revenue is recognised on a usage basis. This is revenue that BTC realises from network interconnection and access interconnection with other Telecommunications or Cellular operators both Nationally and Internationaly. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect.

Customer Premises Equipment comprise of the following products and or services:

Sale of goods

Customer Premises Equipments includes sale of equipments such as PABX, modems and telephone instruments. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

REVENUE RECOGNITION (continued)

Local and Access Services comprise of the following products and or services:

Subscriptions, connections and other usage

Revenue includes fees for installation and activation which are recognised as revenue upon activation. Local access services are mainly providing telephone lines to both business and residential customers. Revenue includes fees for installation and activation which are recognised as revenue upon activation.

Data and Private Circuits comprise of the following products and or services:

Data income

Data income includes services such as, Internet services, websites & domains,voice mail, caller identification, call forwarding and short message services. Revenue is recognised based on usage.

Private circuits

Private circuits are services provided to customers who require exclusive connectivity between two or more geographically separated sites, with an always on service and a guaranteed high level of service availability. Private circuits are used to transport data, internet or voice between two points using a fixed bandwidth. Revenue is recognised based on usage.

Other Services comprise of the following products and or services:

Interest income

Revenue is recognised as the interest accrues, using the effective interest rate (EIR).

Rental income

The main equipments that are rented out are network towers which are leased to other cellular operators and PABXs which are rented to both private and corporate individuals. Revenue is recognised on a straight line basis over the lease term on ongoing leases. The revenue recognised here is classified under other services.

Construction contracts

Construction contracts include cost of works projects such as providing fibre optic access and copper wire access to both residential and business customers. Contract revenue and contract costs are recognised as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract.

Directory services

Revenue is recognised when telephone directories are released for distribution, as the significant risks and rewards of ownership have passed at that point.

Mobile Income comprise of the following products and or services:

Prepaid products

Upon purchase of an airtime scratch and dial card and electronic vouchers the customer receives the right to make outgoing voice and data calls to the value of the airtime scratch and dial card. On initial recognition, the amount received is deferred and revenue is recognised as the customer utilises the airtime available or upon expiration of the usage period, whichever comes first. Dealers are given commission , which is expensed as part of cost of sales when incurred.

Postpaid products

beMOBILE post paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. Revenue is recognized based on usage. All post paid products are sold by BTC, there are no dealers or agents involved.

Interconnect - national and international

National and international interconnect revenue is recognised on the usage basis. This is revenue that beMOBILE realises from network interconnection and access interconnection with other Telecommunication or Cellular operators both Nationally and Internationaly. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect

Handset Revenue

Revenue from the handset is recognised when the handset is delivered.

INVENTORIES

Inventories comprise items of equipment used in the construction or maintenance of plant (work in progress), and consumable stores and other inventories. Inventories are stated at the lower of cost, determined on the weighted average basis, and estimated net realisable value after due consideration for slow moving and obsolete items.

Work-in-progress includes contracts carried out for customers and is stated at the lower of cost and estimated net realisable value after due consideration for provisions for any foreseeable losses. Advance payments in respect of such work-in-progress are included under trade and other payables. Further details are given in Note 10.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost or fair value 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 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 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.

DEPRECIATION

For depreciation purposes, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant component with different useful lives are depreciated separately. Depreciation is not provided on freehold land as it is deemed to have an indefinite life and plant and equipment in the course of construction as they are not yet available for use.

Depreciation is provided on other property, plant and equipment on a straight line basis. This is from the time they are available for use, so as to write off their cost over the estimated useful lives taking into account any residual values. The residual value of an asset may be equal to or greater than the asset's carrying amount. If it is the case, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount.

The estimated useful lives assigned to groups of property, plant and equipment are:

Buildings - 40 years
Leasehold land and buildings - unexpired portion of lease or 50 years, whichever is shorter
Plant and equipment - 5 to 20 years
Other 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 is included in a disposal group that is classified as held for sale or 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 to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

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 the revaluation reserve after reversing the portion previously in profit or loss through income.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will principally be recovered through sale rather than continuing use. For an asset to be classified as held for sale it must be available for immediate sale in its present condition and the sale must be highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets and disposal groups held for sale are measured at the lower of the asset's carrying value before being classified as held for sale and its fair value less cost to sell. Fair value is the price that is deemed reasonable in an arms length transaction. While a non-current asset is classified as held for sale, it is not depreciated (or amortised).

Interest and other expenses attributable to the liabilities of an asset held for sale continues to be recognised.

INTANGIBLE ASSETS

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Further details are on note 8.

FOREIGN CURRENCY TRANSLATION

Transactions in currencies other than Botswana Pula are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates of exchange approximating those ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Profits and losses arising on translation of foreign currencies attributable to the company are dealt with in profit or loss in the year in which they arise.

The International Telecommunications Union uses USD as the currency to settle international operator debts. The USD rate is linked to the Special Drawing Rights (SDR) rate, which is fixed at 1.51824:1 (SDR).

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. Further details are given in Note 16.

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. Further details are given in Note 17

STATED CAPITAL

Botswana Telecommunications Corporation, a statutory body, was converted to a public company limited by shares issued on the 1st November 2012. The financial interest of the Botswana Government in the Corporation, (being the Notional Share Capital, Equity Portion of Preference Shares and Equity Application Account) was converted into one million shares in the capital of the company. As at the date of conversion to date the Government of Botswana remains the sole shareholder. Any act lawfully performed by the Corporation under the BTC act and before the conversion date, shall continue to be valid and shall be performed by the Company as per the BTC Transition Act.

Prior to conversion to a public company the company was constituted in terms of the Botswana Telecommunication Corporation Act CAP 72:02.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

The Act did not provide for share capital. However, by agreement with the Government of Botswana, the company created a notional share capital account of P21.03 million. These shares were neither registered under the Companies Act nor recorded by the Registrar of Companies. The Notional share capital (excluding the capital portion of preference shares) was recognized at the fair value of the consideration received by the company at a notional par value. The notional share capital did not have any attached rights and obligations and rights and obligations with respect to dividends were not constituted. However, dividends based on a Government directive CAB 40/200 and which were not linked to the value of the share capital, were paid.

By agreement with the Government of Botswana, the company created an equity application account being loans convertible to equity of P207.86 million. The money set aside through the equity application account was recognized at the total value of the consideration received by the company and at a notional par value. The equity application account did not have any attached rights and obligations and constituted an equity contribution by the government of Botswana. The equity did not have any rights to dividends as rights and obligations attached thereto were not constituted.

RELATED PARTY TRANSACTIONS

The Government of the Republic of Botswana and its various local authorities and Parastatals constitute a significant portion of the company's revenues. Other related parties are the members of key management personnel. Services to Government, other local authorities, Parastatals and subsidiaries, are provided at arm's length. For further information refer to Note 24.

TAXATION

Current taxation

Taxation is provided in the financial statements using the gross method of taxation. Current taxation is charged on the net income for the year after taking into account income and expenditure, which is not subject to taxation, and capital allowances on fixed assets.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet 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.

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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the company has become a party to the contractual provisions of the instrument. When financial instruments are initially recognised, they are measured at fair value plus in the case of instruments not at fair value through profit or loss, directlty attributable transactions costs.All regular way purchases and sales of financial instruments are recognised on the trade date, which is the date that the company commits to purchase the instrument.

Financial Assets

The company's principal financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

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

Trade and other receivables

These are classified as loans and receivables. Subsequent to initial recognition, trade receivables and loans are recognised at amortised cost using the effective interest rate method, which approximates the original invoice amount less an allowance for any uncollectible amounts.

Gains and Losses for Financial Assets

Gains and losses are recognised in profit or loss when the loan and receivable is derecognised or impaired as well as through the amortisation process.

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Significant financial liabilities include the liability portion of preference shares and trade and other payables.

Compound financial instruments

The company evaluates the terms of each non derivative financial instrument issued by the Corporation to determine whether it contains both a liability and an equity component. Where the financial instrument is determined to be a compound financial instrument, such components are classified separately as financial liabilities, and/or equity instruments in accordance with the requirements of IAS 32.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

FINANCIAL INSTRUMENTS (continued)

As at year end, the company had in issue, preference shares that were considered to be a compound financial instrument. The company determines the carrying amount of the liability component by measuring the fair value of the liability by discounting future contractual dividend payments for the preference shares at the risk adjusted interest rate. The carrying amount of the equity instrument, represented by the option of the company to redeem the preference shares, is then determined by deducting the fair value of the financial liability from the total consideration received of the compound financial instrument as a whole. The liability portion of the preference shares are carried at amortised cost using the effective interest rate method.

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.

Derecognition of financial assets and liabilities

The company derecognises a financial asset when the right to receive cash flow from the asset have expired and it has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either the company has transferred substantially all the risks and rewards of the the asset or the company has neither transferred nor retained substantially all the risks and rewards of the the asset but has transferred control of the asset. The asset is only recognised to the extent that 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.

Impairment of financial assets

The company assesses at each reporting date whether a financial asset or group of financial assets is impaired. An allowance for impaired debts is made when the agreed credit terms are not adhered to and the debtor is disputing the billed amount or was declared insolvent.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.The amount of the loss is recognised in profit or loss.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised by adjusting the allowance account, to the extent that the carrying value of the asset does not exceed the value that would have been its amortised cost at the reversal date, had no impairment been recognised previously.
The amount of the reversal shall be recognised in the profit or loss.

DIVIDENDS

Dividends amounting to 25% of the company's profits are payable to the Government of Botswana in line with the requirements of the Government directive CAB 40/2004. The Government of Botswana reserves the right to vary the rate of the dividend. Dividends proposed after the reporting date is shown as a component of equity and reserves and not as a liability .Dividends are still payable to Botswana Government despite privatisation.

PROVISIONS

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.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2013

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 fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset.

Corporation 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.

Corporation as lessor

Leases where the company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Lease income is recognised as income in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

GENERAL POLICIES

Business Combinations

Business combinations are accounted for using the acquisition method, unless it is a combination involving entities or businesses under common control. Common control business combinations are accounted for using the pooling of interest method and comprative information is restated as if the buciness combination had occured previously. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

If the business combination is achieved in stages, the acquisition date fair value of the acquiree's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value, at the acquisition date. Subsequent changes to the fair value of the contingent consideration deemed to be an asset or liability is recognized in accordance with IAS 39 in profit or loss . If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred over the company's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets and of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the company's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Financial Guarantee Contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make the payment when due in accordance with the terms of a debt instrument. Financial contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

		2013 P'000	2012 P'000
1	**SALES OF GOODS AND SERVICES**		
	Telephone - national	221,627	225,092
	Mobile Income	325,420	205,807
	Telephone - international	57,620	62,190
	Local and Access Services	101,522	101,096
	Data and Private circuits	509,494	454,800
	Customer Premises Equipment	91,674	85,031
	Other Services	49,497	39,892
		1,356,855	1,173,908
2	**OPERATING COSTS**		
2.1	**Cost of services and goods sold:**		
	Payment to International carriers and local operators (Interconnection)	175,480	173,577
	Depreciation		
	Land and buildings	8,420	3,769
	Plant and Machinery	171,694	154,695
	Equipment and material costs	82,013	60,401
	Write down/(up) of inventories - Note 10	5,569	(8,192)
	Cost of directory sales	3,097	2,062
	Cost of phones & prepaid cards	22,401	20,645
	License fee - BTA	31,220	25,610
	Space segment rentals and other licence fees	66,865	79,754
	Total cost of services and goods sold	566,760	512,321
	Space segment rentals relates to access to some satelites which the entity rents.		
	Licence fees relates primarily to such licences as computer software licences.		
2.2	**Selling and distribution costs:**		
	Installation of Customer Premises Equipment	10,861	9,726
	Product Marketing costs	23,649	26,372
		34,510	36,098
2.3	**Administrative expenses**		
	Employee costs:		
	Salaries and wages	264,321	232,430
	Pension fund and group life contributions (defined contribution plans)	15,244	13,543
	Training costs	8,721	6,686
	Other related costs	15,187	10,722
	Total employee costs	303,473	263,381
	Employee costs relating to assets constructed capitalised	(1,376)	(445)
	Total employee costs charged to profit or loss	302,097	262,936
	Depreciation - Other equipment	40,239	32,754
	Repairs and maintenance- Non Telcom equipment	15,527	13,483
	Total Administrative expenses	357,863	309,173

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

		2013 P'000	2012 P'000
2.4	**Other expenses**		
	Other operating expenses	171,301	134,645
	Total other expenses	171,301	134,645
	Total operating costs	1,130,433	992,237
	Operating costs include the following items :		
	Audit fees - Current year	1,730	1,558
	- Prior year	300	—
	Board members' fees	114	137
	Consultancies and legal costs	39,215	20,256
	Debtors impairment	21,862	3,433
	Funds transferred to Botswana Fibre Network (BOFINET)	4,503	—
	Operating lease charges - rentals	5,763	7,582
	Write down/(up) of inventories	5,569	(8,192)
	Foreign exchange net gains	(9,682)	(2,931)
3	**OTHER INCOME**		
	Development grant recognised as income - Note 16	(38,669)	(40,489)
	Profit on disposal of property, plant and equipment	(565)	(1,471)
		(39,233)	(41,960)
4	**INTEREST INCOME/ FINANCE COSTS**		
4.1	**Interest income:**		
	Call Accounts	(18,451)	(13,415)
		(18,451)	(13,415)
4.2	**Finance costs:**		
	Preference shares interest	184	184
		184	184
5	**Earnings per share**		
	Profit attributable to ordinary shareholder for basic and diluted earnings per share	273,645	236,862
	Stated Capital-Number of shares	1,000,000	—
	Notional share capital-number of shares	—	21,033,733
	Earnings per share (Pula)	273.64	—
	Earnings per notional share (Pula)	—	11.26

Notional ordinary share capital has been converted into Stated capital of 1,000,000 shares during the year under review. This resulted in the per share information not being comparable for the the current and comparative periods. The government of Botswana is still the sole shareholder

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

		2013 P'000	2012 P'000
6	**INCOME TAX**		
	The components of income tax expense for the year ended 31 March 2013 are:		
	Consolidated income statement		
	Taxation expense		
	Corporate tax	—	—
	Deferred taxation	10,277	—
	Taxation expense	10,277	—
	Tax rate reconciliation		
	Profit before tax	80,384	
	Company tax at 22%	17,685	—
	Non-taxable income	(6,964)	—
	Non-deductible expenses	22	—
	Citizen training allowance	(465)	—
	Taxation expense	10,277	—
6.1	**DEFERRED TAX LIABILITY**		
	Accelarated depreciation for tax purposes	20,714	—
	Unrealised gain	806	—
	Prepayments (PABX)	(717)	—
	Provision for doubtful debt	1,555	—
	Unutilised scratch cards	(120)	—
	Assesable loss	(11,960)	—
	Deferred tax liability	10,277	—
	Assessable losses		
	Balance brought forward	—	—
	Movement for the year	54,365	—
	Total	54,365	—
	Expiring as follows:		
	30-Jun-18	54,365	

The Corporation was privatised with effect from 01 November 2012 and from this date the company effectively became a corporate tax payer at a tax rate of 22%. All income taxes and deferred tax were computed at the statutory tax rate of 22% for corporates.

Profit before tax used in the deffered tax calculation is for the period 1st November 2012 to 31st March 2013(5 months) and as such will differ from the one in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

7 PROPERTY, PLANT AND EQUIPMENT

31 March 2013	Land & Buildings P'000	Plant & Equipment P'000	Other Equipment P'000	Plant and Equipment in the course of Construction P'000	Total P'000
COST OR VALUATION					
At beginning of the year	265,922	3,221,467	467,864	2,732	3,957,986
Transfers	343	1,326	1,063	(2,732)	—
Additions	—	270,017	46,493	1,198	317,708
Disposals	—	—	(2,236)	—	(2,236)
At end of the year	266,265	3,492,810	513,184	1,198	4,273,458
DEPRECIATION					
At beginning of the year	21,743	1,835,271	353,235	—	2,210,249
Depreciation charge for the year	8,420	164,867	40,239	—	213,526
Disposals	—	—	(1,981)	—	(1,981)
At end of the year	30,163	2,000,139	391,493	—	2,421,795
NET BOOK VALUE					
At beginning of the year	244,179	1,386,196	114,629	2,732	1,747,736
At end of the year	236,102	1,492,671	121,691	1,198	1,851,663

31 March 2013	Land & Buildings P'000	Plant & Equipment P'000	Other Equipment P'000	Plant and Equipment in the course of Construction P'000	Total P'000
COST OR VALUATION					
At beginning of the year	128,432	2,891,090	421,546	1,685	3,442,754
Additions	—	330,377	50,079	1,047	381,503
Transfers	(1,241)	—	1,241	—	—
Disposals	—	—	(5,002)	—	(5,002)
Revaluations	138,731				138,731
At end of the year	265,922	3,221,467	467,864	2,732	3,957,986
Accumulated Depreciation					
At beginning of the year	17,974	1,692,587	324,698	—	2,035,259
	—	—			—
Charge for the year	3,769	142,684	32,754	—	179,207
Disposals	—	—	(4,217)	—	(4,217)
At end of the year	21,743	1,835,271	353,235	—	2,210,249
Net book value					
At beginning of the year	110,458	1,198,503	96,848	1,685	1,407,495
At end of the year	244,179	1,386,196	114,629	2,732	1,747,736

Land and buildings were revalued at 31 March 2012 by an accredited independent valuer, on an open market existing use basis.

The valuation assumed that the properties have marketable and unencumbered titles, free of any undisclosed restrictions and charges. Commercial properties were measured on gross internal area basis only and residential properties on gross external area only in accordance with the Code of Measuring Practice applicable in Botswana.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

	2013 P'000	2012 P'000
Revaluation of Land & Buildings		
If land & buildings were measured using the cost model, the carrying amount would be as follows:		
Cost	95,179	95,179
Depreciation	(55,865)	(53,565)
Carrying amount	39,314	41,614

8 INTANGIBLE ASSETS

31 March 2013	Computer & Billing Software P'000	Network Management System P'000	Total P'000
COST			
At beginning of the year	122,369	24,560	146,929
Additions	12,998	3,190	16,188
Disposals	—	—	—
At end of the year	135,367	27,750	163,117
AMORTISATION & IMPAIRMENT			
At beginning of the year	97,655	24,183	121,838
Charge for the year	6,325	502	6,827
Disposals	—	—	—
At end of the year	103,980	24,685	128,665
NET BOOK VALUE			
At beginning of the year	24,714	377	25,091
At end of the year	31,387	3,065	34,452

31 March 2012	Computer & Billing Software P'000	Network Management System P'000	Total P'000
COST OR VALUATION			
At beginning of the year	122,369	24,560	146,929
Additions	—	—	—
Disposals	—	—	—
At end of the year	122,369	24,560	146,929
AMORTISATION & IMPAIRMENT			
At beginning of the year	85,981	23,846	109,827
Charge for the year	11,674	337	12,011
At end of the year	97,655	24,183	121,838
NET BOOK VALUE			
At beginning of the year	36,388	713	37,101
At end of the year	24,714	377	25,091

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

		2013 P'000	2012 P'000
9	**DEFERRED LEASE**		
	Balance at the beginning of the year	8,375	11,932
	New lease arrangements	322	10
	Usage in the current period	(8,696)	(3,568)
		—	8,375
	Current portion of deferred lease	—	1,323
	Non-current portion of deferred lease	—	7,052
		—	8,375

Deferred leases arise from operating leases on the company sites, where the company is the lessor. Deferred lease balance arise from the difference between actual payments made in accordance with the lease agreement and the straight lining of operating leases in accordance with IAS 17.

10	**INVENTORIES**		
	Comprising:		
	Consumable stores	25,739	41,862
	Customer premises equipment	19,109	23,369
	Other inventories	18,630	10,144
		63,478	75,375

The above inventory is disclosed at the lower of cost and estimated net realisable value. The inventory write down was P5,569,000 in the current year and in 2012 there was a write back amounting to P8,192,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

		2013 P'000	2012 P'000
11	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	146,596	121,878
	Receivables from related parties	36,271	48,644
	Trade receivables from interconnect balances	63,093	37,476
	Staff advances	1,585	2,790
	Interest receivable	—	29
	Receivables from Global connectivity projects (EASSy & WACS)	17,357	24,313
	Other receivables	28,781	35,666
		293,683	270,796
	Prepayments and deposits	14,617	9,148
	Debtors impairment	(56,097)	(45,975)
		252,202	233,969

The company's trade and other receivables are non-interesting bearing. For terms and conditions relating to related party receivables, refer to Note 24. Trade receivables from interconnect balances and other receivables are generally 30 to 90 days terms, interest free, unsecured and settlement occurs in cash. Staff advances may be up to six months and they are non interest bearing. Staff advances carrying amount is not materially different from the fair value.

Further details on receivables from Global connectivity projects (EASSY and WACS) have been disclosed in note 24.

Trade and other receivables at 31 March 2013		
Neither past due nor impaired	15,598	63,112
Past due but not impaired		
less than 30 days	92,076	29,678
between 30 days and 60 days	15,007	23,244
between 60 days and 90 days	19,579	15,418
more than 90 days	95,325	93,370
Net carrying amount	237,586	224,821

The movement in the provision for impairment of trade and other receivables is set out below.

At 31 March 2013	Individually Impaired P'000	Collectively Impaired P'000	Total P'000
At beginning of year	9,200	36,775	45,975
Additional amounts raised (note 2)	18,276	3,586	21,862
Release of the provision during the year	(1,882)	(9,859)	(11,741)
At end of year	25,594	30,502	56,096
At 31 March 2012			
At beginning of year	33,761	56,118	89,879
Additional amounts raised	275	2,959	3,234
Release of the provision during the year	(24,836)	(22,302)	(47,138)
At end of year	9,200	36,775	45,975

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

		2013 P'000	2012 P'000
12	**NOTIONAL ORDINARY SHARE CAPITAL**		
	Balance at the beginning of the year	21,919	21,919
	Transfer to Stated Capital - ordinary shares	(21,034)	—
	Equity portion of preference shares disclosed separately - note 12.2	(885)	—
	Balance at the end of the year	—	21,919
12.1	**Equity Application Account**		
	Balance at the beginning of the year	207,858	207,858
	Transfer to Stated Capital	(207,858)	—
	Balance at the end of the year	—	207,858
12.2	**Preference Shares**		
	2 301 000 - 8% redeemable cumulative preference shares of P1 each, held by the Government of Botswana		
	Total nominal value	2,301	2,301
	Equity portion of preference shares disclosed under non current liabilities	(1,416)	(1,416)
	Equity portion of preference shares disclosed separately - note 12	885	885
13	**Stated Capital**		
	Balance at the beginning of the year	—	—
	Transfer from Notional Ordinary Share Capital - ordinary shares	21,034	—
	Transfer from Equity Application Account	207,858	—
	Balance at the end of the year	228,892	—
	Botswana Telecommunications Corporation, a statutory body, was converted to a public company limited by shares on the 1st November 2012. The financial interest of the Botswana Government in the Corporation were converted into shares in the capital of the company. As at date of conversion the Government of Botswana remained the sole shareholder. Any act lawfully performed by the Corporation under the BTC act and before the conversion date, shall continue to be valid and shall be performed by the Company as per the BTC Transition Act.		
14	**REVALUATION RESERVE**		
	Properties revaluation reserve		
	Balance at the beginning of the year	198,677	63,171
	Depreciation transfer for land and buildings	(12,976)	(3,225)
	Increase for the year	—	138,731
	Balance at the end of the year	185,701	198,677
	Total other reserves	185,701	198,677

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

		2013 P'000	2012 P'000
15	**DIVIDENDS AND PREFERENCE SHARE INTEREST**		
	Preference share interest		
	Preference share interest owing at the beginning of the year	184	184
	8% redeemable cumulative preference shares-declared during the year	184	184
	Amount paid during the year	(184)	(184)
	Amount payable at end of year	184	184
	Equity dividends:		
	Dividend proposed for approval (not recognised as a liability)	—	59,216
	Total dividends	184	59,400
	Dividend per share	—	281.5

The current preference dividend amounting to P184,000 is payable as approved by the Board of the company. The preference shares are a part of a compound financial instrument comprising an equity portion and a liability portion. Consequently, the compound financial instrument has been split into the equity and liability components (Note 12). The dividends on preference shares have been classified as interest cost and are included as part of finance cost (Note 4.2). The dividend is payable at the beginning of the next financial year, bears no interest and it is unsecured.

In prior years dividends amounting to 25% of the company profits were payable to the Government in line with the requirements of the Government directive CAB 40/2004. Since BTCL is now required to pay tax in terms of the Income Tax Act this obligation now falls away. BTCL shall now declare dividends in compliance with the relevant provisions of the Companies Act. Notional ordinary share capital has been converted into Stated Capital of 1,000,000 shares during the year under review. The Government of Botswana is the sole shareholder in BTCL.

16	**DEVELOPMENT GRANTS**		
	Balance at the beginning of the year	280,259	205,970
	Grants received during the year	21,818	114,777
	Recognised as income during the year	(38,669)	(40,489)
	Balance at end of the year	263,408	280,259
	Current portion of development grant	38,669	40,489
	Non-current portion of development grant	224,740	239,770
		263,408	280,259

The cumulative grants received to date are P509,325,983.70 (2012: P487,507,734). These grants are for the purpose of funding the Company's expansion in rural districts in terms of National Development Plan 8 and called the 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

		2013 P'000	2012 P'000
17	**DEFERRED REVENUE**		
	Balance at beginning of the year	104,939	81,049
	Deferred revenue received during the year	—	42,000
	Deferred revenue recognised as income		
	- fibres	(123)	(123)
	- mini links	—	(36)
	- Network Upgrade -Government of Botswana (GOB)	(15,701)	(15,845)
	- Transkalahari Upgrade (DWDM)	(11,544)	(2,106)
	Balance at end of the year	77,571	104,939
	Current portion of deferred revenue - Note 18	27,368	18,111
	Non-current portion of deferred revenue	50,203	86,828
		77,571	104,939

The deferred revenue comprises an amount received from the Water Utilities Corporation of P7,059,000 (2012:P7,059,000) for the usage of four fibres from Mmamashia to Letsibogo Dam for a period of 25 years, an amount received from other Licensed operators of P1,538,000 (2012: P1,538,000) for the use of mini links for a period of 10 years, and an amount received from other Licensed operators, Botswana Police of P257,000 (2012: P257,000) for the use of Power sites for a period of 10 years and the Government of Botwana Ministry of Transport and Communication for theTranskalahari National Backbone Network Upgrade project - Dense Waivelength Division Multiplexing (DWDM) P2,106,000 (2012: P2,106,000) for a period of 2years. The ownership of the equipment utilised to provide these services vests with the Company. The deferred revenue is recognised in income over the useful life of the plant and equipment.

18	**TRADE AND OTHER PAYABLES**		
	Trade payables	77,829	84,570
	Accrued expenses	2,468	1,725
	Interconnection balances	24,552	21,932
	Other payables	113,943	66,790
	Current portion of deferred revenue - Note 17	27,368	18,111
		246,160	193,128

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.
Traffic administration balances relates to terminating charges owing on BTC outgoing calls to international operators and for the mobile networks. These are settled on a 30-90 day term and are not secured.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

19 EMPLOYEE RELATED PROVISIONS

	Leave Pay	Gratuity	Other	Total
Opening balance **(2012)**	20,006	17,770	4,638	42,415
Charged to employee expenses	2,365	15,610	10,505	28,480
Utilised	(2,718)	(15,679)	(10,431)	(28,828)
Closing balance **(2013)**	19,653	17,701	4,712	42,066

Employee related provisions comprise of leave pay, gratuity and other. In terms of BTCL policy, employees are entitled to accumulate vested leave benefits, there is no cap to the number of days that can be accumulated within the leave cycle. Gratuities are normally paid at the end of an employee's contract which in the case of BTCL is on average between 3 to 5 years.

	Notes	2013 P'000	2012 P'000
20 STATEMENT OF CASH FLOWS			
20.1 Operating profit before working capital changes:			
Net Profit before financing costs		284,106	237,046
Adjustment for non cash movements:			
Depreciation	7-8	220,353	191,218
Profit on disposal of property, plant and equipment	3	(565)	(1,471)
Interest income	4.1	(18,451)	(13,415)
Exchange loss unrealised		(6,286)	(5,269)
Development grant recognised as income	16	(38,669)	(40,489)
Deferred revenue recognised as income			
- fibres	17	(123)	(123)
- mini links	17	—	(36)
- Network Upgrade - GOB	17	(15,701)	(15,845)
- Transkalahari Upgrade (DWDM)	17	(11,544)	(2,106)
Deferred lease	9	8,374	3,558
Operating profit before working capital changes		421,495	353,068

For the purpose of the consolidated cash flow statement the working capital changes arising from trade and other receivables and trade and other payables take into account the cash effects of the interest receivable and payable at both the beginning and end of the year.

20.2 Net cash and cash equivalents at end of the year:			
Cash at bank and on hand		28,784	24,756
Short term deposits		376,764	268,126
Net cash and cash equivalents at end of the year		405,548	292,882

The call deposits had effective interest rates of between for 0% and 3.75% (2012: 0% and 5.64%). At year end the short term deposits were maturing within 90 days (2012: 90 days).

20.2.1 Banking Facilities

The Corporation has facilities with its bankers amounting to P110,000,000 (2012: P110,000,000) in respect of letters of credit and guarantees. The banking facilities are unsecured.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

21 CONTINGENT LIABILITIES

In the ordinary course of business, the Company is a defendant in various litigation arising from trade claims. Although there can be no assurances, the company believes, based on information currently available, that the ultimate resolution of these legal proceedings would not likely have a material adverse effect on the results of its operations, financial position or liquidity of the company as the outflow of resources is remote.

The Govenment of Botswana through a letter dated 26th October 2012, instructed the company to transfer to Botswana Fibre Network (BOFINET) an amount of Pula 24 Million. At year end only Pula 4.5million had been transferred leaving a balance of Pula 19.5 million.

	2013 P'000	2012 P'000
22 CAPITAL COMMITMENTS		
Contracted but not paid	227,538	330,592
Authorised but not contracted	175,436	131,181
Total capital commitments	402,974	461,773

These commitments will be financed by equity contributions, development grants, long term borrowings and internally generated funds.

23 OPERATING LEASE COMMITMENTS - COMPANY AS LESSEE

Future minimum lease payments payable under non-cancellable operating leases as at 31 March 2013 are as follows:

Operating leases	25,568	3,655
Balance due within one year	7,509	1,424
Balance due between two and five years	12,418	2,231
Balance due after five years	5,641	—
	25,568	3,655

OPERATING LEASE COMMITMENTS - COMPANY AS LESSOR

Future minimum lease receivables under non-cancellable operating leases as at 31 March 2013 are as follows:

Operating leases	10,750	10,428
Balance due within one year	10,750	10,428
	10,750	10,428

In addition to the above, the Company has entered into service and maintenance contracts with third parties. The majority of the operating leases with the company as lessor are in respect of sites on which radio site premises have been built and sub-let by the Corporation to its customers. All of these lease agreements are due to expire in the following financial period. These leases comprise of fixed rentals payable on a monthly basis with annual escalations of 10% per annum generally with a one month notice period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

24 RELATED PARTY TRANSACTIONS

Relationships

Owner with 100% ownership	Government of Botswana
Members of the Board of Directors	Refer to General information Page 72
Members of Key management	Paul Taylor
	Abel Bogatsu
	Joy-Marie Marebole
	Thabo Nkala
	Anthony Masunga
	Christopher Diswai
	Same Kgosiemang
	Boitumelo Masoko
	Masego Mathambo
	Kaelo Radira

Trading transactions

The following related party transactions were on an arm's length basis:

	Revenue billed		Balance due	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
Sales to related parties				
The Government of the Republic of Botswana	348,035	318,288	31,596	46,313
Parastatals	63,182	58,999	4,675	2,331
	411,217	377,287	36,271	48,644
Purchases from related parties				
Parastatals	140,818	136,726	13,526	16,408

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are the rendering or receiving of services and are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Individually significant transactions

Global connectivity projects (EASSY and WACS):

The Government of Botswana through BTC is a signatory and a party to the EASSy Construction and Maintenance Agreement (C&MA), S3WS C&MA and EIG C&MA. By virtue of being a signatory and party to this connectivity project, the government of Botswana has Indefeasible right of use (IRU) to the communication cable. The government of Botswana owes BTCL P17,357,090.46 (2012 : P24,313,069) for payments which were made on behalf of the government towards procuring the IRU. In the future BTCL shall be leasing on an arms length basis network capacity from the government of Botswana on an operating lease basis.

Nteletsa Project

Through BTCL, in 2009 the government of Botswana embarked on a telecommunications expansion project in rural districts in terms of National Development Plan 8. The project has been termed "Nteletsa". Contractually, BTCL had the obligation to erect and maintain "Nteletsa" project telecommunication equipment. For the erection of the equipment, BTCL has been receiving grants from the government of Botswana.The cumulative grants received to date are P509,325,983.70 (2012: P487,507,734). As at March 31, 2013 significant project equipment had been commissioned as ready for use in the manner intended by the "Nteletsa" project specifications.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

24 RELATED PARTY TRANSACTIONS

Compensation of key management personnel	2013 P'000	2012 P'000
Short term benefits	8,894	7,199
Termination benefits	2,983	2,006
	11,877	9,205

The Compensation of Key management personnel figures above are inclusive of remuneration paid to members of the Board of Directors of BTCL and executive management. The remuneration for key management staff is determined by the remuneration committee and that of directors is consistent with Government rates.

The non-executive members of the Board do not receive pension entitlement from the Corporation.

Directors' Interests
Emoluments per director (2013)

Director	Fees	Remuneration	Performance bonus	Fringe and other benefits	Total
Leonard Makwinja	29,400	—	—	—	29,400
Paul Taylor (CEO)	—	1,540,519	465,549	357,706	2,363,774
Alan Boshwaen	8,400	—	—	—	8,400
Choice Pitso	13,440	—	—	—	13,440
Serty Leburu	13,440	—	—	—	13,440
Cecil Masiga	10,920	—	—	—	10,920
Dr Geoffrey Seleka	16,800	—	—	—	16,800
Daphne Matlakala	20,160	—	—	—	20,160
Total emoluments paid by BTC	112,560	1,540,519	465,549	357,706	2,476,334

Directors' Interests
Emoluments per director (2012)

Director	Fees	Remuneration	Performance bonus	Fringe and other benefits	Total
Leonard Makwinja	22,050	—	—	—	22,050
Paul Taylor (CEO)	—	1,381,346	—	135,282	1,516,628
Keabetswe Segole (Acting CEO)	—	189,572	—	14,372	203,944
Ratsela Mooketsi	16,800	—	—	—	16,800
Naledi Mosalakatane	19,530	—	—	—	19,530
Boikhutso Dube	8,400	—	—	—	8,400
Serty Leburu	17,460	—	—	—	17,460
Cecil Masiga	10,080	—	—	—	10,080
Alan Boshwaen	15,960	—	—	—	15,960
Total emoluments paid by BTC	110,280	1,570,918	—	149,654	1,830,852

25 FINANCIAL RISK MANAGEMENT

25.1 Financial risk management objectives and policies

The Company's principal financial liabilities, are preference shares, trade payables and government loans received. 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 cash flow 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.

25.2 Currency risk:

The Company undertakes certain transactions denominated in foreign currencies with international operators and other foreign suppliers. Hence, exposure to exchange rates fluctuations arise. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows (the analysis below gives a combined impact of assets and liabilities):

	Exchange Rates		Amount in Foreign Currency	
	2013	2012	2013	2012
Currency				
Liabilities:				
Euro	0.0965	0.105	1,470,524	416,918
Rand	1.154	1.0885	3,457,107	4,270,374
SDR	0.089	0.089	2,894,991	890,338
US Dollar	0.125	0.142	12,953,590	6,217,309
GBP	0.0812	0.0873	115,155	—
Assets:				
SDR	0.089	0.089	3,703,403	1,568,610
US Dollar	0.125	0.142	405,399	423,721
Combined Net Liability Position			(16,667,411)	(9,802,608)

The Company's currency risk exposure is partly hedged by usd,euro and rand deposit accounts held, which at 31 March 2013 amounted to US Dollar 3,884 (2012: 284,203); Euro 70,782 (2012: 4,628) and Rand 364,839 (2012: NIL)

25 FINANCIAL RISK MANAGEMENT (continued)

25.3 Foreign Currency sensitivity analysis

The Company is mainly exposed to the currencies of South Africa (Rand), the United States (US Dollar), the European Union (Euro) and the SDR (Special Drawing Rights) which is a potential claim on the freely usable currencies of International Monetary Fund members.

The following table details the Group's sensitivity to a 10% increase and decrease in the Pula against the relavant foreign currencies. 10% is the sensitivity rate when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit.

The analysis below gives a combined impact of assets and liabilities.

Pre Tax Profit/(Loss)

	2013 Pula	2012 Pula
10% decrease		
Euro	14,191	4,378
Rand	398,950	464,830
Special Drawing Rights (SDR)	25,736	7,915
United States Dollar	161,920	88,286
British Pound	935	—
Net Effect	**601,732**	**565,409**
10% increase		
Euro	(14,191)	(4,378)
Rand	(398,950)	(464,830)
Special Drawing Rights (SDR)	(25,736)	(7,915)
United States Dollar	(161,920)	(88,286)
British Pound	(935)	—
Net Effect	**(601,732)**	**(565,409)**

25.4 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables
Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

Cash & cash equivalents
Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

25 FINANCIAL RISK MANAGEMENT (continued)

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: P31,596,032 (2012: P48,644,000)
Banks: P4,873,544 (2012: P292,883,000)

Guarantees given to financial instituition in respect of loans relates to loans given to employees where the Company has an agreement with the Bank that in an event that employees default payments, the liability to the Bank then lies with the Company. The company has since stopped the practice of being a guarantor for employee loans since 2010 thus the credit exposure has declined significantly as at year end. The maximum exposure to credit risk arising from this financial guarantee is: P122,000 (2012: P232,635)

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.

	2013 P'000	2012 P'000
Financial assets and other credit exposures		
Trade debtors and other receivables	237,585	224,821
Short term call deposits	376,764	268,126
Cash and bank	28,784	24,756
	643,133	**517,703**

25.5 Fair value of financial instruments

Management considers that the carrying amounts of financial assets recorded in the financial statements approximate their fair values. Present value techniques have been employed in order to determine the fair value of the Government of Botswana loan and preference share - liability portion. The respective carrying amounts and fair values of the Company's financial assets and liabilities are shown in the following table.

	Carrying Amount 2013 P'000	Fair Value 2013 P'000	Carrying Amount 2012 P'000	Fair Value 2012 P'000
Financial assets				
Trade and other receivables	237,585	237,585	224,821	224,821
Short term call deposits	376,764	376,764	268,126	268,126
Cash and cash equivalents	28,784	28,784	24,756	24,756
	643,133	**643,133**	**517,703**	**517,703**
Financial liabilities				
Government of the Republic of Botswana Loan	—	—	—	—
Trade and other payables	218,792	218,792	175,017	175,017
Preference share - liability portion	1,416	1,416	1,416	1,416
Interest payable on preference shares	184	184	184	184
	220,392	**220,392**	**176,617**	**176,617**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

25 FINANCIAL RISK MANAGEMENT (continued)

25.6 Categories of financial instruments

	Loans and Receivables P'000	Total P'000
2013		
Financial assets		
Trade and other receivables	237,585	237,585
Short term call deposits	376,764	376,764
Cash at bank and on hand	28,784	28,784
	643,133	**643,133**

	At Amortised Cost P'000	Total P'000
Financial liabilities		
Trade and other payables	218,792	218,792
Preference share - liability portion	1,416	1,416
Interest payable on preference shares	184	184
	220,392	**220,392**

	Loans and Receivables P'000	Total P'000
2012		
Financial assets		
Trade and other receivables	224,821	224,821
Short term call deposits	268,126	268,126
Cash at bank and on hand	24,756	24,756
	517,703	**517,704**

	At Amortised Cost P'000	Total P'000
Financial liabilities		
Trade and other payables	175,017	175,017
Preference share - liability portion	1,416	1,416
Interest payable on preference shares	184	184
	176,617	**176,617**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

25 FINANCIAL RISK MANAGEMENT (continued)

25.7 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).

25.8 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.

25.9 Interest income and expense by financial instrument category

	Loans and Receivables P'000	Financial Liability at Amortised Cost P'000	Total P'000
2013			
Interest income	(18,451)	—	(18,451)
Interest expense	—	184	184
Net interest (income)/expense	**(18,451)**	**184**	**(18,267)**
2012			
Interest income	(13,415)	—	(13,415)
Interest expense	—	184	184
Net interest (income)/expense	**(13,415)**	**184**	**(13,231)**

25.10 Liquidity and interest risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group anticipates that the cash flow will occur in a different period.

	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	Total P'000
Financial Assets				
2013				
Trade and other receivables	—	172,908	79,294	**252,202**
Cash at bank and on hand	28,784	—	—	**28,784**
Short term deposits	—	376,764	—	**376,764**
	28,784	**549,672**	**79,294**	**657,750**
2012				
Trade and other receivables	—	184,554	49,415	**233,969**
Cash at bank and on hand	24,756	—	—	**24,756**
Short term deposits	—	268,126	—	**268,126**
	24,756	**452,680**	**49,415**	**526,851**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

25 FINANCIAL RISK MANAGEMENT (continued)

25.10 Liquidity and interest risk management (continued)

The following table details the Company's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month	1 - 3 months P'000	3 months to 1 year P'000	1 - 5 years P'000	5+ years P'000	Total P'000
Financial Liabilities						
2013						
Trade and other payables	—	218,792	—	—	—	**218,792**
Preference share liability	—	—	—	—	1,416	**1,416**
Preference share dividends	—	—	184	—	—	**184**
Guarantees given to financial	—	—	—	—	—	**—**
Institutions in respect of staff loans	122	—	—	—	—	**122**
	121.97	**218,792**	**184**	**—**	**1,416**	**220,514**

	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years	Total
Financial Liabilities						
2012						
Trade and other payables	—	175,017	—	—	—	**175,017**
Preference share liability	—	—	—	—	1,416	**1,416**
Preference share dividends	—	—	184			**184**
Guarantees given to financial	—	—	—	—	—	**—**
Institutions in respect of staff loans	233.00	—	—	—	—	**233**
	233	**175,017**	**184**	**—**	**1,416**	**176,850**

25.11 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 term investments and call deposits with the financial institutions.

To manage interest rate risk, the Company enters into fixed deposits with financial institutions , in which the Company accrues interest at specified intervals.

The table below has been determined based on the exposure of financial instruments to interest rates at the reporting date. For variable rate assets, the analysis is prepared assuming the amount of the assets held at the reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's asssessment of the reasonably possible change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2013

25 FINANCIAL RISK MANAGEMENT (continued)

25.11 Interest rate sensitivity analysis (continued)

If the Company's interest rates had been 1% higher/lower and all other variables were held constant, the change in the Company's profit and equity reserves would be as shown in the table below:

		Increase/ (decease) in pre tax profit/(loss) for the year P'000
2013		
Interest rate risk		
Change in interest rate	+1%	19,927
	-1%	(19,927)
2012		
Interest rate risk		
Change in interest rate	+1%	17,792
	-1%	(17,792)

26 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure continuity as a going concern for the Company and all the subsidiaries while at the same time maximising the shareholders' return through the optimisation of the debt and equity balance. The Company has access to financing facilities, the total unused portion amounting to P110 million (2012: 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. This will be achieved through the increased use of bank loan facilities and utilisation of government grants. The capital structure of the Company consists of trade and other payables (note 18), Share capital, reserves and retained earnings.

	2013 P'000	2012 P'000
Debt		
Trade and other payables	246,160	193,128
Preference shares liability portion	1,600	1,600
Total debt	247,760	194,728
Equity		
Notional share capital	—	21,919
Equity application account	—	207,858
Stated Capital	228,892	—
Revaluation reserve	185,701	198,677
Accumulated profits	1,578,151	1,350,747
Total equity	1,992,744	1,779,201
Total capital	2,240,504	1,973,927
Gearing ratio	12%	11%

The entity has no formal capital management policies. Total capital is derived by adding total equity and total debt less cash and short term deposits.

27 EVENTS AFTER THE REPORTING PERIOD

The Ministry of Transport and Communications issued a letter on the 14 August 2013 to provide guidance on the way forward regarding the asset separation between BTCL and BOFINET.

BOFINET is a company established by the Government of Botswana to serve the wholesale market. The main guiding principle in the transfer of assets and services as per the letter should be to ensure the commercial viability of both BTCL and BOFINET. As per the letter:

1. BTCL is required to cede all the ancillary/supporting contracts relating to EASSy and WACS international fibre cables and all international wholesale customers relating to EASSy and WACS .
2. BOFINET will be allowed to make an offer to the rest of the BTCL wholesale customers who currently have contracts with BTCL.
3. BTCL is required to lease capacity from BOFINET through a mutually agreed commercial arrangement to meet its current consumption of services for a period of 36 months from commencement as well as any expansion capacity it needs within that period. Thereafter BTCL shall have the liberty to self-provide its own transmission requirements.

   The directors and management of BTCL will be engaging with all the stakeholders involved in this separation project to work towards adhering to the guiding principle of the transfer of assets.

ANNEXURE 2: AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED
ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2014

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BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

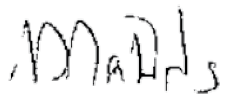
The independent auditors are responsible to give an independent opinion on the fairness of the annual financial statements based on their review of the affairs of the Company.

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

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

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

Against this background, the Members of the Board accept responsibility for the financial statements and the information on pages 116 to 155 which were approved on November 10, 2014 are signed on its behalf



Daphne M. Matlakala
Chairperson

Paul Taylor
Managing Director

GENERAL INFORMATION

For the year ended 31 March 2014

Directors

Daphne Matlakala	Chairperson (appointed-14th July 2014)
Leonard Makwinja	Chairman(retired 14th July 2014)
Paul Taylor	(Managing Director)
Serty Leburu	
Alan Boshwaen	
Dr Geoffrey Seleka	Retired 20 December 2013
Choice Pitso	Retired 20 December 2013
Cecil Masiga	Retired 20 December 2013
Gerald Nthebolan	Appointed 15 August 2013 ;retired 20 December 2013

Incorporation of Botswana Telecommunications Corporation Limited

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

Registered Office

Megaleng Khama Crescent
Plot 50350
P.O. Box 700
Gaborone, Botswana

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

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

REPORT OF THE INDEPENDENT AUDITORS

For the year ended 31 March 2014

TO THE MEMBERS OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

Report on the financial statements

We have audited the annual financial statements of Botswana Telecommunications Corporation Limited, which comprise the statement of financial position as at 31 March 2014, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 116 to 155.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana (Companies Act, 2003), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

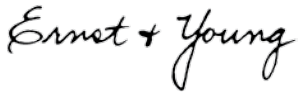
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Telecommunications Corporation Limited as of 31 March 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana.



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

Gaborone 13/3/15

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 P'000	2013 P'000 Restated
Sale of goods and services	1	1,454,487	1,356,855
Interest income	4.1	25,144	18,451
Revenue		1,479,631	1,375,306
Cost of services and goods sold	2.1	(817,231)	(566,760)
Gross Profit		662,400	808,548
Other Income	3	52,114	66,600
Selling and distribution Costs	2.2	(42,955)	(34,510)
Administrative expenses	2.3	(376,240)	(357,863)
Other Expenses	2.4	(292,091)	(198,669)
Operating profit		3,228	284,106
Finance costs	4.2	(208)	(184)
Profit before tax		3,020	283,922
Income tax expense	6	(2,880)	(10,277)
Profit for the year		140	273,645
Other comprehensive income for the year		-	-
Total comprehensive income for the year		140	273,645

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2014

	Notes	2014 P'000	2013 P'000
ASSETS			
Non current assets			
Property, plant and equipment	7	1,246,163	1,851,663
Intangible asset	8	5,630	34,452
Deferred tax assets	6.1	89,750	-
		1,341,544	1,886,114
Current assets			
Inventories	10	91,347	63,478
Trade and other receivables	12	343,579	252,202
Cash and cash equivalents	21.2	353,462	405,548
		788,387	721,228
Total assets		2,129,932	2,607,343
EQUITY AND LIABILITIES			
Capital and reserves			
Stated Capital	14	228,892	228,892
Preference Share Capital	13.2	885	885
Revaluation reserve	15	174,267	185,701
Accumulated profits		1,184,275	1,578,151
		1,588,319	1,993,628
Non current liabilities			
Development grants	17	174,108	224,740
Preference shares-liability portion	13	1,416	1,416
Deferred revenue	18	6,716	50,203
Employee related provisions	20	15,810	17,701
Deferred tax liabilities	6.1	-	10,277
		198,050	304,337
Current liabilities			
Trade and other payables	19	233,692	218,792
Interest payable on preference shares	16	392	184
Current portion of development grants	17	42,670	38,669
Current portion of deferred revenue	18	9,444	27,368
Employee related provisions	20	57,365	24,364
		343,563	309,377
Total equity and liabilities		2,129,932	2,607,343

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Notes	Stated Share Capital P'000
Balance at 1 April 2012		-
Profit for the year/Total comprehensive income		-
Depreciation transfer for land and buildings	15	-
Ordinary dividend proposed		-
Ordinary dividend declared		-
Transfer to Stated Capital	13	-
Transfer to Preference Shares		-
Transfer from Notional Share Capital		-
Transfer from Notional Share Capital		21,034
Transfer from Equity Application Account		207,858
Balance at 31 March 2013		228,892
Profit for the year/Total comprehensive income		-
Depreciation transfer for land and buildings	15	-
Dividend in specie proposed	16	-
Dividend in specie declared	16	
Balance at 31 March 2014		228,892

Preference Share Capital P'000	Notional Share Capital P'000	Equity Application Account P'000	Revaulation Reserve P'000	Accumulated Profits P'000	Dividends P'000	Total P'000
-	21,919	207,858	198,677	1,350,745	-	1,779,199
-	-	-	-	273,645	-	273,645
-	-	-	(12,976)	12,976	-	-
-	-	-	-	(59,216)	59,216	-
-	-	-	-	-	(59,216)	(59,216)
-	(21,034)	(207,858)	-	-	-	(228,892)
-	(885)	-	-	-	-	(885)
885	-	-	-	-	- -	885
	-	-	-	-	-	21,034
	-	-	-	-	-	207,858
885	-	-	185,701	1,578,150	-	1,993,628
			-	140	-	140
-	-	-	-	140	-	140
-	-	-	(11,434)	11,434	-	-
-	-	-	-	(405,449)	405,449	-
					(405,44)	(405,449)
885	-	-	174,267	-	1,184,275	1,588,318

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 P'000	2013 P'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before working capital changes	21.1	446,252	421,495
Working capital adjustments:			
(Increase)/Decrease in inventories		(33,125)	11,897
Increase in trade and other receivables and prepayments		(91,377)	(18,233)
Increase in trade and other payables		3,323	43,296
Cash generated from operations		325,074	458,455
Ordinary dividend paid to Government	16	-	(59,216)
Dividend paid	16	(121,245)	-
Interest on preference shares paid	17	-	(184)
Income tax paid	6	(92,318)	-
Net cash from operating activities		111,511	399,056
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Investment to expand operations:			
Purchase of property, plant and equipment	7	(192,837)	(317,708)
Purchase of intangible assets		(2,009)	(16,188)
Proceeds from disposal of property, plant and equipment		-	970
Interest income	4.1	25,144	18,451
Net cash used in investing activities		(169,702)	(314,475)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Grants received during the year	17	-	21,818
		-	21,818
(Decrease)/Increase in cash and cash equivalents		(58,191)	106,398
Net foreign exchange difference		6,105	6,268
Net cash and cash equivalents at beginning of the year		405,548	292,882
Cash and cash equivalents at end of the year	21.2	353,462	405,548

ACCOUNTING POLICIES

For the year ended 31 March 2014

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in Botswana Pula. The functional currency is also the Botswana Pula. All values are rounded to the nearest thousand (P'000) except when otherwise indicated. The Financial Statements of the Company for the year ended March 31,2014 were authorized for issue by the Members of the Board in accordance with a resolution on the ...10 November 2014.

CORPORATE INFORMATION

Botswana Telecommunications Corporation Limited is incorporated and domiciled in Botswana. The headquarters is situated at Megaleng, Khama Crescent, Gaborone, Botswana.

BASIS OF PREPARATION

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

Statement of compliance

The financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (''IASB'), interpretations issued by the International Financial Reporting Standard Intepretations Committee .

Changes in accounting policy and disclosures

The accounting polices adopted are consistent with those of the previous year, except that during the current financial year the Company has adopted and implemented the following standards interpretations and amendments to standards that are mandatory for financial years on or after 1 January 2013.

The changes in accounting policies result from the adoption of the following new standards, interpretations and amendments to the standards

IFRS 1 Government Loans — Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception gives first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. This amendment has not impacted Botswana Telecommunication Corporation Limited as the company has not received any government loans in the current year and has no outstanding loans.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation has had no effect on the Company.

IAS 1 Presentation of Items of Other Comprehensive Income — Amendments to IAS 1

The amendments to IAS 1 required changes to the presentation of other comprehensive income. Items that would be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The effective date of the amendment was 1 July 2012. This amendment has not impacted Botswana Telecommunication Corporation Limited as there are no remeasurements through profit & loss

IFRS 7 Disclosures — Offsetting of Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments required an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32. The amendments does not have any impact on the disclosures as the Company does not have netting off arrangements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. IFRS 12 is applied retrospectively from 1 January 2013 for disclosures of interests in other entities. BTCL does not have interests in other entities therefore this disclosure has had no effect on financial position or performance of the Company.

IFRS 13: Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has been adopted, refer to note 25
IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments Disclosures .IFRS 13 is applied prospectively from 1 January 2013 for all fair value measurement.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

Changes in accounting policy and disclosures (continued)

IAS 19 Employee Benefits Revised

The amendments of IAS 19 remove the option to defer the recognition of actuarial gains and losses, the corridor mechanism. All changes in the defined benefits plans will be recognised in profit or loss and other comprehensive income. The effective date of the standard is 1 January 2013. The adoption of these amendments will have no impact as the Company participates in a defined contribution scheme. The amendment also clarifies the short-term employee benefits will be classified to this category on the basis of expected settlement and no longer when the benefit is due to be settled. Consequently some short-term benefits could be classified as other long-term benefits. A change in classification of the employee benefits could impact the measurement and disclosures of the related benefits.

IFRIC 21 Interpretation of Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached IFRIC 21 will not impact the Company's financials as the levy being paid does not have a threshold.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

The amendments clarify that rights of set-off referred to in IAS 32 must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event.

These amendments are not expected to impact the Company's financial position or performance because BTCL does not offset financial assets and liabilities. The standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation —Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 requires management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. IFRS 10 has no impact on the company as BTCL does not present consolidated financial statements.

IFRS 10, IFRS 12 and IAS 27 Investment Entities (Amendments)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment will not have an impact on the Company.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Company does not have derivatives and does not expect the standard to have material financial impact in future financial statements.

IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures

Effective for annual periods beginning on or after 1 January 2013.
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. Joint control under IFRS 11 is defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. 'Control' in 'joint control' refers to the definition of 'control' in IFRS 10. IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 to the following two categories: Joint operation and Joint venture.
This amendment has no impact to the Company as BTCL does not have any joint operations or joint ventures.

Standards issued but not yet effective

Standard issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

IAS 36 Recoverable Amount Disclosures for Non- Financial Assets — Amendments to IAS 36

Effective for annual periods beginning on or after 1 January 2014.

Key requirements

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a consequence of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. An unintended consequence of the issuance of IFRS 13 was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendments to IAS 36.

In addition, the IASB added two disclosure requirements:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as currently issued, reflects the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39 and hedge accounting.

The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.
The estimated effective date of IFRS 9 is 1 January 2018.

IFRS 15 revenue recognition

The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

The standard will apply to annual periods beginning on or after 1 January 2017 (15 December 2016 for public entities reporting under US GAAP). Early adoption is permitted under IFRS. Entities will transition following either a full retrospective approach or a modified retrospective approach. The impact had not yet been determined, but that it would include moving revenue recognition from the currently applied cash cap method to the relative Fair Value method in terms of Mobile revenue.

IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19

Effective for annual periods beginning on or after 1 July 2014.

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age. This will not have an impact as the Company has a defined contribution plan.

The amendments are applied retrospectively, in accordance with the requirements of IAS 8 for changes in accounting policy. Early application is permitted and must be disclosed.

IFRS 14 Regulatory Deferral Accounts

Effective for annual periods beginning on or after 1 January 2016.

IFRS 14 allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first time adoption of IFRS. Existing IFRS preparers are prohibited from applying this standard. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. IFRS 14 is applied retrospectively. Early application is permitted and must be disclosed.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

Standards issued but not yet effective (continued)

Improvements to International Financial Reporting Standards – 2010-2012 cycle (issued in December 2013)

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, summaries of which are provided below. Other than amendments that only affect the standards' Basis for Conclusions, the changes are effective from 1 July 2014. .

IFRS 2 Share-based Payment

Definitions of vesting conditions

- Performance condition and service condition are defined in order to clarify various issues, including the following:
- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied
- The amendment becomes effective for the annual periods beginning on or after 1 July 2014 and will therefore be applied in the Company's first annual report after becoming effective.

IFRS 3 Business Combinations

Accounting for contingent consideration in a business combination

- The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

- The amendment becomes effective for the annual periods beginning on or after 1 July 2014 and will therefore be applied in the Company's first annual report after becoming effective.

IFRS 8 Operating Segments

Aggregation of operating segments

- The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The amendment becomes effective for the annual periods beginning on or after 1 July 2014 and will therefore be applied in the Company's first annual report after becoming effective.

Reconciliation of the total of the reportable segments' assets to the entity's assets

- The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

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

Revaluation method – proportionate restatement of accumulated depreciation/amortisation

- The amendment to IAS 16 and IAS 38 clarifies that the asset may be revalued by reference to observable data on either the gross or the net carrying amount.
- The amendment also clarifies that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset.

The amendment becomes effective for the annual periods beginning on or after 1 July 2014 and will therefore be applied in the Company's first annual report after becoming effective.

IAS 24 Related Party Disclosures

Key management personnel

- The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.
- The amendment becomes effective for the annual periods beginning on or after 1 July 2014 and will therefore be applied in the Company's first annual report after becoming effective.

Improvements to International Financial Reporting Standards

2011-2013 cycle (issued in December 2013)

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, summaries of which are provided below. Other than amendments that only affect the standards' Basis for Conclusions, the changes are effective 1 July 2014. Earlier application is permitted and must be disclosed.

IFRS 1 First-time Adoption of International Financial Reporting Standards

Meaning of 'effective IFRSs'

- The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements.
- The amendment becomes effective for the annual periods beginning on or after 1 July 2014 and will therefore be applied in the Company's first annual report after becoming effective.

AS 40 Investment Property Interrelationship between IFRS 3 and IAS 40 (ancillary services)

- The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

- The amendment becomes effective for the annual periods beginning on or after 1 July 2014 and will therefore be applied in the Company's first annual report after becoming effective.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the group's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities as they involve assessments or decisions that are particularly complex or subjective within the next year.

Revenue recognition and presentation

Revenue arrangements including more than one deliverable:
This relates to fixed lines and mobile installations. In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each of the units of accounting based on the cash cap method.The cash cap method is applied to multiple-element post-paid mobile arrangements.Under the cash cap method, revenue is allocated to the different elements of the agreement, but the value allocated to the handset is limited to the amount of cash received for it, which may be zero, because the remainder of the revenue in the transaction is contingent upon the BTCL providing the monthly services.

Determining the value allocated to each deliverable can require complex estimates due to the nature of goods and services provided. The entity generally determines the fair value of individual elements based on prices at which the deliverable is usually sold on a standalone basis, after considering volume discounts where appropriate.

Presentation: Gross versus Net

Determining whether the entity is acting as a principal or an agent requires judgement and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the entity and its independent service providers are reviewed to determine each party's respective role in the transaction.Distribution network for prepaid arrangements and sale of content are based on volume and value of transactions .The revenue is recognised gross of discounts.Revenue is recognised net of discounts when the discount are granted to the customer.

Development grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Initial capitalisation of costs is based on management's judgment that the attached conditions will be complied with. Revenue is recognised over the useful lives of the assets purchased using the grant. The current portion of development grant is estimated by amortizing 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 2014/2015. Further details are given in Note 17.

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.

Further details are given in Note 7.

Lease classification

The company as the lessor has entered into property rental lease arrangements. The Corporation has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases. These property lease arrangements relate to: Office space being rented in various locations around Botswana.Further details are given in Note 11 and 23. The company has transferred some of the immovable property to Botswana Fibre Networks (BOFINET) (see Note 7) as per government directive. BTCL entered in to a possession and use agreement that gives BOFINET full control of these assets pending legal tittle transfer. BTCL does not charge BOFINET for the use of these assets nor have the right to control physical access to the underlying assets. Subsequent to year end, BTCL has entered into a ten year indefeasible right of use (IRU) agreement with effect from 01 April 2014 to acquire capacity from Botswana Fibre Networks (BOFINET).Because BTCL has no control over the use of these assets and will not obtain the majority of the benefits from the assets, the possession and use and IRU agreements are not considered to be leases in terms of IFRIC 4 .

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Deferred lease

The current portion of deferred lease is based on the assumption that there will be no additions to operating lease contracts in the financial year 2014. Further details are given in Note 11.

Related parties

Government, parastatals and key management personnel are considered as being related to the company.The government is still a related party despite privatisation as the shares are currently held 100% by the Government of Botswana .Significant management judgment is required to determine as to who qualifies for being a related party, based on the type of the relationship especially on entities also controlled by the Government. Further details are given in Note 24.

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 design life as prescribed by internal experts. The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, customer relationship period, product life cycles and the intention of management.

The residual value of an asset is determined by estimating the amount that the entity would currently obtain from the disposal of the asset after deducting the estimated cost of disposal, if the asset were already of age and in the condition expected at the end of its useful life. The estimation of the useful life and residual value of an asset is a matter of judgment based on the past experience of the company with similar assets and the intention of management. Further details are given in Note 7.

Debtors impairment

This allowance is created where there is objective evidence, for example the probability of insolvency/bankruptcy or significant financial difficulties of the debtor, that the company will not be able to collect all the amounts due under the original terms of the invoice. An estimate is made with regards to the probability of insolvency and the estimated value of debtors who will not be able to pay. Financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Further details are given in Note 12.

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, such as preference shares – liability portion have been valued based on the expected cash flows discounted at current rates at grant date applicable for items with similar terms and risk characteristics. This valuation requires the company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in note 25.9

ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Post employement benefits

The company operates a defined contribution pension fund for its eligible citizen employees. The fund is registered under the Pension and Provident Funds Act (Chapter 27:03). The Corporation contributes to the fund 14% of the pensionable earnings of the members. Pension contributions on behalf of employees are charged to profit or loss in the year to which they relate to and as the related service is provided.

Short-term employment benefits

The cost of short term employee benefits are recognised when the employee has rendered service to the Company during the annual reporting year. The short -term employee benefits of the Company include the following : salaries,paid annual leave and paid sick leave,bonuses and non-monetary benefits (car,housing medical aid and subsidised goods and services)

Termination benefits

The cost of termination benefits is recognized only if the company is demonstrably committed without any realistic possibility of withdrawing the commitment, by a formal plan to prematurely terminate an employee's employment. When benefits are offered to encourage voluntary departure from the company, the cost is recognized if it is probable that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

In terms of their conditions of employment, expatriate and contract employees receive gratuities at the end of their contract. The cost of employee benefits is recognised during the period the employee renders services, unless the entity uses the services of employee

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related item of property, plant and equipment item. Other than the regular contributions made, the company does not have any further liability in respect of its employees' pension arrangements.

REVENUE RECOGNITION

Revenue, which excludes value added tax, comprises the value of national & international telephone services, local and access services (rentals & installations), sale of equipment to customers, data communications and other services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties. The company provides telephone and data communication services under post paid and prepaid payment arrangements. The various revenue categories are explained below:

National & International Telephone services comprise of the following product and /or services:

Prepaid products

Upon purchase of an airtime scratch and dial card or electronic vouchers the customer receives the right to make outgoing voice calls and data usage to the value of the airtime scratch and dial card. On initial recognition, the amount received is deffered and revenue is recognised as the customer utilises the airtime available or upon expiration of the usage period, whichever comes first. The expiration of the usage period is twelve (12) months.

Postpaid products

BTCL post paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. Revenue is recognized based on usage.

Interconnect - national and international

National and international interconnect revenue is recognised on a usage basis. This is revenue that BTCL realises from network interconnection and access interconnection with other Telecommunications or Cellular operators both Nationally and Internationaly. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect.

Customer Premises Equipment comprise of the following products and or services:

Sale of goods

Customer Premises Equipments includes sale of equipments such as PABX, modems and telephone instruments. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Local and Access Services comprise of the following products and or services:

Subscriptions, connections and other usage for fixed line services

Revenue includes fees for installation and activation which are recognised as revenue upon activation. Local access services are mainly providing telephone lines to both business and residential customers. Revenue includes fees for installation and activation which are recognised as revenue upon activation.

Data and Private Circuits comprise of the following products and or services:

Data income

Data income includes services such as, Internet services, websites & domains,voice mail, caller identification, call forwarding and short message services. Revenue is recognised based on usage.

Private circuits

Private circuits are services provided to customers who require exclusive connectivity between two or more geographically separated sites, with an always on service and a guaranteed high level of service availability. Private circuits are used to transport data, internet or voice between two points using a fixed bandwidth. Revenue is recognised based on usage.

Other Services comprise of the following products and or services:

Interest income

Revenue is recognised as the interest accrues, using the effective interest rate (EIR).

Rental income

The main equipment that are rented out are network towers which are leased to other cellular operators and PABXs which are rented to both private and corporate individuals. Revenue is recognised on a straight line basis over the lease term on ongoing leases. The revenue recognised here is classified under other services in note 1.

Construction contracts

Construction contracts include cost of works projects such as providing fibre optic access and copper wire access to both residential and business customers. Contract revenue and contract costs are recognised as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract.

Directory services

Revenue is recognised when telephone directories are released for distribution, as the significant risks and rewards of ownership have passed at that point.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

REVENUE RECOGNITION (continued)

Mobile Revenue comprise of the following products and or services:

Prepaid products

Upon purchase of an airtime scratch and dial card and electronic vouchers the customer receives the right to make outgoing voice and data calls to the value of the airtime scratch and dial card. On initial recognition, the amount received is deferred and revenue is recognised as the customer utilises the airtime available or upon expiration of the usage period, whichever comes first. Dealers are given discount , which is expensed as part of cost of sales when incurred.

Postpaid products

Mobile post paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. Revenue is recognized based on usage. All post paid products are sold by BTCL, there are no dealers or agents involved.

Interconnect - national and international

National and international interconnect revenue is recognised on the usage basis. This is revenue that mobile realises from network interconnection and access interconnection with other Telecommunication or Cellular operators both Nationally and Internationaly. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect

Handset Revenue

Revenue from the handset is recognised when the handset is delivered. The bundled arrangement is allocated to each deliverable ,based on the cash-cap method of each deliverable. The value allocated to the handset is limited to the ammount of cash received for it.

Customer Loyalty Programmes

Award credits given to mobile prepaid customers are accounted for as a separate component of the initial sales transaction.The amount allocated to the award credit is equal to the fair value of the awards for which the credits could be redeemed.

INVENTORIES

Inventories comprise items of equipment used in the construction or maintenance of plant (work in progress), and consumable stores and other inventories. Inventories are stated at the lower of cost, determined on the weighted average basis, and estimated net realisable value after due consideration for slow moving and obsolete items.

Work-in-progress includes contracts carried out for customers and is stated at the lower of cost and estimated net realisable value after due consideration for provisions for any foreseeable losses. Advance payments in respect of such work-in-progress are included under trade and other payables. Further details are given in Note 10.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

There were no borrowing costs capitalised during the period under review.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and subsequent accumulated impairment loss, where applicable. Property, plant and equipment includes all direct expenditure and costs incurred subsequently, to add to, replace part of, or major inspection thereof if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a component, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Land and buildings are measured at fair value less accumulated depreciation on buidings and impairment losses recognised at the date of revaluation.For the land and buildings stated at cost ,the carrying value approximates the 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 profits. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred

to accumulated profits.Improvements to assets held under operating leases are capitalised and depreciated over the remaining lease term.

Capital work in progress (plant and equipment in the course of construction) comprises costs incurred in constructing property, plant and equipment that are directly attributable to the construction of the asset. Assets remain in capital work in progress until they have been put into use or are commissioned, whichever is the earlier date. At that time they are transferred to the appropriate class of property, plant and equipment. Further details are given in Note 7.

An item of property ,plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

DEPRECIATION

For depreciation purposes, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant component with different useful lives are depreciated separately. Depreciation is not provided on freehold land as it is deemed to have an indefinite life and plant and equipment in the course of construction as they are not yet available for use.

Depreciation is provided on other property, plant and equipment on a straight line basis. This is from the time they are available for use, so as to write off their cost over the estimated useful lives taking into account any residual values. The residual value of an asset may be equal to or greater than the asset's carrying amount. If it is the case, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount.

The estimated useful lives assigned to groups of property, plant and equipment are:

Buildings - 40 years
Leasehold land and buildings - unexpired portion of lease or 50 years, whichever is shorter
Plant and equipment - 5 to 20 years
Other equipment - 3 to 10 years

Where the expected useful lives or residual values of property, plant and equipment have changed due to technological change or market conditions, the rate of depreciation is adjusted so as to write off their cost or valuation over the remaining estimated useful lives to the estimated residual values of such property,plant and equipment.

The useful lives, residual values and depreciation methods of property, plant and equipment are reviewed at each financial year end, and adjusted in the current period if expectations differ from the previous estimates. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or asset held for distribution ; or is included in a disposal group that is classified as held for sale or held for distribution the date that the asset is derecognised. Further details are given in Note 7.

IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which it belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Management's estimates of future cash flows are subject to risk and uncertainties. It is therefore reasonably possible that changes could occur which may affect the recoverability of the company's assets. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings, in which case the impairment loss is treated as a decrease in the revaluation reserve to the extent of the value of this reserve relating to this particular asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in the revaluation reserve after reversing the portion previously in profit or loss through income.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will principally be recovered through sale rather than continuing use. For an asset to be classified as held for sale it must be available for immediate sale in its present condition and the sale must be highly probable. Management must be committed to the sale , which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups held for sale are measured at the lower of the asset's carrying value before being classified as

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

NON-CURRENT ASSETS HELD FOR SALE (continued)

held for sale and its fair value less cost to sell . Fair value is the price that is deemed reasonable in an arm's length transaction. While a non-current asset is classified as held for sale , it is not depreciated (or amortised).Interest and other expenses attributable to the liabilities of an asset held for sale continues to be recognised.

INTANGIBLE ASSETS

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Armotisation 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 armotisation method are reviewed at least at the end of each reporting period for all intangible assets with a finite useful life.The armotisation expense on intangible asset with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not armotised,but are tested for impairement annually,either individually or at the cash-generating unit level.

Licences

The company made upfront payments to purchase licenses.Licences for the use of intellectual property are granted for periods ranging between 5 and 15 years depending on the specific licences.The licences are renewed at little or no cost and are assessed as having an indefinite useful life .As a result the licences are not amortised.

Derecognition of intangible asset

Gains or losses arising from de-recognition of an intangible asset are measued as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

FOREIGN CURRENCY TRANSLATION

Transactions in currencies other than Botswana Pula are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates of exchange approximating those ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Profits and losses arising on translation of foreign currencies attributable to the company are dealt with in profit or loss in the year in which they arise.

The International Telecommunications Union uses USD as the currency to settle international operator debts. The USD rate is linked to the Special Drawing Rights (SDR) rate, which is fixed at 1.51824:1 (SDR).

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. Further details are given in Note 17.

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. Further details are given in Note 18.

STATED CAPITAL

Botswana Telecommunications Corporation, a statutory body, was converted to a public company limited by shares issued on the 1st November 2012.The financial interest of the Botswana Government in the Corporation, (being the Notional Share Capital, Equity Portion of Preference Shares and Equity Application Account) was converted into one million shares in the capital of the company. As at the date of conversion to date , the Government of Botswana remains the sole shareholder. Any act lawfully performed by the Corporation under the BTC Act and before the conversion date, shall continue to be valid and shall be performed by the Company as per the BTC Transition Act.

Prior to conversion to a public company the company was constituted in terms of the Botswana Telecommunication Corporation Act CAP 72:02. The Act did not provide for share capital. However, by agreement with the Government of Botswana, the company created a notional share capital account of P21.03 million. These shares were neither registered under the Companies Act nor recorded by the Registrar of Companies. The Notional share capital (excluding the capital portion of preference shares) was recognized at the fair value of the consideration received by the company at a notional par value. The notional share capital did not have any attached rights and obligations and rights and obligations with respect to dividends were not constituted. However, dividends based on a Government directive CAB 40/2004 and which were not linked to the value of the share capital, were paid.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

By agreement with the Government of Botswana, the company created an equity application account being loans convertible to equity of P207.86 million. The money set aside through the equity application account was recognized at the total value of the consideration received by the company and at a notional par value. The equity application account did not have any attached rights and obligations and constituted an equity contribution by the Government of Botswana. The equity did not have any rights to dividends as rights and obligations attached thereto were not constituted.

RELATED PARTY TRANSACTIONS

The Government of the Republic of Botswana and its various local authorities and Parastatals constitute a significant portion of the company's revenues. Other related parties are the members of key management personnel. Services to Government, other local authorities, Parastatals and subsidiaries, are provided at arm's length. For further information refer to Note 24.

TAXATION

Current Income tax

Taxation is provided in the financial statements using the gross method of taxation. Current taxation is charged on the net income for the year after taking into account income and expenditure, which is not subject to taxation, and capital allowances on fixed assets.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except when the the deffered tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination,at the time of transaction,affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities which affect neither the tax profit nor the accounting profit at the time of the transaction.

The carrying amount of deffered tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deffered tax asset to be utilised.Unrecognised deffered tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deffered tax assets and deffered tax liabilities are offfset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deffered taxes relate to the same taxable entity and the same taxation authority.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the company has become a party to the contractual provisions of the instrument. When financial instruments are initially recognised, they are measured at fair value plus in the case of instruments not at fair value through profit or loss, directlty attributable transactions costs.All regular way purchases and sales of financial instruments are recognised on the trade date, which is the date that the company commits to purchase the instrument.

Financial Assets

The company's principal financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

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

Trade and other receivables

These are classified as loans and receivables. Subsequent to initial recognition, trade receivables and loans are recognised at amortised cost using the effective interest rate method, which approximates the original invoice amount less an allowance for any uncollectible amounts.

Gains and Losses for Financial Assets

Gains and losses are recognised in profit or loss when the loan and receivable is derecognised or impaired as well as through the amortisation process.

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.
Significant financial liabilities include the liability portion of preference shares and trade and other payables.

Compound financial instruments

The company evaluates the terms of each non derivative financial instrument issued by the Corporation to determine whether it

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

FINANCIAL INSTRUMENTS (continued)

contains both a liability and an equity component. Where the financial instrument is determined to be a compound financial instrument, such components are classified separately as financial liabilities, and/or equity instruments in accordance with the requirements of IAS 32.

As at year end, the company had in issue, preference shares that were considered to be a compound financial instrument. The company determines the carrying amount of the liability component by measuring the fair value of the liability by discounting future contractual dividend payments for the preference shares at the risk adjusted interest rate. The carrying amount of the equity instrument, represented by the option of the company to redeem the preference shares, is then determined by deducting the fair value of the financial liability from the total consideration received of the compound financial instrument as a whole. The liability portion of the preference shares are carried at amortised cost using the effective interest rate method.

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.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the right to receive cash flow from the asset have expired and it has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either the company has transferred substantially all the risks and rewards of the the asset or the company has neither transferred nor retained substantially all the risks and rewards of the the asset but has transferred control of the asset. The asset is only recognised to the extent that the Company has a continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The company assesses at each reporting date whether a financial asset or group of financial assets is impaired. An allowance for impaired debts is made when the agreed credit terms are not adhered to and the debtor is disputing the billed amount or was declared insolvent.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in profit or loss.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised by adjusting the allowance account, to the extent that the carrying value of the asset does not exceed the value that would have been its amortized cost at the reversal date, had no impairment been recognised previously.

The amount of the reversal is recognised in the profit or loss.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2014

DIVIDENDS AND DIVIDENDS IN SPECIE

Management and shareloders determines the amount of dividends distributed.Dividends proposed after the reporting date is shown as a component of equity and reserves and not as a liability. The liability to pay dividends is recognised when dividends are authorised by management and the shareholder. Dividends are still payable to Botswana Government despite corporatisation as it is still the only shareholder.

Management and Shareholder may declare dividends in specie. BTCL measures a liability to distribute non-cash assets as a dividend at the carrying amount of the assets to be distributed. .

PROVISIONS

General

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A past event is deemed to give rise to a present obligation if, taking into account all of the available evidence, it is more likely than not that a present obligation exists at reporting date.

Restructuring provisions

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled.The Company has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the number of employees affected and a detailed timeline. Detailed communication plan to affected employees in a sufficiently specific manner to raise expectation in them that the Company will carry out the restructuring.

LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset.

Corporation 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.

Corporation as lessor

Leases where the company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Lease income is recognised as income in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

GENERAL POLICIES

Business Combinations

Business combinations are accounted for using the acquisition method, unless it is a combination involving entities or businesses under common control. Common control business combinations are accounted for using the pooling of interest method and comprative informationis restated as if the business combination had occured previously. The amounts are restated as if the transaction had taken place at the beginning of the comparative period. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.
Acquisition costs incurred are expensed.

Financial Guarantee Contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make the payment when due in accordance with the terms of a debt instrument. Financial contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 P'000	2013 Restated P'000
1 SALES OF GOODS AND SERVICES		
Telephone - national	229,108	221,627
Mobile Revenue	366,349	325,420
Telephone - international	49,908	57,620
Local and Access Services	103,276	101,522
Data	463,130	401,033
Private circuits	87,433	108,461
Customer Premises Equipment	107,601	91,674
Other Services	47,682	49,497
	1,454,487	1,356,854
2 OPERATING COSTS		
2.1 Cost of services and goods sold :		
Payment to International carriers and local operators (Interconnection)	191,371	175,480
Depreciation		
Land and buildings	8,391	8,420
Plant and Machinery	180,880	171,694
Impairment of Property ,Plant and equipment	266,051	-
Equipment and material costs	77,554	82,012
Write(up)/down of inventories - Note 10	(2,949)	5,569
Cost of directory sales	2,872	3,097
Cost of phones & prepaid cards	28,006	22,401
License fee - BTA	35,429	31,220
Space segment rentals and other licence fees	29,626	66,865
Total cost of services and goods sold	817,231	566,759
Space segment rentals relates to access to some satelites which the entity rents.		
Licence fees relates primarily to such licences as computer software licences.		
2.2 Selling and distribution costs:		
Installation of Customer Premises Equipment	13,145	10,861
Product Marketing costs	29,810	23,649
	42,955	34,510
2.3 Administrative expenses		
Employee costs:		
Salaries and wages	296,322	264,321
Pension fund and group life contributions (defined contribution plans)	15,199	15,244
Training costs	4,302	8,721
Other related costs	14,671	15,187
Total employee costs	330,494	303,473
Employee costs relating to assets constructed capitalised	(1,360)	(1,376)
Total employee costs charged to profit or loss	329,134	302,097
Depreciation - Other equipment	28,511	40,239
Repairs and maintenance- Non Telcom equipment	18,596	15,527
Total Administrative expenses	376,240	357,863

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	2014 P'000	2013 Restated P'000
2.4 Other expenses		
Other operating expenses-Note 3	282,000	198,669
Loss on disposals	10,091	
Total other expenses	292,091	198,669
Total operating costs	1,528,517	1,157,801
Operating costs include the following items :		
Audit fees -Current year	1,400	1,730
-Prior year	252	300
Board members' fees	110	114
Restructuring costs	31,190	531
Consultancies	29,558	39,215
Legal costs	6,839	856
Debtors impairment	42,648	21,862
Funds transferred to Botswana Fibre Network (BOFINET)	-	4,503
Operating lease charges - rentals	10,172	5,763
Foreign exchange net gains	(7,216)	(9,682)
3 OTHER INCOME		
Development grant recognised as income - Note 16	(42,670)	(38,669)
Deffered revenue recognised as income	(9,444)	(27,368)
Profit on disposal of property, plant and equipment	-	(565)
	(52,114)	(66,600)

Deferred revenue recognised as income has been reclassified from other operating expenses(note 2.4) to Other income

An error was noted in respect of the presentation and disclosure of deferred revenue recognised as income in the financial statements- 31 March 2014 P 9,443,721.87, (31 March 2013- P27, 368,060.94). In prior years, this was included under other expenses instead of being recognised as other income. By reclassifying deferred revenue to other income, other income line item has increased by P 9,443,721.87, (31 March 2013- P27, 368,060.94) and other expenses has decreased by the same balances.

4 INTEREST INCOME/ FINANCE COSTS		
4.1 Interest income:		
Call Accounts	(25,144)	(18,451)
	(25,144)	(18,451)
4.2 Finance costs:		
Preference shares interest	184	184
Accrued interest (13%)	24	
	208	184
5 EARNINGS PER SHARE		
Profit attributable to ordinary shareholder for basic and diluted earnings per share	140	273,645
Stated Capital-Number of shares	1,000,000	1,000,000
Notional share capital-number of shares	-	-
Earnings per share(Pula)	0.14	273.64
Earnings per notional share(Pula)	-	-

Notional ordinary share capital has been converted into Stated capital of 1,000,000 shares during the previous (2013) financial year .The Government of Botswana is still the sole shareholder

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	2014 P'000	2013 Restated P'000
6 INCOME TAX		
The components of income tax expense for the year ended 31 March 2014 are:		
Consolidated income statement		
Taxation expense		
Corporate tax	102,906	0.00
Deferred taxation	(100,026)	10,277
Taxation expense	2,880	10,277
Tax rate reconciliation		
Profit before tax	3,020	80,384
Company tax at 22%	664	17,685
Non-taxable income	(5,968)	(6,964)
Non-deductible expenses	7,530	22
Citizen training allowance	465	(465)
Assets not qualifying for capital allowances	188	
Taxation expense	2,880	10,277
6.1 DEFERRED TAX		
Accelarated depreciation for tax purposes	(91,021)	20,714
Unrealised gain	3,527	806
Prepayments (PABX)	-	(717)
Provision for doubtful debt	-	1,555
Unutilised scratch cards	(2,256)	(120)
Assessed loss	-	(11,960)
Deferred tax (assets) liability	(89,750)	10,277
Assessed loss		
Balance brought forward	54,365	-
Movement for the year	(54,365)	54,365
Total	0	54,365
Expiring as follows:		
30-Jun-18	0	

The Corporation was converted to a company with effect from 01 November 2012 and from this date the company effectively became a corporate tax payer at a tax rate of 22%. All income taxes and deferred tax were computed at the statutory tax rate of 22% for corporates.For 2013 financial year, profit before tax used in the deffered tax calculation is for the period 1st November 2012 to 31st March 2013(5 months) and as such will differ from the one in the Statement of Comprehensive Income.The 2013 financial year assesed loss(P54,365,000) was utilised in the 2014 financial year taxable income. The significant movement in deffered tax is due to the asset impairment of P266,050,988(Note 9).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	Land & Buildings P'000	Plant & Equipment P'000	Other Equipment P'000	Plant & Equipment in the Course of Construction P'000	Total P'000
7 PROPERTY, PLANT AND EQUIPMENT					
31 March 2014					
COST OR VALUATION					
At beginning of the year	266,265	3,492,810	513,184	1,198	4,273,457
Disposals (Transfers to BOFINET)	(49,058)	(706,116)	(10,715)	-	(765,889)
Other Disposals	-	(115,405)	-	(1,198)	(116,603)
Additions	-	167,617	25,214	6	192,837
Reclassification	11,857	194,391	(160,239)	-	46,009
At end of the year	229,064	3,033,297	367,444	6	3,629,811
DEPRECIATION AND IMPAIRMENT					
At beginning of the year	30,163	2,000,138	391,493	-	2,421,794
Depreciation charge for the year	8,391	175,372	28,511	-	212,274
Impairment		266,051			266,051
Disposals (Transfers to BOFINET)	(7,631)	(415,614)	(7,768)	-	(431,013)
Other disposals	-	(106,144)	-	-	(106,144)
Reclassification	(11,155)	158,535	-	(126,694)	20,686
At end of the year	19,768	2,078,338	285,542	-	2,383,648
NET BOOK VALUE					
At beginning of the year	236,102	1,492,672	121,691	1,198	1,851,663
At end of the year	209,296	954,959	81,902	6	1,246,163

The presidential directive cab 21/2012 approved the transfer of some main telecommunication infrastructure which includes among others the local and national fibre system and also the management of both East Africa Sea Cable (EASSY) and West Africa Cable System (WACS) to a Special Purpose Vehicle, named Botswana Fibre Network (BOFINET).

The government of Botswana further instructed BTCL to fund the establishment of BOFINET. The assets were transferred at Netbook Value. Total Netbook value of Assets (Excluding Inventory) transferred to BOFINET is P334,876,193(note 9). The effective date of transfer is 31st December 2013. (Further details are in note 15,17 and 23).

During the year BTCL embarked on an assets class clean up exercise in order to align the classes in the Fixed Asset Register with the Annual Financial Statements.The amounts are shown under reclassification line in note 7 and 8.

Impairment amount of P266 050 988 (note 9) represent a write-down of certain property,plant and equipment.This was recognised in the income statement of comprehensive income as a cost of sales. The impairment amount was determined by comparing the carrying amount and the valuation as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	Land & Buildings P'000	Plant & Equipment P'000	Other Equipment P'000	Plant & Equipment in the Course of Construction P'000	Total P'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)					
31 March 2013					
Cost or valuation					
At beginning of the year	265,922	3,221,467	467,864	2,732	3,957,985
Additions	-	270,017	46,493	1,198	317,708
Transfers	343	1,326	1,063	(2,732)	-
Disposals	-	-	(2,236)	-	(2,236)
At end of the year	266,265	3,492,810	513,184	1,198	4,273,457
Accumulated Depreciation					
At beginning of the year	21,743	1,835,271	353,235	-	2,210,249
Charge for the year	8,420	164,867	40,239	-	213,526
Disposals	-	-	(1,981)	-	(1,981)
At end of the year	30,163	2,000,138	391,493	-	2,421,794
Net book value					
At beginning of the year	244,179	1,386,196	114,629	2,732	1,747,736
At end of the year	236,102	1,492,672	121,691	1,198	1,851,663

Land and buildings were revalued at 31 March 2012 by an accredited independent value, on an open market existing use basis (note 26).

Revaluation of Land & Buildings

If land & buildings were measured using the cost model, the carrying amount would be as follows:

	2014 P'000	2013 P'000
Cost	95,179	95,179
Depreciation	(58,165)	(55,865)
Carrying amount	37,014	39,314

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	Computer & Billing Software P'000	Network Management System P'000	Total P'000
8 INTANGIBLE ASSETS			
31 MARCH 2014			
COST			
At beginning of the year	135,367	27,750	163,117
Additions	1,742	267	2,009
Reclassification	(28,431)	(17,578)	(46,009)
At end of the year	108,678	10,439	119,117
AMORTISATION			
At beginning of the year	103,980	24,685	128,665
charge for the year	4,839	669	5,508
Reclassification	(5,046)	(15,640)	(20,686)
At end of the year	103,773	9,714	113,487
NET BOOK VALUE			
At beginning of the year	31,387	3,065	34,452
At end of the year	4,905	725	5,630
31 MARCH 2013			
COST			
At beginning of the year	122,369	24,560	146,929
Additions	12,998	3,190	16,188
Disposals	-	-	-
At end of the year	135,367	27,750	163,117
AMORTISATION			
At beginning of the year	97,655	24,183	121,838
charge for the year	6,325	502	6,827
At end of the year	103,980	24,685	128,665
NET BOOK VALUE			
At beginning of the year	24,714	377	25,092
At end of the year	31,387	3,065	34,452

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

9 ASSET IMPAIRMENT

During 2014, the company reduced its fixed line incumbent's assets base due to technology changes which is in line with global trend. The company is also facing increased competition from other operators as well as the tightened regulatory environment.

In addition, the asset base of the company significantly reduced by P334 876 193 due to transfer of assets ordered by the Government of Botswana which is the sole shareholder. The assets were transferred to a newly formed and 100% Government owned company named Botswana Fibre Network (BOFINET).

In determining the recoverable amount of BTCL cash generating unit (CGU) a discounted Cash flow valuation method was used. The whole business is regarded as one CGU .The recoverable amount was lower than a carrying amount indicating that the assets are impaired. Impairment amount of P266 050 988 was determined and it represents a write-down of some of the property, plant and equipment. All the impaired fixed line incumbent assets fall under plant and equipment asset category (note 7).

Valuation key assumptions

The recoverable amount was determined based on value in use. The calculations used cash flow projections over a period of five (5) years based on financial forecasts and the growth rate of 6% was applied .

Assumptions

Discount rate (WACC) 2014: 13 %

Management determined these rates based on past experience as well as external sources of information.

	2014 P'000	2013 P'000
10 INVENTORIES		
Comprising:		
Consumable stores	32,245	25,739
Customer premises equipment	32,535	19,109
Other inventories	26,565	18,630
	91,347	63,478

The above inventory is disclosed at the lower of cost and estimated net realisable value. The inventory write up was P2,949,000 in the current year and in 2013 there was a write down amounting to P5,569,000. The Government of Botswana transferred inventory worth P5,257,080.16 from BTCL to BOFINET warehouse from the available stock in hand as at 31 March 2014.The split of inventories between the two companies was as per the agreed percentage split.The split was influenced by the service each company had as at 31 March 2014.

11 DEFERRED LEASE		
Balance at the beginning of the year	-	8,375
New lease arrangements	-	322
Usage in the current period	-	(8,697)
	-	-

Deferred leases arise from operating leases on the company sites, where the company is the lessor. Deferred lease balance arise from the difference between actual payments made in accordance with the lease agreement and the straight lining of operating leases in accordance with IAS 17.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	2014 P'000	2013 P'000
12 TRADE AND OTHER RECEIVABLES		
Trade receivables	180,523	146,596
Receivables from related parties	76,233	36,271
Trade receivables from interconnect balances	98,470	63,093
Staff advances	1,586	1,585
Receivables from Global connectivity projects (EASSy & WACS)	14,024	17,357
Other receivables	54,391	28,781
	425,227	293,683
Prepayments and deposits	18,622	14,617
Debtors impairment	(100,270)	(56,097)
	343,579	252,203

The company's trade and other receivables are non-interesting bearing. For terms and conditions relating to related party receivables, refer to Note 24. Trade receivables from interconnect balances and other receivables are generally 30 to 90 days terms, interest free, unsecured and settlement occurs in cash. Staff advances may be up to six months and they are non interest bearing.Staff advances and other receivables carrying value approximate the fair value.

Further details on receivables from Global connectivity projects (EASSY and WACS) have been disclosed in note 24.

Trade and other receivables at 31 March 2014		
Neither past due nor impaired	120,858	15,598
Past due but not impaired		
less than 30 days	47,868	92,076
between 30 days and 60 days	36,925	15,007
between 60 days and 90 days	21,846	19,579
more than 90 days	97,458	95,325
Net carrying amount	**324,956**	**237,585**

The movement in the provision for impairment of trade and other receivables is set out below.

	Individually Impaired P'000	Collectively Impaired P'000	Total P'000
At 31 March 2014			
At beginning of year	25,595	30,502	56,097
Additional amounts raised (note 2)	34,183	13,620	47,803
Release of the provision during the year	-	(3,630)	(3,630)
At end of year	59,778	40,492	100,270
At 31 March 2013			
At beginning of year	9,200	36,775	45,975
Additional amounts raised	18,276	3,586	21,862
Release of the provision during the year	(1,881)	(9,859)	(11,740)
At end of year	25,595	30,502	56,097

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

		2014 P'000	2013 P'000
13	**NOTIONAL ORDINARY SHARE CAPITAL**		
	Balance at the beginning of the year	-	21,919
	Transfer to Stated Capital - ordinary shares	-	(21,034)
	Equity portion of preference shares disclosed separately - note 13.2	-	(885)
	Balance at the end of the year	-	-
13.1	**Equity Application Account**		
	Balance at the beginning of the year	-	207,858
	Transfer to Stated Capital	-	(207,858)
	Balance at the end of the year	-	-
13.2	**Preference Shares**		
	2 301 000 - 8% redeemable cumulative preference shares of P1 each, held by the Government of Botswana		
	Total nominal value	2,301	2,301
	Equity portion of preference shares disclosed under non current liabilities	(1,416)	(1,416)
	Equity portion of preference shares disclosed separately - note 13	885	885
14	**Stated Capital**		
	Balance at the beginning of the year	228,892	-
	Transfer from Notional Ordinary Share Capital - ordinary shares	-	21,034
	Transfer from Equity Application Account	-	207,858
	Balance at the end of the year	228,892	228,892
	Stated capital is made up as follows:		
	Issued and fully paid		
	1,000,000 ordinary shares of no par value	228,892	228,892
	Preference shares		
	2,301,000- 8% redeemable preference shares	2,301	2,301

The movement within the number of shares issued during the year:

	Number of shares	
	2014	2013
Shares of no par value in issue at the beginning of the year	1,000,000	1,000,000
Shares of no par value in issue at the end of the year	1,000,000	1,000,000

Botswana Telecommunications Corporation, a statutory body, was converted to a public company limited by shares on the 1st November 2012.The financial interest of the Botswana Government in the Corporation were converted into shares in the capital of the company. As at date of conversion the Government of Botswana remained the sole shareholder. Any act lawfully performed by the Corporation under the BTC Act and before the conversion date, shall continue to be valid and shall be performed by the Company as per the BTC Transition Act.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

		2014 P'000	2013 P'000
15	**REVALUATION RESERVE**		
	Properties revaluation reserve		
	Balance at the beginning of the year	185,701	198,677
	Depreciation transfer for land and buildings	(11,434)	(12,976)
	Increase for the year	-	-
	Balance at the end of the year	174,267	185,701
	Total other reserves	174,267	185,701
16	**DIVIDENDS AND PREFERENCE SHARE INTEREST**		
	Preference share interest		
	Preference share interest owing at the beginning of the year	184	184
	Accrued interest -13% on outstanding balance	24	
	8% redeemable cumulative preference shares- declared during the year	184	184
	Amount paid during the year	-	(184)
	Amount payable at end of year	392	184
	Equity dividends:		
	Dividend declared (ratified by board)	405,449	-
	Total dividends	405,841	184
	Dividend per share	-	-
	Dividends in specie:		
	Fixed Assets transferred to Bofinet	334,875	-
	Inventory transferred to Bofinet	5,257	-
	Deferred Revenue and grants amortized	(55,928)	-
	Bofinet Funding	121,245	-
		405,449	-
	Dividends declared	405,449	-

The current preference dividend amounting to P184,000 is payable as approved by the Board of the company. The preference shares are a part of a compound financial instrument comprising an equity portion and a liability portion. Consequently, the compound financial instrument has been split into the equity and liability components (Note 13). The dividends on preference shares have been classified as interest cost and are included as part of finance cost (Note 4.2). The dividend bears no interest and it is unsecured.

In the prior years (up until 2012) dividends amounting to 25% of the company profits were payable to the Government in line with the requirements of the Government directive CAB 40/2004. Since BTCL is now required to pay tax in terms of the Income Tax Act this obligation now falls away. BTCL shall now declare dividends in compliance with the relevant provisions of the Companies Act.

The shareholder (Government of Botswana) gave BTCL a directive to fund the new telecommunication establishment by the name BOFINET. They are 100% owned by the government and their mandate is to manage the main telecommunication network in the country. BTCL was further directed to transfer some of the assets to BOFINET. The assets were transferred at carrying amount. A dividend in Specie has been declared against the value of assets transferred and ratified by the Board effective 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

		2014 P'000	2013 P'000
17	**DEVELOPMENT GRANTS**		
	Balance at the beginning of the year	263,408	280,259
	Grants received during the year	-	21,818
	Transfer to BOFINET	(3,960)	-
	Recognised as income during the year	(42,670)	(38,669)
	Balance at end of the year	216,778	263,408
	Current portion of development grant	42,670	38,669
	Non-current portion of development grant	174,108	224,740
		216,778	263,408

The cumulative grants received to date are P509,325,983.70 (2013:509,325,983.70). These grants are for the purpose of funding the Company's expansion in rural districts in terms of National Development Plan 8 called Nteletsa projects. The portion of the grants recognised as income during the year is based on the useful life of plant and equipment which was funded by the above grants.

18	**DEFERRED REVENUE**		
	Balance at beginning of the year	77,571	104,939
	Deffered revenue transferred to BOFINET	(51,968)	-
	Deferred revenue recognised as income		
	- Fibres	(123)	(123)
	- Network Upgrade -Government of Botswana (GOB)	(15,501)	(15,701)
	-Transkalahari Upgrade (DWDM)	6,181	(11,544)
	Balance at end of the year	16,160	77,571
	Current portion of deferred revenue	9,444	27,368
	Non-current portion of deferred revenue	6,716	50,203
		16,160	77,571

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.
Traffic administration balances relates to terminating charges owing on BTC outgoing calls to international operators and for the mobile networks. These are settled on a 30-90 day term and are not secured.

19	**TRADE AND OTHER PAYABLES**		
	Trade payables	32,364	77,829
	Interconnection balances	36,126	24,552
	Accruals and Other payables .	165,202	116,411
		233,692	218,792

Trade payables and accrued expenses are non interest bearing and are normally settled on 30-60 day terms and are not secured. Other payablesare non-interest bearing and have an average settlement date of three months and are not secured.
Interconnection balances relates to terminating charges owing on BTCL outgoing calls to international operators and for the mobile networks. These are settled on a 30-90 day term and are not secured.
Included in accruals and other payables is the mobile deffered revenue amounting to Pula 10,253,091 (2013: 7,7172,602).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	Leave Pay P'000	Gratuity P'000	Restructuring Costs P'000	Other P'000	Total P'000
20 EMPLOYEE RELATED PROVISIONS					
Opening balance (2013)	19,653	17,701	-	4,712	42,066
Charged to employee expenses	9,787	23,887	25,000	12,377	71,051
Utilised	(9,207)	(25,778)	-	(4,957)	(39,942)
Closing balance (2014)	20,233	15,810	25,000	12,132	73,175

For the purpose of the consolidated cash flow statement the working capital changes arising from trade and other receivables and trade and other payables take into account the cash effects of the interest receivable and payable at both the beginning and end of the year.

	Notes	2014 P'000	2013 P'000
21 STATEMENT OF CASH FLOWS			
21.1 Operating profit before working capital changes:			
Net Profit before financing costs		3,228	284,106
Adjustment for non cash movements:			
Depreciation	7-8	217,782	220,353
Impairment of Property ,Plant and Equipment	7	266,051	-
Profit on disposal of property, plant and equipment	3	-	(565)
Loss on disposal of property, plant and equipment	2.4	10,091	-
Interest income	4	(25,144)	(18,451)
Exchange loss unrealised		(6,105)	(6,286)
Development grant recognised as income	16	(42,670)	(38,669)
Deferred revenue recognised as income			
- fibres	17	(123)	(123)
- Network Upgrade -GOB	17	(15,501)	(15,701)
- Transkalahari Upgrade(DWDM)	17	6,181	(11,544)
Deferred lease	9	-	8,374
Profit from miscellaneous sale		404	-
Movement in provisions	19	31,109	-
Adjustment for deffered revenue		949	-
Operating profit before working capital changes		446,252	421,496

For the purpose of the consolidated cash flow statement the working capital changes arising from trade and other receivables and trade and other payables take into account the cash effects of the interest receivable and payable at both the beginning and end of the year.

21.2 Net cash and cash equivalents at end of the year:			
Cash at bank and on hand		19,571	28,784
Short term deposits		333,891	376,764
Net cash and cash equivalents at end of the year		353,462	405,548

The call deposits had effective interest rates of between for 0.25% and 4.15% (2013: 0% and 3.75%). Short- term deposits are made for varying periods of between one day and three months,depending on the immediate cash requirements of the Company. At year end the short term deposits were maturing within 90 days (2013:90 days).

21.2.1 Banking Facilities

The Corporation has facilities with its bankers amounting to P110,000,000 (2013 : P110,000,000) in respect of letters of credit and guarantees.The banking facilities are unsecured.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	2014 P'000	2013 P'000
22 CAPITAL COMMITMENTS		
Contracted but not paid	123,943	227,538
Authorised but not contracted	317,615	175,436
Total capital commitments	441,558	402,974

These commitments will be financed by equity contributions, development grants, long term borrowings and internally generated funds.

23 OPERATING LEASE COMMITMENTS-COMPANY AS LESSEE

Future minimum lease payments payable under non-cancellable operating leases as at 31 March 2014 are as follows:

Operating leases	23,635	25,568
Balance due within one year	8,538	7,509
Balance due between two and five years	9,011	12,418
Balance due after five years	6,086	5,641
	23,635	25,568

OPERATING LEASE COMMITMENTS-COMPANY AS LESSOR

Future minimum lease receivables under non-cancellable operating leases as at 31 March 2014 are as follows:

Operating leases	7,616	10,750
Balance due within one year	1,502	10,750
Balance due between two and five years	3,804	-
Balance due after five years	2,310	-
	7,616	10,750

In addition to the above, the Company has entered into service and maintenance contracts with third parties.The majority of the operating leases with the company as lessor are in respect of sites on which radio site premises have been built and sub-let by the Corporation to its customers. These leases comprise of fixed rentals payable on a monthly basis with annual escalations of 10% per annum generally with a one month notice period.

24 RELATED PARTY TRANSACTIONS

Relationships

Owner with 100% ownership	Government of Botswana
Members of the Board of Directors	Refer to General information Page 114
Members of Key management	Paul Taylor
	Anthony Masunga
	Abel Bogatsu
	Joy-Marie Marebole
	Thabo Nkala
	Mokgethi Nyatseng
	Christopher Diswai
	Same Kgosiemang
	Boitumelo Masoko
	Masego Mathambo
	Kaelo Radira

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

Trading transactions

The following related party transactions were on an arm's length basis:

	Revenue billed		Balance due	
	2014 P'000	2013 P'000	2014 P'000	2013 P'000
Sales and outstanding balances from related parties				
The Government of the Republic of Botswana	396,809	348,035	71,238	31,596
Parastatals	59,491	63,182	4,995	4,675
	456,300	411,217	76,233	36,271
Purchases from related parties				
Parastatals	257,179	140,818	35,317	13,526

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are the rendering or receiving of services and are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Individually significant transactions

Global connectivity projects (EASSY and WACS):

The Government of Botswana owes BTCL P14,024,933.82 (2013 : P17,357,090.46) for payments which were made on behalf of the government towards procuring the Indefeasible right of use (IRU). BTCL is now leasing on an arms length basis network capacity from the government of Botswana on an operating lease basis.

Nteletsa Project

Through BTCL, in 2009 the government of Botswana embarked on a telecommunications expansion project in rural districts in terms of National Development Plan 8. The project has been termed "Nteletsa". Contractually, BTCL had the obligation to erect and maintain "Nteletsa" project telecommunication equipment. For the erection of the equipment, BTCL has been receiving grants from the government of Botswana.The cumulative grants received to date are P509,325,983.70 (2012: P487,507,734). As at March 31, 2013 significant project equipment had been commissioned as ready for use in the manner intended by the "Nteletsa" project specifications.

	2014 P'000	2013 P'000
Compensation of key management personnel		
Short term benefits	10,383	8,894
Termination benefits	3,692	2,983
	14,074	11,877

The Compensation of Key management personnel figures above are inclusive of remuneration paid to members of the Board of Directors of BTCL and executive management. The remuneration for key management staff is determined by the remuneration committee and that of directors is consistent with Government rates.

The non-executive members of the Board do not receive pension entitlement from the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

24 RELATED PARTY TRANSACTIONS (continued)

Directors' Interests

Emoluments per director (in Pula) (2014)

Director	Fees	Remuneration	Performance bonus	Fringe and other benefits	Total
Leonard Makwinja	29,610	-	-	-	29,610
Paul Taylor (Managing Director)	-	2,254,144	695,652	387,148	3,336,944
Alan Boshwaen	12,600	-	-	-	12,600
Choice Pitso	10,920	-	-	5,789	16,709
Serty Leburu	14,280	-	-	-	14,280
Cecil Masiga	840	-	-	-	840
Dr Geoffrey Seleka	11,760	-	-	-	11,760
Gerald Nthebolang	8,400	-	-	-	8,400
Daphne Matlakala	22,050	-	-	-	22,050
Total emoluments paid by BTCL	110,460	2,254,144	695,652	392,937	3,453,193

Directors' Interests

Emoluments per director (in Pula) (2013)

Director	Fees	Remuneration	Performance bonus	Fringe and other benefits	Total
Leonard Makwinja	29,400	-	-	-	29,400
Paul Taylor (Managing Director)	-	1,540,519	465,549	357,706	2,363,774
Alan Boshwaen	8,400	-	-	-	8,400
Choice Pitso	13,440	-	-	-	13,440
Serty Leburu	13,440	-	-	-	13,440
Cecil Masiga	10,920	-	-	-	10,920
Dr Geoffrey Seleka	16,800	-	-	-	16,800
Daphne Matlakala	20,160	-	-	-	20,160
Total emoluments paid by BTCL	112,560	1,540,519	465,549	357,706	2,476,334

25 FINANCIAL RISK MANAGEMENT

25.1 Financial risk management objectives and policies

The Company's principal financial liabilities, are preference shares, trade payables and government loans received. 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.

25.2 Currency risk:

The Company undertakes certain transactions denominated in foreign currencies with international operators and other foreign suppliers. Hence, exposure to exchange rates fluctuations arise. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows (the analysis below gives a combined impact of assets and liabilities):

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

	Exchange Rates		Amount in Foreign Currency	
	2014	2013	2014	2013
Currency				
Liabilities:				
Euro	0.0810	0.0965	(8,530)	(1,470,524)
Rand	1.1705	1.1540	(3,562,138)	(3,457,107)
SDR	0.0737	0.0889	(3,438,599)	(2,894,991)
US Dollar	0.1100	0.1250	(1,145,992)	(12,953,590)
GBP	0.0672	0.0812	(46,440)	(115,155)
Assets:				
SDR	0.1737	0.0889	3,540,216	3,703,403
US Dollar	0.1175	0.1250	924,120	405,399
Combined Net Liability Position			(3,737,363)	(16,782,565)

The Company's currency risk exposure is partly hedged by USD ,EURO and RAND deposit accounts held which at 31 March 2014 amounted to USD 42,231 (2013: 3,884) ; EURO 739(2013:70,782) and RAND 652,260 (2013: 364,839).

25.3 Foreign Currency sensitivity analysis

The Company is mainly exposed to the currencies of South Africa (Rand), the United States (US Dollar), the European Union (Euro) and the SDR (Special Drawing Rights) which is a potential claim on the freely usable currencies of International Monetary Fund members.

The following table details the Group's sensitivity to a 10% increase and decrease in the Pula against the relavant foreign currencies. 10% is the sensitivity rate when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit.

The analysis below gives a combined impact of assets and liabilities.

Pre Tax Profit/(Loss)

	2014 Pula	2013 Pula
10% decrease		
Euro	(69)	14,191
Rand	(416,948)	398,950
Special Drawing Rights (SDR)	(25,342)	25,736
United States Dollar	(12,606)	161,920
British Pound	(312)	935
Net Effect	(455,277)	601,732
10% increase		
Euro	69	(14,191)
Rand	416,948	(398,950)
Special Drawing Rights (SDR)	25,342	(25,736)
United States Dollar	12,606	(161,920)
British Pound	312	(935)
Net Effect	455,277	(601,732)

25 FINANCIAL RISK MANAGEMENT (continued)

25.4 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

Cash & cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Significant concentrations of credit risk

The Company does have significant credit risk exposure to single counterparties or groups of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities and this include sectors such Corporate clients, Government clients, etc. The credit risk related to these counterparties or groups of counterparties is however limited since the counterparties are Government agencies or businesses possessing high credit ratings.

Below is the significant concentration of credit risk per counterparty:

Government agencies: P71,237,816.54 (2013: P31,596,032)
Banks: P4,021,793.40 (2013: P4,873,544)

Guarantees given to financial instituition in respect of loans relates to loans given to employees where the Company has an agreement with the Bank that in an event that employees default payments, the liability to the Bank then lies with the Company.

The company has since stopped the practice of being a guarantor for employee loans since 2010 thus there is no credit exposure as at year end : Nil (2013: P122,000)

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.

	2014 P'000	2013 P'000
Financial assets and other credit exposures		
Trade debtors and other receivables	324,956	237,585
Short term call deposits	333,891	376,764
Cash and bank	19,571	28,784
	678,418	643,133

25.6 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).

25.7 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

25.8 Interest income and expense by financial instrument category

	Loans and Receivables P'000	Financial Liability at Amortised Cost P'000	Total P'000
2014			
Interest income	(25,144)	-	(25,144)
Interest expense	-	208	208
Net interest (income) / expense	(25,144)	208	(24,936)
2013			
Interest income	(18,451)	-	(18,451)
Interest expense	-	184	184
Net interest (income) / expense	(18,451)	184	(18,267)

25.9 Liquidity and interest risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group anticipates that the cash flow will occur in a different period.

Financial Assets	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	Total P'000
2014				
Trade and other receivables	-	224,900	118,679	343,579
Cash at bank and on hand	19,571	-	-	19,571
Short term deposits	-	333,891	-	333,891
	19,571	558,791	118,679	697,041
2013				
Trade and other receivables	-	172,908	79,294	252,202
Cash at bank and on hand	28,784	-	-	28,784
Short term deposits	-	376,764	-	376,764
	28,784	549,672	79,294	657,750

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

25 FINANCIAL RISK MANAGEMENT (continued)

25.9 Liquidity and interest risk management (continued)

The following table details the Company's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Financial Liabilities	Less than 1 month 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
2014						
Trade and other payables	-	233,692	-	-	-	233,692
Preference share liability	-	-	-	-	1,416	1,416
Preference share dividends		-	392			392
Guarantees given to financial Institutions in respect of staff loans	-	-	-	-	-	-
	-	233,692	392	0	1,416	235,500

Financial Liabilities	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
2013						
Trade and other payables	-	218,792	-	-	-	218,792
Preference share liability	-	-	-	-	1,416	1,416
Preference share dividends	-	-	184			184
Guarantees given to financial Institutions in respect of staff loans	122	-	-	-	-	122
	122	218,792	184	0	1,416	220,514

25.10 Interest rate sensitivity analysis

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relate to the fixed deposits and call deposits with the financial institutions.

To manage interest rate risk, the Company enters into fixed deposits with financial institutions , in which the Company accrues interest at specified intervals.

The table below has been determined based on the exposure of financial instruments to interest rates at the reporting date. For variable rate assets, the analysis is prepared assuming the amount of the assets held at the reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's asssessment of the reasonably possible change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

25.11 Interest rate sensitivity analysis

If the Company's interest rates had been 1% higher/lower and all other variables were held constant, the change in the Company's profit and equity reserves would be as shown in the table below:

		Increase/ (decease) in pre tax profit/(loss) for the year P'000
2014		
Interest rate risk		
Change in interest rate	+1%	15,874
	-1%	(15,874)
2013		
Interest rate risk		
Change in interest rate	+1%	19,927
	-1%	(19,927)

26 FAIR VALUE HIERACHY

Assets measured at Fair Value	Date of Valuation	Significant unobservable inputs (level 3)	Significant unobservable inputs (level 3)
		2014 P'000	2013 P'000
Land & Buildings	31/3/2012	236,102	244,179

The fair values of the properties are based on valuations performed by Stocker Fleetwood- Bird, an accredited independent commercial property valuer. Stocker Fleetwood- Bird is a specialist in valuing these types of commercial properties. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

Valuation techniques used to derive level 3 fair values

The approach adopted in the valuation exercise was a combination of comparison method and construction cost approach.

The comparable method was applied mainly for properties located in areas considered to be fairly active in the property market. Comparable properties considered formed a basis for analyzing achievable sales for the type of property in consideration whilst value influencing factors such as nature of improvements were analyzed to derive the rates utilized in the insurance value. The adopted values were what was considered to be a readily achievable values on the basis of not just the existing use but also on the basis of the best use for the property at that time.

The construction cost approach was applied for properties located in areas considered to be fairly in active in the property market and where undeveloped land and was easily available for sale and the character of occupation in developed properties was heavily owner occupied as opposed to income/investment based. In these instances, depreciated replacement cost was combined with what an undeveloped piece of land in the neighbourhood would normally exchange hand at to arrive at the open market value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

27 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure continuity as a going concern for the Company while at the same time maximising the shareholders' return through the optimisation of the debt and equity balances. The Company has access to financing facilities, the total unused portion amounting to P110 million (2013: 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. This will be achieved through the increased use of bank loan facilities and utilisation of government grants. The capital structure of the Company consists of trade and other payables (note 18), Share capital, reserves and retained earnings.

	2014 P'000	2013 P'000
Debt		
Trade and other payables	233,692	218,792
Preference shares liability portion	1,808	1,600
Total debt	235,500	220,392
Equity		
Stated Capital	228,892	228,892
Revaluation reserve	174,267	185,701
Accumulated profits	1,184,275	1,578,151
Total equity	1,587,434	1,992,744
Total capital	1,822,933	2,213,136
Gearing ratio	15%	11%

Total capital is derived by adding total equity and total debt less cash and short term deposits.

28 SEGMENT REPORTING

Prior to 2013, the executive management committee monitored the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, in November 2013, BTCL introduced Fixed Mobile Convergence (FMC) strategy in other to bring synergy in its business operations. Both identifiable Fixed and Mobile business units were brought together to share resources including human capital. Therefore operating expenses, assets, liabilities are operated at a group level. Monthly management accounts are reported as such, only separating revenues. There is therefore no identifiable operating segments.All operations takes place in Botswana.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2014

29 EVENTS AFTER THE REPORTING PERIOD

1. Offer for subscription and Government support

BTCL intends to raise up to P250m through an offer for subscription to finance its operations. The Government of Botswana has approved the offer for subscription. Furthermore, the Government of Botswana has confirmed that should the IPO or the offer for subscription be unsuccessful, that they will ensure that BTCL is or will be put in a position to meet its financial obligations as they fall due and that BTCL will duly perform and comply with all its financial obligations in the year 2016 going forward. The Government has issued the letter of support of up to P250 million.

2. Possession ,Occupation and Use agreement

BTCL and BOFINET entered into a possession , occupation and use agreement (signed 4th March 2015) in relation to movable and immovable property. Immovable property comprises of 195 sites. BTCL and BOFINET have already agreed, as part of the process of implementation of the separation exercise and in accordance with the terms of the Presidential Directive, that BOFINET should take possession and occupation of the sites pending the legal transfer process. This agreement will be valid until the legal transfer process has been completed.

The assets are deemed to have transferred at 1st January 2014.

3. Dividend in Specie

The presidential directive cab 21/2012 approved the transfer of some telecommunications infrastructure which includes all fibre and duct networks and related inventories, cash funding of P121m and the management of both East Africa Sea Cable (EASSY) and West Africa Cable System (WACS) to Botswana Fibre Networks (PTY), LTD (BOFINET), a wholly owned Government company. The assets were transferred at Netbook Value. The Government of Botswana has confirmed that it will settle the value of the assets disposed and funding to BOFINET by a set-off against future dividends due to it from BTCL. BTCL has declared a dividend of P405 449 080.00 to be set off against value of assets disposed and funding to BOFINET.

4. Preference Shares Redemption

BTCL board has approved the redemption of its 2 301 000 8% redeemable cumulative preference shares of P1 par value held by the Government of Botswana.

5. Listing Disclosures

BTCL is in the process of being listed in the Botswana Stock exchange. The Initial Public offer (IPO) is to be launched in the financial year 2015/16. The government and the company will be offering a total of 49% of the company shares, of which 44% will be available for purchase by citizens and citizens companies. The remaining 5% will be offered to BTCL citizen employees through an Employee Share Scheme (ESP).

6. Indefeasible rights of use (IRU)

BTCL has entered into a ten year indefeasible right of use agreement with effect from 01_April 2014 to acquire capacity from Botswana Fibre Networks (BOFINET) relating to the assets transferred to BOFINET.

ANNEXURE 3: AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED
ANNUAL FINANCIAL STATEMENTS:
For the year ended 31 March 2015

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BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

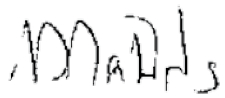
The independent auditors are responsible to give an independent opinion on the fairness of the annual financial statements based on their review of the affairs of the Company.

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

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

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

Against this background, the Members of the Board accept responsibility for the financial statements and the information on pages 160 to 202 which were approved on August 27 , 2015 are signed on its behalf by



Daphne M. Matlakala
Chairperson

Paul Taylor
Managing Director

GENERAL INFORMATION

For the year ended 31 March 2015

Directors

Daphne Matlakala	Chairperson (appointed-24th July 2014)
Leonard Makwinja	Chairman(retired 30th May 2014)
Paul Taylor	(Managing Director)
Serty Leburu	
Alan Boshwaen	
Choice Pitso	
Gerald Nthebolan	
Professor Rejoice Tsheko	

Incorporation of Botswana Telecommunications Corporation Limited

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

Registered Office

Megaleng Khama Crescent
Plot 50350
P.O. Box 700
Gaborone, Botswana

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

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

REPORT OF THE INDEPENDENT AUDITORS

For the year ended 31 March 2015

TO THE MEMBERS OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

Report on the financial statements

We have audited the annual financial statements of Botswana Telecommunications Corporation Limited, which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 160 to 202.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana (Companies Act, 2003), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Telecommunications Corporation Limited as of 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana (Companies Act ,2003).

Ernst & Young

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

Gaborone 29/9/15

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 P'000	2014 P'000 Restated
Sale of goods and services	1	1,479,988	1,454,487
Interest income	4.1	26,066	25,144
Revenue		1,506,055	1,479,631
Cost of services and goods sold	2.1	(566,070)	(817,231)
Gross Profit		939,985	662,400
Other income	3	39,652	52,114
Selling and distribution Costs	2.2	(46,745)	(42,955)
Administrative expenses	2.3	(416,656)	(376,240)
Other Expenses	2.4	(315,666)	(292,091)
Operating profit		200,569	3,228
Finance costs	4.2	-	(208)
Profit before tax		200,569	3,020
Income tax expense	6	(53,814)	(2,880)
Profit for the year		146,755	140
Other comprehensive income not to be reclassified to profit/loss in subsequent periods			
Gains on property revaluation		241,976	-
Income tax effect		(53,235)	-
Other comprehensive income for the year, net of tax	15	188,741	-
Total comprehensive income for the year		335,496	140
Earnings per ordinary shares(thebe):	11	14.68	0.01

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2015

	Notes	2015 P'000	2014 P'000
ASSETS			
Non current assets			
Property, plant and equipment	7	1,526,439	1,246,163
Intangible asset	8	29,758	5,630
Deferred tax assets	6.1	26,611	89,750
		1,582,808	1,341,544
Current assets			
Inventories	10	93,928	91,347
Trade and other receivables	12	327,388	343,579
IRU prepayment	12	34,000	-
Cash and cash equivalents	21.2	365,977	353,462
		821,293	788,387
Total assets		2,404,101	2,129,932
EQUITY AND LIABILITIES			
Capital and reserves			
Stated Capital	14	228,892	228,892
Preference Share Capital	13	-	885
Revaluation reserve	15	351,574	174,267
Accumulated profits		1,342,464	1,184,275
		1,922,930	1,588,319
Non current liabilities			
Development grants	17	167,983	174,108
Preference shares-liability portion	13	-	1,416
Deferred revenue	18	-	6,716
Employee related provisions	20	33,529	15,810
		201,512	198,050
Current liabilities			
Trade and other payables	19	227,672	233,692
Interest payable on preference shares	16	-	392
Current portion of development grants	17	24,397	42,670
Current portion of deferred revenue	18	907	9,444
Employee related provisions	20	26,683	57,365
		279,659	343,563
Total equity and liabilities		2,404,101	2,129,932

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Notes	Stated Share Capital P'000
Balance at 1 April 2013		228,892
Profit for the year/Total comprehensive income		-
Depreciation transfer for land and buildings	15	-
Dividend in specie proposed		-
Dividend in specie declared		-
Balance at 31 March 2014		228,892
Profit for the year		
Gains on property revaluation		-
Income tax effect	6.1	
Other comprehensive income	15	
Total comprehensive income		
Depreciation transfer for land and buildings	15	-
Redemption Preference Share Capital		-
Balance at 31 March 2015		228,892

Preference Share Capital P'000	Revaulation Reserve P'000	Accumulated Profits P'000	Dividends P'000	Total P'000
885	185,701	1,578,150	-	1,993,628
-	-	140	-	140
-	(11,434)	11,434	-	-
-	-	(405,449)	405,449	-
-	-	-	(405,449)	(405,449)
885	-	1,184,275	-	1,588,319
	-	146,755	-	146,755
	241,976			
	(53,235)			
	188,741			188,741
	188,741	146,755	-	335,496
-	(11,434)	11,434	-	-
(885)	-	-	-	(885)
-	351,574	-	1,342,464	1,922,930

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 P'000	2014 P'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating profit before working capital changes	21.1	314,609	446,252
Working capital adjustments:			
Increase in inventories		(2,581)	(33,125)
Decrease/(Increase) in trade and other receivables and prepayments		15,351	(91,377)
(Decrease)/Increase in trade and other payables		(6,044)	3,323
Cash generated from operations		321,335	325,074
Dividend paid	16	-	(121,245)
Interest on preference shares paid	16	(368)	-
Income tax paid		(77,070)	(92,318)
Net cash from operating activities		243,897	111,511
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Investment to expand operations:			
Purchase of property, plant and equipment		(231,492)	(192,837)
Purchase of intangible assets		33,006)	(2,009)
Interest income	4.1	26,066	25,144
Net cash used in investing activities		(238,432)	(169,702)
CASH FLOWS USED FROM FINANCING ACTIVITIES:			
Redemption of 8% Preference Shares	13	(2,301)	-
		(2,301)	-
Increase/(Decrease) in cash and cash equivalents		3,164	(58,191)
Net foreign exchange difference		9,351	6,105
Net cash and cash equivalents at beginning of the year		353,462	405,548
Cash and cash equivalents at end of the year	21.2	365,977	353,462

ACCOUNTING POLICIES

For the year ended 31 March 2015

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in Botswana Pula. The functional currency is also the Botswana Pula. All values are rounded to the nearest thousand (P'000) except when otherwise indicated. The Financial Statements of the Company for the year ended March 31,2015 were authorised for issue by the Members of the Board in accordance with a resolution on the 27 August 2015.

CORPORATE INFORMATION

Botswana Telecommunications Corporation Limited is incorporated and domiciled in Botswana. The headquarters is situated at Megaleng, Khama Crescent, Gaborone, Botswana.

BASIS OF PREPARATION

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

Statement of compliance

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

Changes in accounting policy and disclosures

The accounting polices adopted are consistent with those of the previous year, except that during the current financial year the Company has adopted and implemented the following standards interpretations and amendments to standards that are mandatory for financial years on or after 1 January 2014.

The changes in accounting policies result from the adoption of the following new standards, interpretations and amendments to the standards

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on BTCL.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on BTCL, since there are no offsetting arrangements.

AS 36 Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36

The amendments to IAS 36 Impairment of Assets clarify the disclosure requirements in respect of fair value less costs of disposal. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant.

In addition, the IASB added two disclosure requirements:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal. The amendments must be applied retrospectively.

As a result of the amendments, entities are no longer required to disclose information that was regarded as commercially sensitive by preparers. Nevertheless, additional information needs to be provided. In general, it is likely that the information required to be disclosed will be readily available. This amended is effective for annual periods beginning on or after 1 January 2014.This amendments have no impact on BTCL.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on BTCL as BTCL has not novated its derivatives during the current or prior periods.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on entity.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the entity.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the entity, since BTCL is an existing IFRS preparer.

Standards issued but not yet effective

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

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the entity.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Entity. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same entity
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

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

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

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IFRS 9 Financial Instruments

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI.

The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded

ACCOUNTING POLICIES (continued)

derivative separation rules and the criteria for using the FVO.
Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model.

The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases.

Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Hedge accounting
Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative.

A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable.

Classification and measurement of financial assets
The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging.

More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

Transition
Early application is permitted for reporting periods beginning after 24 July 2014. The transition to IFRS 9 differs by requirements and is partly retrospective and partly prospective. Despite the requirement to apply IFRS 9 in its entirety, entities may elect to apply early only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

Impact
The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held.

The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Entity is an existing IFRS preparer, this standard would not apply.

IAS 1 Disclosure Initiative – Amendments to IAS 1

This is effective for annual periods beginning on or after 1 January 2016. The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements.
The amendments clarify

- The materiality requirements in IAS 1
- That specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of Other Comprehensive Income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to statement of comprehensive income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of comprehensive income.

Early application is permitted and entities do not need to disclose that fact because the Board considers these amendments to be clarifications that do not affect an entity's accounting policies or accounting estimates. These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Entity. They include:

IFRS 3 Business Combinations

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

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

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

Standards issued but not yet effective (continued)

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception -Amendments to IFRS 10, IFRS 12 and IAS 28

This amendment is effective for annual periods beginning on or after 1 January 2016. The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. This amendment is not applicable to the entity.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

This amendment is effective for annual periods beginning on or after 1 January 2016. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. This amendment is not applicable to the entity.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Entity is currently assessing the impact of IFRS 15 and discontinuation of the cash cap method and analysing breakage on prepaid arrangements. The entity plans to adopt the new standard on the required effective date.

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

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

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Entity.

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

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Entity given that the Entity has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply.The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016. These amendments are not expected to have any impact to the entity as the entity does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Entity's financial statements.

Annual improvements 2012-2014 cycle (issued in September 2014)

Amendments to IFRS5 Non-Current Assets Held for Sale and Discontinued Operations

Changes in methods of disposal

- Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.
- The amendment must be applied prospectively.The changes are effective 1 January 2016. BTCL currently will not be impacted by this amendment.

Amendments to IFRS 7 Financial Instruments:

Disclosures

Servicing contracts

- The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
- The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

Applicability of the offsetting disclosures to condensed interim financial statements

- The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.
- The amendment must be applied retrospectively.The changes are effective 1 January 2016. BTCL is currently assessing the impact of this amendment.

Amendments to IAS 19 Employee Benefits Discount rate: regional market issue

- The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- The amendment must be applied prospectively.The changes are effective 1 January 2016. BTCL will not be impacted by this amendment.

Amendments to IAS 34 Interim Financial Reporting

Disclosure of information 'elsewhere in the interim financial report'

- The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report).
- The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.
- The amendment must be applied retrospectively.The changes are effective 1 January 2016. BTCL will not be impacted by this amendment as it does not prepare interim financial reports.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the group's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities as they involve assessments or decisions that are particularly complex or subjective within the next year.

Revenue recognition and presentation

Revenue arrangements including more than one deliverable:

This relates to fixed lines and mobile installations. In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each of the units of accounting based on the cash cap method.The cash cap method is applied to multiple-element post-paid mobile arrangements.Under the cash cap method, revenue is allocated to the different elements of the agreement, but the value allocated to the handset is limited to the amount of cash received for it, which may be zero, because the remainder of the revenue in the transaction is contingent upon BTCL providing the monthly services.

Determining the value allocated to each deliverable can require complex estimates due to the nature of goods and services provided. The entity generally determines the fair value of individual elements based on prices at which the deliverable is usually sold on a standalone basis, after considering volume discounts where appropriate.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Presentation: Gross versus Net

Determining whether the entity is acting as a principal or an agent requires judgement and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the entity and its independent service providers are reviewed to determine each party's respective role in the transaction.Distribution network for prepaid arrangements and sale of content are based on volume and value of transactions. The revenue is recognised gross of discounts. Revenue is recognised net of discounts when the discount are granted to the customer.

Development grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Initial capitalisation of costs is based on management's judgment that the attached conditions will be complied with. Revenue is recognised over the useful lives of the assets purchased using the grant. The current portion of development grant is estimated by amortizing 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 2014/2015.Further details are given in Note 17

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. Futher details are given in Note 7.

Lease classification

Operating leases

The company as the lessor has entered into property rental lease arrangements. The Corporation has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases. These property lease arrangements relate to: Office space being rented in various locations around Botswana.Further details are given in Note 23.

Finance leases

The company has transferred some of the immovable property to Botswana Fibre Networks (BOFINET) (see Note 7) as per government directive. BTCL entered in to a possession and use agreement that gives BOFINET full control of these assets pending legal tittle transfer. BTCL does not charge BOFINET for the use of these assets nor have the right to control physical access to the underlying assets. On 1 April 2014 BTCL entered into a ten year indefeasible right of use (IRU) to acquire capacity from Botswana Fibre Networks (BOFINET). Because BTCL has no control over the use of these assets and will not obtain the majority of the benefits from the assets, the possession and use and IRU agreements are not considered to be leases in terms of IFRIC 4 .

Related parties

Government, parastatals and key management personnel are considered as being related to the company.The government is still a related party despite privatisation as the shares are currently held 100% by the Government of Botswana .Significant management judgment is required to determine as to who qualifies for being a related party, based on the type of the relationship especially on entities also controlled by the Government. Further details are given in Note 24 .

Allowances for slow moving inventory

Based on prior management practice, inventory that has not moved for a 12-month period is considered to have no normal sale value. Obsolete and discontinued products are considered to have no normal sale value. The provision is raised based on the full cost or net realisable value of the product. Further details are given in Note 10.

Depreciation Charges and Residual Values

For depreciation purposes, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant component with different useful lives are depreciated separately. The useful life of an asset is determined with reference to its design life as prescribed by internal experts. The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, customer relationship period, product life cycles and the intention of management.

The residual value of an asset is determined by estimating the amount that the entity would currently obtain from the disposal of the asset after deducting the estimated cost of disposal, if the asset were already of age and in the condition expected at the end of its useful life. The estimation of the useful life and residual value of an asset is a matter of judgment based on the past experience of the company with similar assets and the intention of management. Further details are given in Note 7.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

Debtors impairment

This allowance is created where there is objective evidence, for example the probability of insolvency/bankruptcy or significant financial difficulties of the debtor, that the company will not be able to collect all the amounts due under the original terms of the invoice. An estimate is made with regards to the probability of insolvency and the estimated value of debtors who will not be able to pay. Financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Further details are given in Note 12.

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, such as preference shares – liability portion have been valued based on the expected cash flows discounted at current rates at grant date applicable for items with similar terms and risk characteristics. This valuation requires the company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in note 25.9

ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Post employement benefits

The company operates a defined contribution pension fund for its eligible citizen employees. The fund is registered under the Pension and Provident Funds Act (Chapter 27:03). The Corporation contributes to the fund 14% of the pensionable earnings of the members. Pension contributions on behalf of employees are charged to profit or loss in the year to which they relate to and as the related service is provided.

Short-term employment benefits

The cost of short term employee benefits are recognised when the employee has rendered service to the Company during the annual reporting year. The short -term employee benefits of the Company include the following : salaries,paid annual leave and paid sick leave,bonuses and non-monetary benefits (car,housing medical aid and subsidised goods and services)

Termination benefits

The cost of termination benefits is recognized only if the company is demonstrably committed without any realistic possibility of withdrawing the commitment, by a formal plan to prematurely terminate an employee's employment. When benefits are offered to encourage voluntary departure from the company, the cost is recognized if it is probable that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

In terms of their conditions of employment, expatriate and contract employees receive gratuities at the end of their contract. The cost of employee benefits is recognised during the period the employee renders services, unless the entity uses the services of employee in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related item of property, plant and equipment item. Other than the regular contributions made, the company does not have any further liability in respect of its employees' pension arrangements.

REVENUE RECOGNITION

Revenue, which excludes value added tax, comprises the value of national & international telephone services, local and access services (rentals & installations), sale of equipment to customers, data communications and other services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duties. The company provides telephone and data communication services under post paid and prepaid payment arrangements. The various revenue categories are explained below:

National & International Telephone services comprise of the following product and /or services:

Prepaid products

Upon purchase of an airtime scratch and dial card or electronic vouchers the customer receives the right to make outgoing voice calls and data usage to the value of the airtime scratch and dial card. On initial recognition, the amount received is deffered and revenue is recognised as the customer utilises the airtime available or upon expiration of the usage period, whichever comes first. The expiration of the usage period is twelve (12) months.

Postpaid products

BTCL post paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. Revenue is recognized based on usage.

Interconnect - national and international

National and international interconnect revenue is recognised on a usage basis. This is revenue that BTCL realises from network interconnection and access interconnection with other Telecommunications or Cellular operators both Nationally and Internationaly. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

REVENUE RECOGNITION (continued)

Customer Premises Equipment comprise of the following products and or services:

Sale of goods

Customer Premises Equipments includes sale of equipments such as PABX, modems and telephone instruments. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Local and Access Services comprise of the following products and or services:

Subscriptions, connections and other usage for fixed line and mobile services

Revenue includes fees for installation and activation which are recognised as revenue upon activation. Local access services are mainly providing telephone lines to both business and residential customers. Revenue includes fees for installation and activation which are recognised as revenue upon activation. There are no installation and activation fees for mobile.

Data and Private Circuits comprise of the following products and or services:

Data income

Data income includes services such as, Internet services, websites & domains,voice mail, caller identification, call forwarding and short message services. Revenue is recognised based on usage.

Private circuits

Private circuits are services provided to customers who require exclusive connectivity between two or more geographically separated sites, with an always on service and a guaranteed high level of service availability. Private circuits are used to transport data, internet or voice between two points using a fixed bandwidth. Revenue is recognised based on usage.

Other Services comprise of the following products and or services:

Interest income

Revenue is recognised as the interest accrues, using the effective interest rate (EIR).

Rental income

The main equipment that are rented out are network towers which are leased to other cellular operators and PABXs which are rented to both private and corporate individuals. Revenue is recognised on a straight line basis over the lease term on ongoing leases. The revenue recognised here is classified under other services in note 1.

Construction contracts

Construction contracts include cost of works projects such as providing fibre optic access and copper wire access to both residential and business customers. Contract revenue and contract costs are recognised as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract.

Directory services

Revenue is recognised when telephone directories are released for distribution, as the significant risks and rewards of ownership have passed at that point.

Mobile Revenue comprise of the following products and or services:

Prepaid products

Upon purchase of an airtime scratch and dial card and electronic vouchers the customer receives the right to make outgoing voice and data calls to the value of the airtime scratch and dial card. On initial recognition, the amount received is deferred and revenue is recognised as the customer utilises the airtime available or upon expiration of the usage period, whichever comes first. Dealers are given discount , which is expensed as part of cost of sales when incurred.

Postpaid products

Mobile post paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. Revenue is recognized based on usage. All post paid products are sold by BTCL, there are no dealers or agents involved.

Interconnect - national and international

National and international interconnect revenue is recognised on the usage basis. This is revenue that mobile realises from network interconnection and access interconnection with other Telecommunication or Cellular operators both Nationally and Internationaly. Interconnect charges include charges for collecting and delivering calls, for installing, maintaining and operating the points of interconnect

Handset Revenue

Revenue from the handset is recognised when the handset is delivered. The bundled arrangement is allocated to each deliverable based on the cash-cap method of each deliverable. The value allocated to the handset is limited to the amount of cash received for it.

Customer Loyalty Programmes

Award credits given to mobile prepaid customers are accounted for as a separate component of the initial sales transaction.The amount allocated to the award credit is equal to the fair value of the awards for which the credits could be redeemed.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

INVENTORIES

Inventories comprise items of equipment used in the construction or maintenance of plant (work in progress), and consumable stores and other inventories. Inventories are stated at the lower of cost, determined on the weighted average basis, and estimated net realisable value after due consideration for slow moving and obsolete items.

Work-in-progress includes contracts carried out for customers and is stated at the lower of cost and estimated net realisable value after due consideration for provisions for any foreseeable losses. Advance payments in respect of such work-in-progress are included under trade and other payables.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

There were no borrowing costs capitalised during the period under review.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and subsequent accumulated impairment loss, where applicable. Property, plant and equipment includes all direct expenditure and costs incurred subsequently, to add to, replace part of, or major inspection thereof if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a component, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Land and buildings are measured at fair value less accumulated depreciation on buidings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially fromits 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 profits. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred to accumulated profits.Improvements to assets held under operating leases are capitalised and depreciated over the remaining lease term.

Capital work in progress (plant and equipment in the course of construction) comprises costs incurred in constructing property, plant and equipment that are directly attributable to the construction of the asset. Assets remain in capital work in progress until they have been put into use or are commissioned, whichever is the earlier date. At that time they are transferred to the appropriate class of property, plant and equipment. Further details are given in Note 7.

An item of property ,plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

DEPRECIATION

For depreciation purposes, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant component with different useful lives are depreciated separately. Depreciation is not provided on freehold land as it is deemed to have an indefinite life and plant and equipment in the course of construction as they are not yet available for use.

Depreciation is provided on other property, plant and equipment on a straight line basis. This is from the time they are available for use, so as to write off their cost over the estimated useful lives taking into account any residual values. The residual value of an asset may be equal to or greater than the asset's carrying amount. If it is the case, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount.

The estimated useful lives assigned to groups of property, plant and equipment are:

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

DEPRECIATION (continued)

Buildings - 40 years
Leasehold land and buildings - unexpired portion of lease or 50 years, whichever is shorter
Network Assets - 5 to 20 years
Other plant and equipment - 3 to 10 years

Where the expected useful lives or residual values of property, plant and equipment have changed due to technological change or market conditions, the rate of depreciation is adjusted so as to write off their cost or valuation over the remaining estimated useful lives to the estimated residual values of such property,plant and equipment.

The useful lives, residual values and depreciation methods of property, plant and equipment are reviewed at each financial year end, and adjusted in the current period if expectations differ from the previous estimates. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or asset held for distribution ; or is included in a disposal group that is classified as held for sale or held for distribution the date that the asset is derecognised. Further details are given in Note 7.

IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which it belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Management's estimates of future cash flows are subject to risk and uncertainties. It is therefore reasonably possible that changes could occur which may affect the recoverability of the company's assets. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its re coverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings, in which case the impairment loss is treated as a decrease in the revaluation reserve to the extent of the value of this reserve relating to this particular asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in the revaluation reserve after reversing the portion previously recognised in profit or loss.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will principally be recovered through sale rather than continuing use. For an asset to be classified as held for sale it must be available for immediate sale in its present condition and the sale must be highly probable. Management must be committed to the sale , which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets and disposal groups held for sale are measured at the lower of the asset's carrying value before being classified as held for sale and its fair value less cost to sell . Fair value is the price that is deemed reasonable in an arm's length transaction. While a non-current asset is classified as held for sale , it is not depreciated (or amortised).Interest and other expenses attributable to the liabilities of an asset held for sale continues to be recognised.

INTANGIBLE ASSETS

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Amortisation of intangible assets with finite lives is over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.Amortisation period and amortisation method are reviewed at least at the end of each reporting period for all intangible assets with a finite useful life.The amortisation expense on intangible asset with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

Intangible assets with indefinite useful lives are not amortised,but are tested for impairement annually,either individually or at the cash-generating unit level.

Licences

The company made upfront payments to purchase licenses.Licences for the use of intellectual property are granted for periods ranging between 5 and 15 years depending on the specific licences.The licences are renewed at little or no cost and are assessed as having an indefinite useful life. As a result the licences are not amortised.

Derecognition of intangible asset

Gains or losses arising from de-recognition of an intangible asset are measued as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

FOREIGN CURRENCY TRANSLATION

Transactions in currencies other than Botswana Pula are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates of exchange approximating those ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Profits and losses arising on translation of foreign currencies attributable to the company are dealt with in profit or loss in the year in which they arise.

The International Telecommunications Union uses USD as the currency to settle international operator debts. The USD rate is linked to the Special Drawing Rights (SDR) rate, which is fixed at 1.51824:1 (SDR).

INDEFEASIBLE RIGHT OF USE(IRU)

The company entered into a capacity arrangement with Bofinet. As per the agreement, the grantor grants the grantee an indefeasible, exclusive and irrevocable right of use of the transmission IRU. The transmission IRU is defined as a network capacity between such points as are referred to in the order form, and in respect of which the grantee is granted an indefeasible, exclusive and irrevocable right of use.

The assets are not specified under the IRU arrangements and BTCL does not have any control over the operation or physical access of the asset, thus IFRIC 4 requirements are not met. Although the price paid is not a market related price, it is likely that other users will be able to use more than a significant amount of the output of the asset. Therefore the IRU arrangement does not constitute leases in terms of IFRIC 4. The expense are recognised over the period in which the company receives the service. Payments are recognised as a prepayment if made in excess of the service received and accrued should the services received exceed the payments made.

DEVELOPMENT GRANTS

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grants received by the company to specifically fund the acquisition or construction of property, plant and equipment are reflected as development grants and classified as non- current liabilities. Grants that are going to be used in the next financial year are classified as current liabilities. Where the grant relates to an asset, the fair value of the grant is credited to a deferred income account called development grants and is released to profit or loss on a systematic basis over the expected useful lives of such property, plant and equipment.

DEFERRED REVENUE

As per certain rental agreements, certain amounts of revenue are received in advance. Revenue received in advance for the renting of property, plant and equipment is recognised as income over the remaining life of the lease term.

STATED CAPITAL

Botswana Telecommunications Corporation, a statutory body, was converted to a public company limited by shares issued on the 1st November 2012.The financial interest of the Botswana Government in the Corporation, (being the Notional Share Capital, Equity Portion of Preference Shares and Equity Application Account) was converted into one million shares in the capital of the company. As at the date of conversion to date , the Government of Botswana remains the sole shareholder. Any act lawfully performed by the Corporation under the BTC Act and before the conversion date, shall continue to be valid and shall be performed by the Company as per the BTC Transition Act.

Prior to conversion to a public company the company was constituted in terms of the Botswana Telecommunication Corporation Act CAP 72:02. The Act did not provide for share capital. However, by agreement with the Government of Botswana, the company created a notional share capital account of P21.03 million. These shares were neither registered under the Companies Act nor recorded by the Registrar of Companies. The Notional share capital (excluding the capital portion of preference shares) was recognized at the fair value of the consideration received by the company at a notional par value. The notional share capital did not have any attached rights and obligations and rights and obligations with respect to dividends were not constituted. However, dividends based on a Government directive CAB 40/2004 and which were not linked to the value of the share capital, were paid.

By agreement with the Government of Botswana, the company created an equity application account being loans convertible to equity of P207.86 million. The money set aside through the equity application account was recognized at the total value of the consideration received by the company and at a notional par value. The equity application account did not have any attached rights and obligations and constituted an equity contribution by the Government of Botswana. The equity did not have any rights to dividends as rights and obligations attached thereto were not constituted.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

RELATED PARTY TRANSACTIONS

The Government of the Republic of Botswana and its various local authorities and Parastatals constitute a significant portion of the company's revenues. Other related parties are the members of key management personnel. Services to Government, other local authorities, Parastatals and subsidiaries, are provided at arm's length.

TAXATION

Current Income tax

Taxation is provided in the financial statements using the gross method of taxation. Current taxation is charged on the net income for the year after taking into account income and expenditure, which is not subject to taxation, and capital allowances on fixed assets.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except when the the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination,at the time of transaction,affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities which affect neither the tax profit nor the accounting profit at the time of the transaction.

The carrying amount of deffered tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deffered tax asset to be utilised.Unrecognised deffered tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deffered tax assets and deffered tax liabilities are offfset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deffered taxes relate to the same taxable entity and the same taxation authority.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the company has become a party to the contractual provisions of the instrument. When financial instruments are initially recognised, they are measured at fair value plus in the case of instruments not at fair value through profit or loss, directlty attributable transactions costs.All regular way purchases and sales of financial instruments are recognised on the trade date, which is the date that the company commits to purchase the instrument.

Financial Assets

The company's principal financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

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

Trade and other receivables

These are classified as loans and receivables. Subsequent to initial recognition, trade receivables and loans are recognised at amortised cost using the effective interest rate method, which approximates the original invoice amount less an allowance for any uncollectible amounts.

Gains and Losses for Financial Assets

Gains and losses are recognised in profit or loss when the loan and receivable is derecognised or impaired as well as through the amortisation process.

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Significant financial liabilities include the liability portion of preference shares and trade and other payables.

Compound financial instruments

The company evaluates the terms of each non derivative financial instrument issued by the Corporation to determine whether it contains both a liability and an equity component. Where the financial instrument is determined to be a compound financial instrument, such components are classified separately as financial liabilities, and/or equity instruments in accordance with the requirements of IAS 32.

As at year end, the company had in issue, preference shares that were considered to be a compound financial instrument. The company determines the carrying amount of the liability component

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

by measuring the fair value of the liability by discounting future contractual dividend payments for the preference shares at the risk adjusted interest rate. The carrying amount of the equity instrument, represented by the option of the company to redeem the preference shares, is then determined by deducting the fair value of the financial liability from the total consideration received of the compound financial instrument as a whole. The liability portion of the preference shares are carried at amortised cost using the effective interest rate method.

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.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the right to receive cash flow from the asset have expired and it has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either the company has transferred substantially all the risks and rewards of the the asset or the company has neither transferred nor retained substantially all the risks and rewards of the the asset but has transferred control of the asset. The asset is only recognised to the extent that the Company has a continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The company assesses at each reporting date whether a financial asset or group of financial assets is impaired. An allowance for impaired debts is made when the agreed credit terms are not adhered to and the debtor is disputing the billed amount or was declared insolvent.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised by adjusting the allowance account, to the extent that the carrying value of the asset does not exceed the value that would have been its amortised cost at the reversal date, had no impairment been recognised previously.

The amount of the reversal is recognised in the profit or loss.

DIVIDENDS AND DIVIDENDS IN SPECIE

Management and shareloders determines the amount of dividends distributed. Dividends proposed after the reporting date is shown as a component of equity and reserves and not as a liability. The liability to pay dividends is recognised when dividends are authorised by management and the shareholder. Dividends are still payable to Botswana Government despite corporatisation as it is still the only shareholder.

Management and Shareholder may declare dividends in specie. BTCL measures a liability to distribute non-cash assets as a dividend at the carrying amount of the assets to be distributed.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2015

PROVISIONS

General

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A past event is deemed to give rise to a present obligation if, taking into account all of the available evidence, it is more likely than not that a present obligation exists at reporting date.

Restructuring provisions

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled.The Company has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the number of employees affected and a detailed timeline. Detailed communication plan to affected employees in a sufficiently specific manner to raise expectation in them that the Company will carry out the restructuring.

LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset.

Corporation 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.

Corporation as lessor

Leases where the company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Lease income is recognised as income in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

GENERAL POLICIES

Business Combinations

Business combinations are accounted for using the acquisition method, unless it is a combination involving entities or businesses under common control. Common control business combinations are accounted for using the pooling of interest method and comparative information is restated as if the business combination had occured previously. The amounts are restated as if the transaction had taken place at the beginning of the comparative period. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed.

Financial Guarantee Contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make the payment when due in accordance with the terms of a debt instrument. Financial contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2015 P'000	2014 P'000
1 SALES OF GOODS AND SERVICES		
Telephone - national	233,115	229,108
Mobile Revenue	422,710	366,349
Telephone - international	55,801	49,908
Local and Access Services	106,836	103,276
Data	450,134	463,130
Private circuits	82,612	87,433
Customer Premises Equipment	91,106	107,601
Other Services	37,676	47,682
	1,479,988	1,454,487
2 OPERATING COSTS		
2.1 Cost of services and goods sold :		
Payment to International carriers and local operators (Interconnection)	221,441	191,371
Depreciation		
Land and buildings	7,415	8,391
Plant and Machinery	156,388	175,372
Amortisation of Intangible assets	10,922	5,508
Impairment of Property ,Plant and equipment	-	266,051
Equipment and material costs	70,438	77,554
Write(up)/down of inventories - Note 10	8,801	(2,949)
Cost of directory sales	2,933	2,872
Cost of phones & prepaid cards	29,177	28,006
License fee - BOCRA	44,636	35,429
Space segment rentals and other licence fees	13,919	29,626
Total cost of services and goods sold	566,070	817,231
Space segment rentals relates to access to some satelites which the entity rents.		
Licence fees relates primarily to such licences as computer software licences.		
2.2 Selling and distribution costs:		
Installation of Customer Premises Equipment	8,578	13,145
Product Marketing costs	38,168	29,810
	46,745	42,955
2.3 Administrative expenses		
Employee costs:		
Salaries and wages	317,756	296,322
Pension fund and group life contributions (defined contribution plans)	15,736	15,199
Training costs	5,653	4,302
Other related costs	21,527	14,671
Total employee costs	360,670	330,495
Employee costs relating to assets constructed capitalised	(325)	(1,360)
Total employee costs charged to profit or loss	360,345	329,135
Depreciation - Other equipment	27,345	28,511
Repairs and maintenance- Non Telcom equipment	28,966	18,596
Total Administrative expenses	416,656	376,240

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
2.4 Other expenses		
Other operating expenses-Note 2.4	315,666	282,000
Loss on disposals	-	10,091
Total other expenses	315,666	292,091
Total operating costs	1,345,137	1,528,517
Operating costs include the following items :		
Audit fees - Current year	1,400	1,400
- Prior year	252	252
Board members' fees	154	110
Restructuring costs	-	31,190
Consultancies	41,111	29,558
Legal costs	363	6,839
Debtors impairment	64,656	42,648
Operating lease charges - rentals	11,795	10,172
Foreign exchange net gains	(3,743)	(7,216)
3 OTHER INCOME		
Development grant recognised as income - Note 17	24,397	42,670
Deferred revenue recognised as income	15,254	9,444
	39,652	52,114
4 INTEREST INCOME/ FINANCE COSTS		
4.1 Interest income:		
Call Accounts	26,066	25,144
	26,066	25,144
4.2 Finance costs:		
Preference shares interest	0	184
Accrued interest (13%)	0	24
	-	208
5 EARNINGS PER SHARE		
Profit attributable to ordinary shareholder for basic and diluted earnings per share	146,755	140
Stated Capital-Number of shares	1,000,000	1,000,000
Earnings per share(Pula)	146.76	0.14

The Company has Stated capital of 1,000,000 shares during the financial year.
The Government of Botswana is still the sole shareholder.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
6 INCOME TAX		
The components of income tax expense for the year ended are:		
Statement of Comprehensive income		
Taxation expense		
Corporate tax	43,911	102,906
Deferred taxation	9,903	(100,026)
Taxation expense	53,814	2,880
Tax rate reconciliation		
Profit before tax	200,569	3,020
Company tax at 22%	44,125	664
Non-taxable income	(5,367)	(5,968)
Non-deductible expenses	15,056	7,530
Citizen training allowance	-	465
Assets not qualifying for capital allowances	-	188
Taxation expense	53,814	2,880
6.1 DEFERRED TAX		
Accelarated depreciation for tax purposes	(88,372)	(91,02)
Unrealised gain	2,413	3,527
Revaluation of land and buildings(OCI)	53,235	-
Indefeseable right of use	7 480	
Unutilised scratch cards	(2,235)	(2,256)
Other	868	-
Deferred tax assets	(26,611)	(89,750)
Assessed loss		
Balance brought forward	-	54,365
Movement for the year	-	(54,365)
Total	-	-
6.2 MOVEMENT IN DEFERRED TAX ASSET		
Opening balance	(89,750)	10,276
Movement in Profit and Loss	9,904	(100,026)
Movement in other comprehensive income	53,235	-
Closing balance	(26,611)	(89,750)

All income taxes and deferred tax were computed at the statutory tax rate of 22% .

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2015

	Land & Buildings P'000	Plant & Equipment P'000	Other Equipment P'000	Plant & Equipment in the Course of Construction P'000	Total P'000
7 PROPERTY, PLANT AND EQUIPMENT					
31 March 2015					
COST OR VALUATION					
At beginning of the year	229,064	3,033,297	367,444	6	3,629,811
Revaluation	339,807	-	-	-	339,807
Additions	247	223,455	6,947	843	231,492
Reclassification- land and buildings	78,280	(33,253)	(45,027)	-	-
Reclassification -Network assets	-	97,655	(97,655)	-	-
Reclassification -Intangible assets	-	(53,330)	-	-	(53,330)
Retired	-	(998,605)	(42,196)	-	(1,040,800)
At end of the year	647,398	2,269,220	189,514	849	3,106,980
DEPRECIATION AND IMPAIRMENT					
At beginning of the year	19,768	2,078,339	285,542	-	2,383,648
Depreciation charge for the year	7,415	-	156,388	27,345	191,148
Reclassification- land and buildings	44,259	(16,204)	(28,055)		-
Reclassification -Network Assets	-	77,379	(77,379)		-
Reclassification -Intangible assets		(51,286)	-		(51,286)
Retired	-	(998,605)	(42,196)	-	(1,040,800)
Revaluation	97,831	-	-	-	97,831
At end of the year	169,273	1,246,010	165,258	-	1,580,541
NET BOOK VALUE					
At beginning of the year	209,296	954,959	81,903	6	1,246,163
At end of the year	478,125	1,023,210	24,255	849	1,526,439

A fixed asset project was undertaken to ensure that BTCLs fixed asset register complied with the requirements of IFRS at 31 March 2015. This entailed:

The revaluation of land and buildings was performed in accordance with BTCL's accounting policies at 31 March 2015 by Willy Kathurima associates. The revaluation adjustment is reflected in Note 15 and as reported in the Statement of Comprehensive income.

The count and valuation, where possible of the identifiable asset components in Botswana, asset classifications, components and appropriate depreciation classes were standardised and residual values applied.

The standardisation of asset components through the fixed asset project resulted in significant reclassifications between the classes of tangible and intangible assets. The effect was that certain:

1) Other plant and equipment was reclassified to network assets and improvements to land and buildings.
2) Network assets were reclassified to land and buildings (cost of construction and improvements to network sites) and intangibles (network systems comprising network software and licenses).

Obsolete and fully depreciated assets which are of no future economic benefit to BTCL were retired

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NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2015

	Land & Buildings P'000	Plant & Equipment P'000	Other Equipment P'000	Plant & Equipment in the Course of Construction P'000	Total P'000
7 PROPERTY, PLANT AND EQUIPMENT					
31 March 2014					
COST OR VALUATION					
At beginning of the year	266,265	3,492,810	513,184	1,198	4,273,457
Disposals (Transfers to BOFINET)	(49,058)	(706,116)	(10,715)	-	(765,889)
Other Disposals	-	(115,405)	-	(1,198)	(116,603)
Additions	-	167,617	25,214	6	192,837
Reclassification	11,857	194,391	(160,239)	-	46,009
At end of the year	229,064	3,033,297	367,444	6	3,629,811
DEPRECIATION AND IMPAIRMENT					
At beginning of the year	30,163	2,000,138	391,493	-	2,421,794
Depreciation charge for the year	8,391	175,372	28,511	-	212,274
Impairment	-	266,051	-	-	266,051
Disposals (Transfers to BOFINET)	(7,631)	(415,614)	(7,768)	-	(431,013)
Other disposals	-	(106,144)	-	-	(106,144)
Reclassification	(11,155)	158,535	(126,69)	-	20,686
At end of the year	19,768	2,078,339	285,542	-	2,383,648
Net book value					
At beginning of the year	236,102	1,492,672	121,691	1,198	1,851,663
At end of the year	209,296	954,959	81,903	6	1,246,163

The presidential directive cab 21/2012 approved the transfer of some main telecommunication infrastructure which includes among others the local and national fibre system and also the management of both East Africa Sea Cable (EASSY) and West Africa Cable System (WACS) to a Special Purpose Vehicle, named Botswana Fibre Network (BOFINET).

The government of Botswana further instructed BTCL to fund the establishment of BOFINET. The assets were transferred at Netbook Value. Total Netbook value of Assets (Excluding Inventory) transferred to BOFINET is P334,876,193(note 9). The effective date of transfer was 31st December 2013. (Further details are in note 15,17 and 23).

During the year BTCL embarked on an assets class clean up exercise in order to align the classes in the Fixed Asset Register with the Annual Financial Statements.The amounts are shown under reclassification line in note 7 and 8.

Impairment amount of P266 050 988 (note 9) represent a write-down of certain property,plant and equipment.This was recognised in the statement of comprehensive income as a cost of sales. The impairment amount was determined by comparing the carrying amount and the valuation as at the reporting date.

Revaluation of Land & Buildings
If land & buildings were measured using the cost model, the carrying amount would be as follows:

	2015 P'000	2014 P'000
Cost	173,707	95,179
Depreciation	(104,724)	(58,165)
Carrying amount	68,983	37,014

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	Computer & Billing Software P'000	Network Management System P'000	Total P'000
8 INTANGIBLE ASSETS			
31 MARCH 2015			
COST			
At beginning of the year	108,678	10,439	119,117
Additions	33,006	-	33,006
Reclassification from network assets	-	53,330	53,330
Reclassification to network systems	(30,719)	30,719	-
At end of the year	110,965	94,488	205,453
AMORTISATION			
At beginning of the year	103,773	9,714	113,487
charge for the year	10,444	478	10,922
Reclassification from network assets	-	51,286	51,286
Reclassification to network systems	(17,139)	17,139	-
At end of the year	97,078	78,617	175,695
NET BOOK VALUE			
At beginning of the year	4,905	725	5,630
At end of the year	13,887	15,871	29,758
31 MARCH 2014			
COST			
At beginning of the year	135,367	27,750	163,117
Additions	1,742	267	2,009
Reclassification	(28,431)	(17,578)	(46,009)
At end of the year	108,678	10,439	119,117
AMORTISATION			
At beginning of the year	103,980	24,685	128,665
charge for the year	4,839	669	5,508
Reclassification	(5,046)	(15,640)	(20,686)
At end of the year	103,773	9,714	113,487
NET BOOK VALUE			
At beginning of the year	31,387	3,065	34,452
At end of the year	4,905	725	5,630

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

9 ASSET IMPAIRMENT

During prior year, the company reduced its fixed line incumbent assets base due to technology changes which is in line with global trend. The company is also facing increased competition from other operators as well as the tightened regulatory environment.

In addition, the asset base of the company significantly reduced by P334 876 193 due to transfer of assets ordered by the Government of Botswana which is the sole shareholder. The assets were transferred to a newly formed and 100% Government owned company named Botswana Fibre Network (BOFINET).

In determining the recoverable amount of BTCL cash generating unit (CGU) a discounted Cash flow valuation method was used. The whole business is regarded as one CGU .The recoverable amount was lower than a carrying amount indicating that the assets are impaired. Impairment amount of P266 050 988 was determined and it represents a write-down of some of the property, plant and equipment. All the impaired fixed line incumbent assets fall under plant and equipment asset category (note 7).

Valuation key assumptions

The recoverable amount was determined based on value in use. The calculations used cash flow projections over a period of five (5) years based on financial forecasts and the growth rate of 6% was applied .

Assumptions

Discount rate (WACC) 2014: 13 %
Management determined these rates based on past experience as well as external sources of information.
For the financial year 2015,management is of the view that no impairment indicators were identified ,hence no further impairment .

	2015 P'000	2014 P'000
10 INVENTORIES		
Comprising:		
Consumable stores	29,481	32,245
Customer premises equipment	39,535	32,535
Other inventories	24,911	26,565
	93,928	91,347

The above inventory is disclosed at the lower of cost and estimated net realisable value. The inventory write down was P8,801,000 in the current year and in 2014 there was a write up amounting to P2,949,000.

11 EARNINGS PER ORDINARY SHARES

The calculation of earnings per ordinary shares is based on 1,000,000 ordinary shares of no par value in issue throughout the year and profit for the year. Profit for the year for the ordinary shares is Pula 146,755,000 (2004: Pula 140,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
12 TRADE AND OTHER RECEIVABLES		
Trade receivables	198,408	180,523
Receivables from related parties	35,490	76,233
Trade receivables from interconnect balances	127,120	98,470
Staff advances	8,391	1,586
Receivables from Global connectivity projects (EASSy & WACS)	9,455	14,024
Other receivables	91,203	54,391
	470,068	425,227
Prepayments and deposits	22,246	18,622
IRU prepayment	34,000	-
Debtors impairment	(164,926)	(100,270)
	361,388	343,579

The company's trade and other receivables are non-interest bearing. For terms and conditions relating to related party receivables, refer to Note 24. Trade receivables from interconnect balances and other receivables are generally 30 to 90 days terms, interest free, unsecured and settlement occurs in cash. Staff advances may be up to twelve months and they are non interest bearing.Staff advances and other receivables carrying value approximate their fair value.

Further details on receivables from Global connectivity projects (EASSY and WACS) have been disclosed in note 24.

Trade and other receivables at 31 March 2015		
Neither past due nor impaired	105,903	120,858
Past due but not impaired		
less than 30 days	28,743	47,868
between 30 days and 60 days	25,649	36,925
between 60 days and 90 days	36,795	21,846
more than 90 days	74,946	97,458
Net carrying amount	272,036	324,956

The movement in the provision for impairment of trade and other receivables is set out below.

	Individually Impaired P'000	Collectively Impaired P'000	Total P'000
At 31 March 2015			
At beginning of year	59,778	40,492	100,270
Additional amounts raised (note 2)	15,855	48,801	64,656
At end of year	75,633	89,293	164,926
At 31 March 2014			
At beginning of year	25,595	30,502	56,097
Additional amounts raised	34,183	13,620	47,803
Release of the provision during the year	-	(3,630)	(3,630)
At end of year	59,778	40,492	100,270

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
13 PREFERENCE SHARES		
2 301 000 - 8% redeemable cumulative preference shares of P1 each, held by the Government of Botswana		
Total nominal value	2,301	2,301
Liability portion of preference shares disclosed under non current liabilities	(1,416)	(1,416)
Redemption of Preference shares	(885)	-
Equity portion of preference shares disclosed separately	-	885
Preference shares were redeemed at their nominal value of P2,301,000 by cash during the year.		
These shares were non-convertible and were redeemable at the option of BTCL.		
14 STATED CAPITAL		
Balance at the beginning and end of the year	228,892	228,892
Stated capital is made up as follows:		
Issued and fully paid		
1,000,000 ordinary shares of no par value	228,892	228,892
Preference shares		
2,301,000- 8% redeemable preference shares(Note 13)	-	2,301

The movement within the number of shares issued during the year:

	Number of shares	
	2014	2013
Shares of no par value in issue at the beginning of the year	1,000,000	1,000,000
Shares of no par value in issue at the end of the year	1,000,000	1,000,000

	2015 P'000	2014 P'000
15 REVALUATION RESERVE		
Properties revaluation reserve		
Balance at the beginning of the year	174,267	185,701
Depreciation transfer for land and buildings	(11,434)	(11,434)
Increase for the year	188,741	-
Balance at the end of the year	351,574	174,267
Total other reserves	351,574	174,267

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
16 DIVIDENDS AND PREFERENCE SHARE INTEREST		
Preference share interest		
Preference share interest owing at the beginning of the year	392	184
Accrued interest -13% on outstanding balance	0	24
Adjustment of accrued interest on outstanding balance	(24)	
8% redeemable cumulative preference shares- declared during the year	0	184
Amount paid during the year	(368)	-
Amount payable at end of year	-	392
Equity dividends:		
Dividend declared (ratified by board)	-	405,449
Total dividends	-	405,841
Dividend per share	-	-
Dividends in specie:		
Fixed Assets transferred to Bofinet	-	334,875
Inventory transferred to Bofinet	-	5,257
Deferred Revenue and grants amortized	-	(55,928)
Bofinet Funding	-	121,245
	-	405,449
Dividends declared	-	405,449

In the prior years to November 2012 dividends amounting to 25% of the company profits were payable to the Government in line with the requirements of the Government directive CAB 40/2004. Since BTCL is now required to pay tax in terms of the Income Tax Act this obligation now falls away. BTCL shall now declare dividends in compliance with the relevant provisions of the Companies Act.

There are no dividends proposed for the 2015 financial year.

In the prior year (2014) the shareholder (Government of Botswana) gave BTCL a directive to fund the new telecommunication establishment by the name BOFINET. They are 100% owned by the government and their mandate is to manage the main telecommunication network in the country. BTCL was further directed to transfer some of the assets to BOFINET. The assets were transferred at carrying amount. A dividend in Specie has been declared against the value of assets transferred and ratified by the Board effective 31 December 2013.

17 DEVELOPMENT GRANTS		
Balance at the beginning of the year	216,778	263,408
Transfer to BOFINET	-	(3,960)
Recognised as income during the year	(24,397)	(42,670)
Balance at end of the year	192,380	216,778
Current portion of development grant	24,397	42,670
Non-current portion of development grant	167,983	174,108
	192,380	216,778

The cumulative grants received to date are P509,325,983.70 (2014:509,325,983.70). These grants are for the purpose of funding the Company's expansion in rural districts in terms of National Development Plan 8 called Nteletsa projects. The portion of the grants recognised as income during the year is based on the useful life of plant and equipment which was funded by the above grants.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
18 DEFERRED REVENUE		
Balance at beginning of the year	16,160	77,571
Deffered revenue transferred to BOFINET	-	(51,968)
Deferred revenue recognised as income		
- Fibres	-	(123)
- Network Upgrade -Government of Botswana (GOB)	(15,254)	(15,501)
-Transkalahari Upgrade (DWDM)	-	6,181
Balance at end of the year	907	16,160
Current portion of deferred revenue	907	9,444
Non-current portion of deferred revenue	-	6,716
	907	16,160

The deferred revenue in 2014 comprised an amount received from the Water Utilities Corporation (2014:P7,059,000) for the usage of four fibres from Mmamashia to Letsibogo Dam for a period of 25 years.The ownership of the equipment utilised to provide these services vests with the Company. This was transferred to Bofinet on 31st December 2013.

Network upgrade comprise of P151,495,933 from the Government of Botswana to upgrade the network and systems; and a further P42,000,000 to upgrade the DWDM network.

The deferred revenue recognised as income in 2014 relating to Transkalahari Upgrade (DWDM) was re-assessed and decreased to P6,181,000.

The Government of Botswana through the Ministry of Transport and Communication transferred the following assets to BOFINET amongst others: Transkalahari National Backbone Network Upgrade project - Dense Waivelength Division Multiplexing (DWDM) including project vehicles and routers(Gaborone and London) .The effective date of transfer was 31st December 2013.

	2015 P'000	2014 P'000
19 TRADE AND OTHER PAYABLES		
Trade payables	122,338	32,364
Interconnection balances	9,630	36,126
Accruals and Other payables	95,703	165,202
	227,672	233,692

	Leave Pay P'000	Gratuity P'000	Restructuring Costs P'000	Other P'000	Total P'000
20 EMPLOYEE RELATED PROVISIONS					
Opening balance (2014)	20,233	15,810	25,000	12,132	73,175
Charged to employee expenses	(7,811)	(29,790)	(25,000)	(12,890)	(75,491)
Utilised	9,866	47,509	-	5,153	62,528
Closing balance (2015)	22,288	33,529	-	4,395	60,212

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	Notes	2015 P'000	2014 P'000
21 STATEMENT OF CASH FLOWS			
21.1 Operating profit before working capital changes:			
Net Profit before financing costs		200,569	3,228
Adjustment for non cash movements:			
Depreciation and amortisation of intangible assets	7-8	202,070	217,782
Impairment of Property ,Plant and Equipment	7	-	266,051
Loss on disposal of property, plant and equipment	2.4	-	10,091
Interest income	4	(26,066)	(25,144)
Exchange loss unrealised		(9,351)	(6,105)
Development grant recognised as income	16	(24,397)	(42,670)
Deferred revenue recognised as income			
- fibres	17	-	(123)
- Network Upgrade -GOB	17	(15,254)	(15,501)
- Transkalahari Upgrade(DWDM)	17	-	6,181
Profit from miscellaneous sale		-	404
Movement in provisions	19	(12,963)	31,109
Adjustment for deferred revenue		-	949
Operating profit before working capital changes		314,609	446,251

For the purpose of the consolidated cash flow statement the working capital changes arising from trade and other receivables and trade and other payables take into account the cash effects of the interest receivable and payable at both the beginning and end of the year.

21.2 Net cash and cash equivalents at end of the year:			
Cash at bank and on hand		19,008	19,571
Short term deposits		346,969	333,891
Net cash and cash equivalents at end of the year		365,977	353,462

The call deposits had effective interest rates of between for 1% and 3% (2014: 0.25% and 4.15%). Short- term deposits are made for varying periods of between one day and three months,depending on the immediate cash requirements of the Company. At year end the short term deposits were maturing within 90 days (2014:90 days).

21.2.1 Banking Facilities

The Corporation has facilities with its bankers amounting to P110,000,000 (2014 : P110,000,000) in respect of letters of credit and guarantees.The banking facilities are unsecured.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
22 CAPITAL COMMITMENTS		
Contracted but not paid	108,656	123,943
Authorised but not contracted	323,902	317,615
Total capital commitments	432,558	441,558

These commitments will be financed by equity contributions, development grants, long term borrowings and internally generated funds.

23 OPERATING LEASE COMMITMENTS-COMPANY AS LESSEE

Future minimum lease payments payable under non-cancellable operating leases are as follows:

Operating leases	20,141	8,538
	20,141	8,538
Balance due within one year	6,669	8,538
Balance due between two and five years	8,286	-
Balance due after five years	5,186	-
	20,141	8,538

OPERATING LEASE COMMITMENTS-COMPANY AS LESSOR

Future minimum lease receivables under non-cancellable operating leases as at 31 March 2015 are as follows:

Operating leases	6,114	7,616
Balance due within one year	1,381	1,502
Balance due between two and five years	2,887	3,804
Balance due after five years	1,846	2,310
	6,114	7,616

In addition to the above, the Company has entered into service and maintenance contracts with third parties.The majority of the operating leases with the company as lessor are in respect of sites on which radio site premises have been built and sub-let by the Corporation to its customers. These leases comprise of fixed rentals payable on a monthly basis with annual escalations of 10% per annum generally with a one month notice period.`

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

24 RELATED PARTY TRANSACTIONS

Relationships

Owner with 100% ownership	Government of Botswana
Members of the Board of Directors	Refer to General information Page 158
Members of Key management	Paul Taylor
	Anthony Masunga
	Abel Bogatsu
	Joy-Marie Marebole
	Thabo Nkala
	Mokgethi Nyatseng
	Christopher Diswai
	Same Kgosiemang
	Boitumelo Masoko
	Masego Mathambo
	Kaelo Radira

Trading transactions

The following related party transactions were on an arm's length basis:

	Revenue billed		Balance due	
	2015 P'000	2014 P'000	2015 P'000	2014 P'000
Sales and outstanding balances from related parties				
The Government of the Republic of Botswana	382,443	396,809	26,757	71,238
Parastatals	69,769	59,491	8,733	4,995
	452,212	456,300	35,490	76,233
Purchases from related parties				
Parastatals	269,759	257,179	20,866	35,317

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are the rendering or receiving of services and are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Individually significant transactions

Global connectivity projects (EASSY and WACS):

The Government of Botswana owes BTCL P9,455,477.63 (2014 : P14,024,933.82) for payments which were made on behalf of the government towards procuring the Indefeasible right of use (IRU). BTCL is now leasing on an arms length basis network capacity from the government of Botswana on an operating lease basis.

BOFINET (Botswana Fibre Network)

BOFINET offered BTCL an IRU worth Pula 340 million for 10 years which translates to an annual charge of Pula 34 million.During the year Pula 68 million has been paid to date.

Government of Botswana

The Government of Botswana has provided a letter of support worth Pula 250 million to BTCL .Please refer to Note 29.2 for more details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
Compensation of key management personnel		
Short term benefits	12,030	10,383
Termination benefits	4,156	3,692
	16,186	14,074

The Compensation of Key management personnel figures above are inclusive of remuneration paid to members of the Board of Directors of BTCL and executive management. The remuneration for key management staff is determined by the remuneration committee and that of directors is consistent with Government rates.

The non-executive members of the Board do not receive pension entitlement from the Company.

Directors' Interests
Emoluments per director (in Pula) (2015)

Director	Fees	Remuneration	Performance bonus	Fringe and other benefits	Total
Leonard Makwinja	6,090	-	-	-	6,090
Paul Taylor (Managing Director)	-	3,790,670	643,243	362,349	4,796,261
Alan Boshwaen	23,100	-	-	-	23,100
Choice Pitso	26,204	-	-	5,789	31,993
Serty Leburu	22,050	-	-	-	22,050
Cecil Masiga	-	-	-	-	-
Rejoice Tsheko	24,360	-	-	-	24,360
Gerald Nthebolan	20,790	-	-	-	20,790
Daphne Matlakala	31,710	-	-	-	31,710
Total emoluments paid by BTCL	154,304	3,790,670	643,243	368,138	4,956,354

Directors' Interests
Emoluments per director (in Pula) (2014)

Director	Fees	Remuneration	Performance bonus	Fringe and other benefits	Total
Leonard Makwinja	29,610	-	-	-	29,610
Paul Taylor (Managing Director)	-	2,254,144	695,652	387,148	3,336,944
Alan Boshwaen	12,600	-	-	-	12,600
Choice Pitso	10,920	-	-	5,789	16,709
Serty Leburu	14,280	-	-	-	14,280
Cecil Masiga	840	-	-	-	840
Dr Geoffrey Seleka	11,760	-	-	-	11,760
Gerald Nthebolan	8,400	-	-	-	8,400
Daphne Matlakala	22,050	-	-	-	22,050
Total emoluments paid by BTCL	110,460	2,254,144	695,652	392,937	3,453,193

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

25 FINANCIAL RISK MANAGEMENT

25.1 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.

25.2 Currency risk:

The Company undertakes certain transactions denominated in foreign currencies with international operators and other foreign suppliers. Hence, exposure to exchange rates fluctuations arise. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows (the analysis below gives a combined impact of assets and liabilities):

	Exchange Rates		Amount in Foreign Currency	
	2015	2014	2015	2014
Currency				
Liabilities:				
Euro	0.0910	0.0810	(313,360)	(8,530)
Rand	1.1875	1.1705	(3,746,886)	(3,562,138)
SDR	0.0703	0.0737	(2,754,133)	(3,438,599)
US Dollar	0.0970	0.1100	(1,859,354)	(1,145,992)
GBP	0.0668	0.0672	-	(46,440)
Assets:				
SDR	0.0750	0.1737	3,445,973	3,540,216
US Dollar	0.1035	0.1175	665,926	924,120
Combined Net Liability Position			(4,561,834)	(3,737,363)

The Company's currency risk exposure is partly hedged by USD ,EURO and RAND deposit accounts held which at 31 March 2015 amounted to USD 54,826.86 (2014: 42,231) ; EURO 1,107.95(2014:739) and RAND 467,622.14 (2014: 652,260).

25.3 Foreign Currency sensitivity analysis

The Company is mainly exposed to the currencies of South Africa (Rand), the United States (US Dollar), the European Union (Euro) and the SDR (Special Drawing Rights) which is a potential claim on the freely usable currencies of International Monetary Fund members.

The following table details the Group's sensitivity to a 10% increase and decrease in the Pula against the relavant foreign currencies. 10% is the sensitivity rate when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit.

The analysis below gives a combined impact of assets and liabilities.

	2015 Pula	2014 Pula
10% decrease		
Euro	(2,852)	(69)
Rand	(444,943)	(416,948)
Special Drawing Rights (SDR)	(19,362)	(25,342)
United States Dollar	(18,036)	(12,606)
British Pound	-	(312)
Net Effect	(485,191)	(455,277)
10% increase		
Euro	2,852	69
Rand	444,943	416,948
Special Drawing Rights (SDR)	19,362	25,342
United States Dollar	18,036	12,606
British Pound	-	312
Net Effect	485,191	455,277

25.4 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

Cash & cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Significant concentrations of credit risk

The Company does have significant credit risk exposure to single counterparties or groups of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities and this include sectors such Corporate clients, Government clients, etc. The credit risk related to these counterparties or groups of counterparties is however limited since the counterparties are Government agencies or businesses possessing high credit ratings.

Below is the significant concentration of credit risk per counterparty:
Government agencies: P26,757,063 (2014: P71,237,816.54)
Banks: P3,095,976.87 (2014: P4,021,793.40)

Guarantees given to financial instituition in respect of loans relates to loans given to employees where the Company has an agreement with the Bank that in an event that employees default payments, the liability to the Bank then lies with the Company.

The carrying amount of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk. The Company holds no collateral with which to secure its financial assets.

Trade debtors and other receivables	339,142	324,956
Short term call deposits	346,969	333,891
Cash and bank	19,008	19,571
	705,118	678,418

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

25 FINANCIAL RISK MANAGEMENT (continued)

25.5 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).

25.6 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.

25.7 Interest income and expense by financial instrument category

	Loans and Receivables P'000	Financial Liability at Amortised Cost P'000	Total P'000
2015			
Interest income	26,066	-	26,066
Net interest (income) / expense	26,066	-	26,066
2014			
Interest income	(25,144)	-	(25,144)
Interest expense	-	208	208
Net interest (income) / expense	(25,144)	208	(24,936)

25.8 Liquidity and interest risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group anticipates that the cash flow will occur in a different period.

	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	Total P'000
2015				
Trade and other receivables	105,903	91,187	74,946	272,036
Cash at bank and on hand	19,008	-	-	19,008
Short term deposits	-	346,969	-	346,969
	124,911	438,156	74,946	638,013
2014				
Trade and other receivables	-	224,900	118,679	343,579
Cash at bank and on hand	19,571	-	-	19,571
Short term deposits	-	333,891	-	333,891
	19,571	558,791	118,679	697,041

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

The following table details the Company's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Financial Liabilities	Less than 1 month 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
2015						
Trade and other payables	-	227,672	-	-	-	227,672
	-	227,672	0	0	-	227,672

Financial Liabilities	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
2014						
Trade and other payables	-	233,692	-	-	-	233,692
Preference share liability	-	-	0	-	1,416	1,416
Preference share dividends	-	-	392			392
	0	233,692	392	0	1,416	235,500

25.10 Interest rate sensitivity analysis

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relate to the fixed deposits and call deposits with the financial institutions.

To manage interest rate risk, the Company enters into fixed deposits with financial institutions , in which the Company accrues interest at specified intervals.

The table below has been determined based on the exposure of financial instruments to interest rates at the reporting date. For variable rate assets, the analysis is prepared assuming the amount of the assets held at the reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's asssessment of the reasonably possible change in interest rates.

If the Company's interest rates had been 1% higher/lower and all other variables were held constant, the change in the Company's profit and equity reserves would be as shown in the table below:

		Increase/ (decease) in pre tax profit/(loss) for the year P'000
2015		
Interest rate risk		
Change in interest rate	+1%	19,229
	-1%	(19,229)
2014		
Interest rate risk		
Change in interest rate	+1%	15,874
	-1%	(15,874)

26 FAIR VALUE HIERACHY

The revalued land and buildings consist of:

1 Commercial (including certain urban network sites), light industrial and residential properties in the major urban areas in Botswana, and
2 Network sites located outside of the major urban areas in Botswana.

Management determined that these constitute one class of assets under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the properties was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location (urban vs rural) and condition of the specific property. As at the date of revaluation on 31 March 2015, the properties' fair values are based on valuations performed by Willy Kathurima Associates, an accredited independent valuer who has 25 years valuation experience for similar properties in country. Fair value measurement disclosures for revalued land and buildings are provided below:

Assets measured at Fair Value	Date of Valuation	Significant unobservable inputs (level 3) 2015 P'000	Significant unobservable inputs (level 3) 2014 P'000
Land & Buildings	31/3/2015	339,807	236,102

		Price range per square meters		Total square meters	Average value per square metre
The significant unobservable valuation inputs were:					
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 metre in isolation would result in a significantly higher (lower) fair value.

Significant unobservable inputs for the current revaluation done as at 31 March 2015 have been disclosed above. At the time of the previous revaluation as at 31 March 2012, the use of market comparable valuation method did not involve the unobservable inputs noted above i.e. price per square metre.

Valuation techniques used to derive level 3 fair values

The comparable market valuation method was used to value land, land improvements, buildings, building improvements in urban areas and land in rural areas. Valuation inputs as disclosed above are for the comparable method approach. Rural land improvements were valued on the basis of the replacement cost of the land improvements.

27 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure continuity as a going concern for the Company while at the same time maximising the shareholders' return through the optimisation of the debt and equity balances. The Company has access to financing facilities, the total unused portion amounting to P110 million (2014: P110 million) at the reporting date. The Company expects to meet its other obligations from operating cash flows and the proceeds of maturing financial assets. The capital structure of the Company consists of trade and other payables (note 18), Share capital, reserves and retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2015

	2015 P'000	2014 P'000
Debt		
Trade and other payables	227,672	233,692
Preference shares liability portion	-	1,808
Total debt	227,672	235,500
Equity		
Stated Capital	228,892	228,892
Revaluation reserve	351,574	174,267
Accumulated profits	1,342,464	1,184,275
Total equity	1,922,930	1,587,434
Total capital	2,150,601	1,822,934
Gearing ratio	12%	15%

Total capital is derived by adding total equity and total debt less cash and short term deposits.

28 SEGMENT REPORTING

In Sptember 2014, BTCL refreshed its Fixed ,Mobile and Fixed Mobile Convergence strategy in order to bring synergy in its business operations. Both identifiable Fixed and Mobile business units were brought together to share resources including human capital. Therefore operating expenses, assets, liabilities are operated at a group level. Monthly management accounts are reported as such, only separating revenues. There is therefore no identifiable operating segments. All operations takes place in Botswana.This is still applicable for current reporting period.

29 OTHER SIGNIFICANT EVENTS

29.1 Listing Disclosures

The listing of BTCL in the Botswana Stock exchange that was expected in the financial year 2014/15 financial year did not take place as planned. The Government of Botswana has issued a further intention to list BTCL shares in the financial 2015/16. The date of the listing is yet to be issued at the date of signing this report. The government and the company will be offering a total of 49% of the company shares, of which 44% will be available for purchase by citizens and citizens companies. The remaining 5% will be offered to BTCL citizen employees through an Employee Share Scheme (ESP).5

29.2 Offer for subscription and Government support

Should the listing of BTCL proceed, BTCL intends to raise up to P250m through an offer for subscription to finance its operations. The Government of Botswana has already approved the offer for subscription through Presidential directive CAB 32(A) /2014 dated 26 November 2014.

Furthermore, the Government of Botswana confirmed in the prior year that should the IPO or the offer for subscription be unsuccessful, they will ensure that BTCL is or will be put in a position to meet its financial obligations as they fall due and that BTCL will duly perform and comply with all its financial obligations in the year 2016 going forward. The Government has issued the letter of support of up to P250 million on 2nd October 2014. Refer to Note 24.

30 COMMITMENT AND CONTINGENCIES

The entity entered into capacity arrangement with BOFINET for 10 years effective 01 April 2014. As per the agreement,the grantor grants the grantee an indefeaseble, exclusive and irrevocable right of use of the transmission (IRU). BTCL will be purchasing bandwidth capacity for Pula 340 million over the 10years thus Pula 34 million per year. The payment schedule is as below:

First payment-P68 million paid on 31 July 2014
Second payment-P96 million payable on 1st April 2015
Third payment-P96 million payable on 1st April 2016
Final payment-P80 million payable on 1st April 2017

31 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period.

ANNEXURE 4:
FINANCIAL INFORMATION

The Directors are making the following numbers available for illustrative purposes only and wish to emphasise that they cannot and have not verified or procured an audit of these numbers and the related assumptions. It must be noted that the numbers below have not been audited or reviewed by any advisors, accountants or auditors. The Directors believe that these numbers (read with the related assumptions) give a fair indication of what the future performance of BTCL is likely to be, although it must be emphasised that these numbers and the related assumptions have not been independently verified or reviewed by any advisors, accountants or auditors.

Forward Forecast:

Summary P'000

Year ending 31 March	2017	2018
Revenue	1 520 282	1 598 565
Total expenditure	1 388 997	1 464 897
Operating profit	131 285	133 668
Interest income	16 015	11 726
Profit before tax	147 300	145 394
Taxation	32 406	31 987
Profit after tax	114 894	113 407

The above have been prepared based on assumptions including the following:

The profit forecast is based on the following revenue assumptions:

1) National, International and Interconnect call revenue was calculated by multiplying the estimated underlying call volume minutes by the applicable tariff.

a) The estimated underlying call volume minutes were calculated by multiplying customer line penetration volumes by the average volume off call minutes per subscriber per annum.

b) No tariff changes were assumed for local, national, fixed to mobile or International outgoing call tariffs over the forecast period.

c) National Interconnect call tariffs were adjusted in line with the tariff adjustments imposed by BOCRA.

2) Line rental revenue was calculated by multiplying the estimated number of customer lines (estimated population figure by the estimated customer line penetration rate) by the applicable tariff, no changes to the tariff were assumed over the forecast period.

3) Line installation revenue was estimated by taking the average percentage of lines installed to the active customer line base and then applying the installation tariff.

4) Incoming International revenue was estimated by multiplying the forecasted incoming call volume minutes (customer line volumes multiplied by estimated annual subscriber minutes received) by the forecasted average termination rate.

5) Retail and Wholesale Leased line, mobile leased line, ATM, frame relay and Metro Ethernet Revenue was calculated by multiplying average annual volumes by the applicable tariff in the forecast year.

6) Frame relay, ATM and Leased Lines were fully migrated to Metro Ethernet by the end of the 2017 financial year. This is in view of the fact that these networks have become obsolete and cannot be supported by their respective suppliers. Product quantities were grown at estimated annual growth rates over the forecast period.

7) Retail and Wholesale Leased line, mobile leased line, ATM, frame relay tariffs have been reduced by 88%, 90%, 60% and 94% respectively, effective from January 2015. Wholesale and Retail Metro Ethernet prices have been reduced by 60% and 65% respectively from January 2015. These price reductions to below cost have been necessitated in response to pricing pressure caused by BoFiNet's introduction into the telecommunications market.

8) Customer premises equipment revenue was grown at the expected annual growth rate as derived from historical growth patterns. Modem revenue declined in response to the decline in leased line and frame relay modem connections.

9) International Private Wire Revenue was grown at an estimated normal year on year growth percentage and a 90% and 85% reduction in revenue was then imposed in response to the competitive tariff reductions forced on BTCL by BoFiNet actions.

10) ADSL revenue was calculated by increasing the penetration of ADSL lines to 27% in 2016 (ADSL lines as a % of fixed total post-paid lines) this penetration rate was maintained throughout the remaining forecast period. ADSL access revenue was calculated by multiplying ADSL line volumes to the access tariff which are expected to remain static over the forecast period. Retail ADSL bandwidth revenue was calculated by applying expected 2015 bandwidth prices to ADSL line volumes. Estimated migrations between ADSL line speeds were quantified. An increasing post-paid to pre -paid mix was assumed over the forecast period.

11) Internet Bandwidth revenue was calculated by applying a wholesale and retail margin to the estimated per mbit cost. This amount was then multiplied by the capacity in mbit expected to be sold.

12) beMobile revenues were calculated by multiplying expected penetration rates by the estimated post- and pre- paid ARPUs.

13) beMobile Data revenue assumed an increasing revenue contribution from data services in line with worldwide mobile operator trends.

14) SMS revenue was calculated from estimated sms's per subscriber by subscriber base by the expected sms tariff.

15) Other Miscellaneous revenue contributing approximately 3% of the total revenue was forecasted based on historical precedent and expected known and quantifiable changes.

The profit forecast is based on the following expenditure assumptions:

16) Cost of sales has been calculated by taking forecasted minutes multiplied by the applicable termination rate, on a percentage of revenue basis, on an estimated actual basis, or on a key cost driver by rate basis.

17) National Interconnect out payments:

a) The fixed line interconnect payment to other national operators is calculated by multiplying fixed line call minutes to mobile by the BOCRA regulated mobile termination rate .

b) The beMobile interconnect payment is calculated by multiplying be Mobile call minutes to other operators by the BOCRA regulated mobile termination rate.

18) The International Interconnect out payment to international carriers is calculated by taking international outgoing call minutes and multiplying them by the estimated average international termination rate over the forecast period.

19) BOCRA turnover related costs have been calculated on a percentage of revenue basis.

20) Marketing costs are based on budgeted costs for 2016 and 2017, and the expense in the remaining years is calculated on a percentage of revenue basis.

21) VSAT bandwidth costs are based on expected actual USD costs for the capacity acquired.

22) Outsourced line installation expenses are based on the average cost per active line.

23) Outsourced PABX installation expenses are based upon a percentage of revenue basis imputed from historical trends.

24) Prepaid distribution costs are based on a percentage of revenue basis imputed from historical trends.

25) PABX cost of sales is based on a percentage of revenue basis imputed from historical trends.

26) Directory production costs are based on a percentage of revenue bases.

27) Internet bandwidth costs are based on the current per mbit cost multiplied by anticipated capacity requirements, as adjusted for declines in the per mbit price resulting from increased volumes and normative industry related declines in successive years.

28) Staff costs to revenue have been kept consistently at 25%. The staff cost forecast year on year grow of 4% (in-line with CPI) is lower than previous average trend of 8%..

29) The financial charges categories contribution to total expenditure is +/- 1% -3% and comprises items such as audit, legal, directors fees, amortization of development grant, deferred revenue, training and universal access and service levy, provisions for doubtful debts, bank charges, foreign exchange movements, donations and social responsibilities, insurances and some other miscellaneous items.

30) Audit, Legal and Directors Fees are based on projected estimates and in later years a percentage growth in costs.

31) Insurance expense and bank charges are grown at 7% per annum.

32) The provision for doubtful debts is calculated on a percentage of revenue basis.

33) The training levy is calculated at 0.2 % of revenue.

34) The Universal Service Access Levy is calculated at 1% of revenue.

35) The development grant is amortized in relation to the depreciation of related assets.

36) The deferred revenue is unwound over the period of use of the asset.

37) Operating expenditure comprises billing and collection costs, licence fees and subscription, stationery and office supplies, utility charges, property upkeep , consultancies, local and foreign travel and vehicle running expenses.

38) Billing and collection costs are based on a percentage of revenue basis as adjusted for by savings attributable to accelerated change initiatives commencing in the 2016 year.

39) Billing, software support and licences are computed on a growth in cost basis beginning in the 2015 year and adjusted by anticipated savings attributable to accelerated change initiatives commencing in the 2016 year.

40) Electricity charges are calculated on a percentage growth in cost basis.

41) Water charges are calculated on a percentage of revenue basis estimated from historical trends.

42) Consultancy costs are calculated on a percentage of revenue basis estimated from historical trends and includes consultancy costs attributable to accelerated change in the 2016 financial years.

43) Repairs and maintenance expense is based on the historical percentage repair and maintenance cost to revenue of 6%. Repairs and maintenance with respect to assets transferred to BoFiNet i.e.optical fibre and DWDM assets have been excluded.

44) Depreciation is calculated by extrapolating the existing asset base using the value and depreciation rate and then calculating estimated fixed asset capitalizations from project work-in-progress and multiplying by the required depreciation rate for the asset in question. Depreciation from assets transferred to BoFiNet has been excluded.

45) The estimated depreciation value relating to underground ductshas been transferred to cost of sales

46) Tax has been calculated at 22% of net profit, the Botswana corporate tax rate.

Impact of separation:

During the 2013/14 financial year, certain assets were transferred to BoFiNet in terms of a Government Directive. Also, BTCL wholesale customers were, for a fixed time, allowed to migrate to BoFiNet and end their contracts with BTCL without penalty. In the same year BOCRA approved new wholesale pricing, which was significantly lower than prices charged by BTCL. Thus caused downward pressure on prices at BTCL wholesale level, and in turn pressure on BTCL retail prices.

At September 2015, BTCL had lost in excess of P60 million a year wholesale business to BoFiNet and a further P10m is expected to be lost after notice to migrate have been received.

The full impact of separation is factored in the 2015/16 forecast of P111m after tax before the net impairment adjustment of P293m. For the 2016 year, total sales are expected to drop by P11m and expenses attributed to separation increase by P30m. Fro the 2017 year, sales are expected to rise 3.5% to P1.52bn, an increase of P52m, mainly on the back of expected growth in mobile and data revenues. The increase in revenue and expenses in 2017 is expected to increase profits after tax for 2017 marginally.

ANNEXURE 5:
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

The Board of Directors
Botswana Telecommunications Corporation Limited
PO Box 700
Gaborone

Dear Sirs/Madams

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma financial information of Botswana Telecommunications Corporation Limited ("the Company") by the directors. The pro forma financial information, as set out in paragraph 36.1 and 37 of the prospectus ("the prospectus") to be dated on or about 21 December 2015, consists of the pro forma statements of comprehensive income for the years ended 31 March 2011, 31 March 2012, 31 March 2013, 31 March 2014 and 31 March 2015 and related notes and assumptions, and the pro forma statement of financial position as at 1 April 2015 ("pro forma financial information"). The pro forma financial information has been compiled on the basis of the applicable criteria specified in the Botswana Stock Exchange ("BSE") Listings Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of an offer for sale from the existing shareholder of the Company and the subscription of new shares, and the subsequent listing of the Company on the Domestic Main Board of the Botswana Stock Exchange ("the transaction" or "corporate action or event"), on the Company's financial position as at 1 April 2015, and the Company's financial performance for the years ended 31 March 2011, 31 March 2012, 31 March 2013, 31 March 2014 and 31 March 2015. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the years ended 31 March 2011, 31 March 2012, 31 March 2013, 31 March 2014 and 31 March 2015, on which an auditor's report was issued on 28 September 2011, 24 September 2012, 13 September 2013, 13 March 2015 and 29 September 2015, respectively.

Directors' Responsibility for the *Pro Forma* Financial Information

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the BSE Listings Requirements and described in paragraph 36.1 and 37 of the prospectus.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the BSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the BSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

As the purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the transaction at 1 April 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

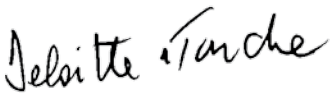
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the BSE Listings Requirements and described in paragraph 36.1 and 37 of the prospectus.

Consent

We consent to the inclusion of this report, which will form part of the prospectus to the shareholders of the Company, to be issued on or about 21 December 2015, in the form and context in which it appears.



Deloitte & Touche
Gaborone
Certified Auditors

Date: 21 December 2015
Practicing Member: M Marinelli (19900028)

ANNEXURE 6:
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE PROFIT FORECAST INCLUDED IN A PROSPECTUS

The Board of Directors
Botswana Telecommunications Corporation Limited
PO Box 700
Gaborone

Dear Sirs/Madams

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE PROFIT FORECAST INCLUDED IN A PROSPECTUS

We have examined the profit forecast statement of comprehensive income of Botswana Telecommunications Corporation Limited (the "Company") for the financial year ending 31 March 2016 and the notes and assumptions, as set out in paragraph 36.2 of the prospectus ("the prospectus") to be dated on or about 21 December 2015 ("the forecast information").

The forecast information has been prepared and presented in accordance with the BSE Listing Requirements and in terms of International Financial Reporting Standards.

Directors' responsibility

The directors are responsible for the preparation and presentation of the forecast information in accordance with the BSE Listings Requirements, including the assumptions set out in paragraph 36.2 of the prospectus on which it is based, and for the financial information from which it has been prepared. This responsibility includes determining whether:

- The assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast information;
- The forecast information has been properly compiled on the basis stated;
- The forecast information has been properly presented and all material assumptions are adequately disclosed; and
- The forecast information is presented on a basis consistent with the accounting policies of the Company.

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on the reasonableness of the assumptions used in the forecast information and whether the forecast information has been prepared on the basis of those assumptions and is presented in accordance with the BSE Listings Requirements, based on the procedures we have performed and the evidence we have obtained.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagement 3400 The Examination of Prospective Financial Information ("ISAE 3400"), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain sufficient appropriate evidence on which to base our limited assurance conclusion as to whether or not:

- Management's best-estimate assumptions on which the forecast information is based are not unreasonable and are consistent with the purpose of the information;
- The forecast information is properly prepared on the basis of the assumptions;
- The forecast information is properly presented and all material assumptions are adequately disclosed; and
- The forecast information is prepared and presented on a basis consistent with the accounting policies of the Company in question for the period concerned.

In a limited assurance engagement, the evidence-gathering procedures vary in nature from, and are less in extent, than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Information and sources of information

In arriving at our conclusion, we have relied upon forecast financial information prepared by management of the Company and other information from various public and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- The audited historical financial information of the Company for the years ended 31 March 2014 and 31 March 2015.
- Management prepared forecasts for the year ending 31 March 2016.
- Discussions with the management of the Company regarding the forecasts presented.
- Discussions with management of the Company regarding the prevailing market and economic conditions.

Procedures

In arriving at our limited assurance conclusion we performed the following procedures and evaluated the overall presentation of the forecast information:

- We obtained the forecast information from management and held discussions with them on the assumptions and input data used.
- We compared the forecast statement of comprehensive income to the approved budget for financial year 2016 and investigated major deviations.
- We compared the forecast statement of comprehensive income for financial year 2016 to the actual results for the first half of the year extrapolated to a 12-month period and investigated major deviations.
- We compared the forecast statement of comprehensive income for financial year 2016 to the historical statement of comprehensive income for 2015 and investigated major movements between the two years.
- Based on our knowledge of the business, we have considered the reasonableness of the input data used and the forecast numbers for financial year 2016.

Application of accounting policies

We ascertained that the accounting policies to be applied by the Company in the future were applied consistently in arriving at forecast income, and that they are in compliance with International Financial Reporting Standards.

Inherent limitations

Achievability of the results

The forecast information is based on assumptions about events that may occur in the future and possible actions by the Company. It is highly subjective in nature and its preparation requires the exercise of considerable judgment. While evidence may be available to support the assumptions on which the forecast information is based, such evidence is itself generally future oriented and, therefore, speculative in nature. Therefore we are unable to express an opinion as to whether the results shown in the forecast information will be achieved.

Accuracy of the information

The objective of our engagement is to provide a limited assurance conclusion on the reasonableness of the assumptions used in the forecast information, whether the forecast information has been prepared on the basis of those assumptions and is presented in accordance with the BSE Listings Requirements. We have relied upon and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions from the management of the Company. While our work has involved an analysis of historical financial information and consideration of other information provided to us, our assurance engagement does not constitute an audit or review of historical financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements. Accordingly, we do not express an audit or review opinion thereon and assume no responsibility and make no representations in respect of the accuracy or completeness of any information provided to us, in respect of the profit forecast and relevant information included in the prospectus.

Limited assurance conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- The assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;
- The forecast information has not been properly compiled on the basis stated;
- The forecast information has not been properly presented in accordance with the BSE Listings Requirements and all material assumptions are not adequately disclosed; and
- The forecast information is not presented on a basis consistent with the accounting policies of the Company.

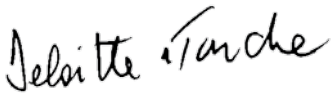
Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material.

Restriction on distribution

Our report and the conclusion contained herein is provided solely for the benefit of the directors of the Botswana Telecommunications Corporation Limited and existing and prospective shareholders of the Company for the purpose of their consideration of an offer for sale from the existing shareholder of the Company and the subscription of new shares, and the subsequent listing of the Company on the Domestic Main Board of the Botswana Stock Exchange. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

Consent

We consent to the inclusion of this report, which will form part of the prospectus to the shareholders of the Company, to be issued on or about 21 December 2015, in the form and context in which it appears.



Deloitte & Touche
Gaborone
Certified Auditors

Date: 21 December 2015
Practicing Member: M Marinelli (19900028)

ANNEXURE 7:
MATERIAL CONTRACTS OUT OF THE ORDINARY COURSE OF BUSINESS

Material contracts

The following are material contracts not entered into in the ordinary course of business that were entered into, novated or amended by the Company in the past two years.

1. Botswana Football Association Premier League

1.1. On or about 19 September 2014, the Company entered into a sponsorship agreement with the Botswana Football Association in respect of its Premier League competition.

1.2. The Company will have exclusive sponsorship rights in respect of the Premier League for three sponsorship years commencing on 8 August 2014 (being seasons of the Premier League from 2014 to 2017).

1.3. The Company has agreed to make available for each sponsorship year an aggregate amount of P10 million. In exchange the Company has been granted naming, branding and promotional sponsorship rights, television, radio and media sponsorship rights, sponsorship rights and entitlements relating to the clubs participating in the premier league and other commercial rights, operations and entitlements.

2. Botswana Fibre Networks (Proprietary) Limited ("BoFiNet")

2.1. Possession, Occupation and Use agreement

2.1.1. On 4 March 2015, the Company entered into a Possession, Occupation and Use agreement with BoFiNet. This agreement finalised the Separation Restructuring In terms of this agreement, BoFiNet took (i) transfer and possession of moveable assets; (ii) cession of contracts relating to the Separation Restructuring; and (iii) possession of certain properties either belonging to or leased by the Company pending the registration of transfer or the entering into of lease agreements with BoFiNet in respect of those properties.

2.1.2. BoFiNet is responsible for the discharge of all costs and expenses related to its possession of the properties, including any rates, taxes, levies and like expenses.

ANNEXURE 8:
EXTRACTS FROM THE CONSTITUTION OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

1. BORROWING POWERS

The Board may borrow or raise money from time to time as follows:

1.1 Generally:

1.1.1 from any third party individual or corporation in the Board's discretion;

1.1.2 issue, reissue, sell, pledge or hypothecate debt obligations of the Company; and

1.1.3 give a guarantee on behalf of the Company to secure performance of an obligation of the Company;

1.2 subject to any laws governing the registration of mortgage bonds, notarial bonds, deeds of hypothecations, pledges and cessions; mortgage, hypothecate, pledge, cede or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company;

1.3 subject to the provisions of the Act, create and issue secured or unsecured Debentures, which may be effected by means of a pledge, cession, mortgage bond, collateral mortgage bond, notarial bond, notarial surety bond, collateral notarial bond or any form of collateral security over incorporeal rights, movable and immovable property, issued in favour of one or more Debenture-holders or to a trustee for Debenture-holders, on the basis that:

1.3.1 any mortgage or notarial bond in pursuance of this clause shall be subject to the laws governing the registration of mortgage and notarial bonds, and be registered in the Deeds Registry;

1.3.2 Debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued; and

1.3.3 any Debentures, debenture stock, bonds or other securities may be issued at par or at a discount or at a premium, and with any special privileges as to redemption, surrender and drawings, provided that no special privileges as to allotment of shares or stock, attending and voting at general meetings, appointment of Board or otherwise shall be given save with the sanction of the Shareholders by special resolution.

1.4 The Board shall cause the Company to keep a proper register at the Office in accordance with the provisions of the Act of all Charges affecting the property of the Company, giving in each case a short description of the property mortgaged or charged, and the names and addresses of the persons in whose favour any charge or pledge has been delivered, and the amount of Charge so created.

2. THE BOARD AND THE CONVENING OF BOARD MEETINGS

2.1 The Board of the Company has responsibility for the supervision and management of the Company and its business;

2.2 All of the Directors (including alternate Directors) will be appointed by an Ordinary Resolution at any Shareholders' Meeting or at the Annual General Meeting, as the case may be;

2.3 An individual may be appointed as an alternate Director to more than one Director. Where an individual is an alternate Director to more than one Director or where an alternate Director is also a Director, he shall have a separate vote, on behalf of each Director he is representing in addition to his own vote, if any;

2.4 The Directors shall not be less than 4 in number, at least one of which must be resident in Botswana. The Company may by ordinary resolution from time to time determine the number of Directors in addition to the minimum number stipulated herein. If the number of Directors shall at any time fall below the minimum number so stipulated, the remaining Directors shall only be permitted to act for the purpose of filling vacancies or calling Annual General Meetings of Shareholders. The appointment of a Director to fill a casual vacancy or as an addition to the Board must be confirmed at the next Annual General Meeting. Additionally:

2.4.1 not less than 1/3rd of the Directors shall retire at each Annual General Meeting, but, at each such meeting, shall offer themselves up for re-election if eligible to do so under the Act and the BSE Requirements, subject to the proviso that if a Director is appointed a Managing Director or as an employee of the Company in any other capacity the contract under which he is appointed may provide that he shall not, while he continues to hold that position or office under contract for a

term of rotation, be subject to retirement by such contract and he shall not in such case be taken into account in determining the rotation of retirement of Directors provided that less than half of the Directors may be appointed to any such position on the condition that they shall not be subject to retirement by rotation;

2.4.2 the period to be allowed before the date of an Annual General Meeting for the nomination of a new Director must be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the Office from any part of Botswana or elsewhere as a Member may reside.

2.5 A Director shall not be required to hold any shares in the Company by way of qualification. A Director who is not a shareholder of the Company shall nonetheless be entitled to attend and speak at shareholder meetings.

2.6 The Directors may from time to time appoint one of their number to be the Chairman of the Board (including where considered appropriate the office of Deputy Chairman) on such terms and for such period as they may determine, and may at any time revoke or vary the terms of such appointment. The Chairman shall not have a casting vote. The Chairman shall preside over all meetings of the Board. In the absence of the Chairman, the Deputy Chairman, if one has been appointed, shall act in place of the Chairman and, in any other case, any one Director elected by the Directors present at the relevant meeting shall preside over that meeting of the Board. The Chairman or Deputy Chairman shall at all times be appointed from among those Directors of the Company who are non-executive and independent Directors in accordance with the BSE Requirements.

2.7 There shall be meetings of Directors at least once a quarter and such meetings shall be held at such locations that the Board shall determine from time to time.

2.8 Notwithstanding the provisions of clause 2.5, the Chairman and/or the Secretary at the request of a Director in writing, shall call a meeting of the Board.

2.9 The Company shall ensure that at least 7 Clear Days' notice of a meeting of Directors is given to all Directors entitled to receive notice accompanied by:

2.9.1 an agenda specifying in reasonable detail the matters to be raised at the meeting;

2.9.2 copies of any papers to be discussed at the meeting.

2.10 A shorter period of notice of a meeting of Directors may be given if at least 51% of the total number of Directors agree in writing.

2.11 Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of Directors unless all the Directors agree and such consensus must be regarded and/or minuted.

2.12 The quorum at any meeting of Directors (including adjourned meetings) is at least 4 Directors or 51% of the total number of Directors serving on the Board at the time, whichever is the higher. No business shall be conducted at any meeting of Directors unless a quorum is present at the beginning of the meeting and at the time when there is to be voting on any business.

2.13 If a quorum is not present within 30 minutes after the time specified for a Directors' meeting in the notice of the meeting then it shall be adjourned for 7 Business Days at the same time and place, unless a shorter period is agreed in writing by at least 51% of the Directors.

2.14 A meeting of Directors shall be adjourned to another time or date at the request of all Directors present at the meeting. No business may be conducted at a meeting after such a request has been made. No more than one such adjournment may be made in respect of a meeting.

2.15 Meetings of Directors shall make decisions by passing resolutions. A resolution is passed if:

2.15.1 more votes are cast for it than against it; and

2.15.2 each Director has one vote.

2.16 A Director present at a meeting of the Board is presumed to have agreed to and to have voted in favour of, a resolution of the Board unless he expressly dissents from or votes against the resolution at the meeting.

2.17 An irregularity in the notice of a meeting is waived if all Directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

3. CONDUCT OF BOARD MEETINGS

3.1 Meetings of the Board may be conducted either:

3.1.1 by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or

3.1.2 by means of audio, or audio and visual communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

3.2 The Board must ensure that minutes are kept of all proceedings at meetings of the Board.

3.3 The following shall apply in respect of written resolutions of the Board:

3.3.1 a resolution in writing, signed or assented to by all Directors then entitled to receive notice of a Board meeting, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held;

3.3.2 any such resolution may consist of several documents (including facsimile or other similar means of communication)

in like form each signed or assented to by one or more Directors and shall be deemed to have been passed on the date on which it was signed by the last signing Director unless a statement to the contrary is contained in such resolution;

3.3.3 a copy of any such resolution must be entered in the minute book of the Board proceedings.

3.4 Except as provided in this Constitution, the Board may regulate its own procedure.

4. CORPORATE GOVERNANCE PRINCIPLES AND DUTIES OF DIRECTORS UNDER THE ACT

4.1 The Company shall conduct the day to day management and operations of its business and affairs under the supervision of the Board in a transparent and efficient manner and having regard to the generally recognised and accepted international standards of corporate governance, including, without limitation, in the event that the shares are listed on the BSE, the Code of Corporate Governance from time to time implemented by the BSE.

4.2 The Board may delegate any of its powers to any committee consisting of at least 3 Board members or such number as the Board may determine. The Board may also delegate to any Managing Director or any Director holding any other executive office of such of its powers that it considers desirable to be exercised. Any such delegation may be subject to such conditions the Board may impose, and either collaterally with or to the exclusion of its own powers, and be revoked or altered. Subject to any such conditions, the proceedings of a committee with one or more members of the Board shall be governed by the provisions of clause 3 of this Constitution regulating the proceedings of Board so far as they are capable of applying.

4.3 The Board shall establish and will always maintain and keep established the following committees:

4.3.1 a Human Resource, Remuneration and Nominations Committee - the committee with specific responsibilities in respect of, inter alia, the appointment of senior executives and Board, determining the remuneration policy, the level and make-up of senior executives and Board remuneration (including performance-related incentives schemes, if any) and their terms and conditions of appointment;

4.3.2 an Audit and Risk Committee; and

4.3.3 Technology and Investment Committee.

4.4 The remuneration of the Directors shall be such amount as is approved from time to time by the Shareholders in a General Meeting.

Expenses and Disclosure obligations:

4.5 The Directors shall be paid all their traveling and other expenses properly and necessarily incurred by them in and about the business of the Company, and in attending meetings of the Board or of the committees of the Board, and if any Director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the Company's business, he shall be entitled to receive a remuneration to be fixed by the Board which may be either in addition to or in substitution of the remuneration provided for in the last preceding clause, provided that such remuneration shall be fixed by a disinterested quorum of Directors.

4.6 No Director, or intending Director, shall be disqualified by his office from contracting with the Company, either with regard to such office or as vendor, purchaser, or otherwise, nor shall any such contract or any contract or arrangement with any person, firm or Company entered into by or on behalf of the Company, in which any Director shall be in any way interested, including by reason of his interest in any such firm or company as director, member, partner, manager, official, employee or otherwise, be or be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relationship thereby established, provided that the material facts of the nature of his interest shall be fully disclosed in advance and declared by him in accordance with the provisions of the Act.

4.7 Notwithstanding anything hereinbefore contained, the Company shall not make any loan to a Director or enter into any guarantee or provide any security in connection with a loan made to a Director by any other person.

4.8 Any general notice given to the Board of the Company by a Director to the effect that he is a member of a specified company or firm shall comply with the provisions of the Act.

4.9 For the purpose of this clause 4, an alternate Director shall not be deemed to be interested in any contract or arrangement merely because the Director for whom he is an alternate is so interested.

4.10 Nothing contained in this clause 4 shall be construed so as to prevent any Director as a Member from taking part in and voting upon all questions submitted to a General Meeting whether such Director shall be personally interested or concerned in such questions or not.

4.11 A Director may be employed by or hold any office of profit under the Company or under any subsidiary company in conjunction with the office of Director, other than that of Auditor of the Company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as the Board may determine and any remuneration so paid may be in addition to the remuneration payable in terms of clause 4, provided that the appointment and remuneration of such office shall be fixed by a disinterested quorum of Directors.

4.12 Subject to the provisions of the Act, it shall be the duties of Directors of the Company at all times to:

4.12.1 exercise their powers in accordance with the Act and subject to the conditions and restrictions contained in Constitution;

4.12.2 exercise their powers honestly, in good faith and in the best interest of the Company;

4.12.3 exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

4.12.4 not make any unauthorised use or disclose for personal gain any confidential information, received or acquired by them on behalf of the Company;

4.12.5 not compete with the Company, and/or become a Director or hold shares of a competing company, unless it is authorised by a Board resolution signed by at least 75% of all Directors, or by an ordinary resolution at a General Meeting at which the Director concerned or his nominee shall not be present or entitled to vote;

4.12.6 not use any assets of the Company for an illegal purpose or purposes or allow such assets to be lost or damaged otherwise than in the ordinary course of business;

4.12.7 transfer forthwith to the Company all assets acquired on its behalf;

4.12.8 not make a secret profit on any transaction at the expense or detriment of the Company;

4.12.9 keep proper accounting records in accordance with the requirements of the Act, generally accepted principles of accounting and international accounting standards; and

4.12.10 attend meetings of the Company with reasonable regularity.

4.13 The Company shall keep at the Office a register containing the particulars of its Board, managers and Secretary as are required by the Act, and shall furnish the Registrar with particulars thereof as provided for in the Act.

5. MANAGING DIRECTOR

5.1 The Company may from time to time appoint a Managing Director to fill the position on the Board referred to in clause 4.2. The terms and conditions of employment for the position of Managing Director and other Executive Directors (including the duration of appointment) shall be determined by the Board. The Managing Director shall exercise such powers and authority as shall have been delegated by the Board to him in writing. The appointment of the Managing Director and any other Executive Director shall be ratified or confirmed by way of ordinary resolution of the Shareholders at the next Annual General Meeting of the Company, failing which that Managing Director or other Executive Director shall be removed.

5.2 The Board may from time to time entrust and confer upon a Managing Director or other executive officers for the time being such of the powers and authorities vested in them as it may deem fit, and may confer such powers and authorities for such time, and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient, and they may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities.

ANNEXURE 9:
RIGHTS ATTACHING TO SHARES

1. STATED CAPITAL

1.1. The liability of the shareholders is limited.

1.2. At the date of registration of this Constitution the issued stated capital of the Company shall comprise 1 050 000 000 shares of no par value. The ability of the Board, under and in terms of Section 50 of the Act and subject to this Constitution, to issue Shares at any time to any person and in any number it considers appropriate, is expressly restricted to the following, that no Shares shall be issued:

1.2.1. to a person who is not a Citizen;

1.3. If there are cumulative and/or non-cumulative preference shares in the capital of the Company, no further shares ranking in priority to or pari passu with the existing preference shares of any class shall be created or issued without the consent in writing of the holders of 75% of the existing preference shares of such class or the sanction of a special resolution of the holders of such class of preference shares passed at a separate general meeting of such holders and at which meeting members holding in the aggregate not less than ¼ of the total votes of all the members holding securities in that class entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than ¾ of the total votes to which the members of that class present in person or represented by proxy are entitled.

1.4. New shares in the stated capital of the Company shall be offered to existing Shareholders pro rata to their shareholding unless such shares are:-

1.4.1. issued for the acquisition of assets; or

1.4.2. the shareholders in general meeting otherwise direct.

1.5. Notwithstanding the provisions of clause 1.4, and subject to the BSE Requirements on the basis that the Company is listed, the shareholders in general meeting may authorise the directors to issue new securities as the directors in their discretion may think fit.

1.6. In the case where share warrants are to be issued, a new share warrant in place of a lost share warrant may not be issued unless suitable documentation is furnished to the Board as to the circumstances of such loss.

1.7. In the case where commission is to be paid, the Company may not pay commission exceeding 5% to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally for any shares.

1.8. In the case of a fraction of a share, that fraction will not be issued to the shareholder and will be paid out in cash for the benefit of the shareholder.

1.9. A share in the Company shall ordinarily confer on the holder thereof the following rights:

1.9.1. the right to one vote on a poll at a meeting of the Company on any resolution:

1.9.2. the right to participate in dividends and/or distributions authorised by the Board on a basis commensurate with the holding;

1.10. In accordance with Section 50 of the Companies Act (the "Act"), any of the rights attaching to the shares referred to in clause 1.9 may be negated, altered, or added to by the Board subject:

1.10.1. to the prior approval by an ordinary resolution of the shareholders; and

1.10.2. in the case of any stated capital of the Company which is divided into different classes of shares, and without prejudice to or derogation of the provisions of clause 1.4.2, to the Company not taking action which varies the rights attached to such a class of shares unless the variation is approved by the consent in writing of the holders of 75% of that class or the sanction of a special resolution of the holders of such class passed at a separate general meeting of such holders.

1.11. Subject to the provisions of the Act, the BSE Requirements on the basis that that Company is listed and of this Constitution, different classes of shares may be issued in the Company, including:

1.11.1. redeemable shares at the option of the Company, the holder or on a date specified in terms of the issue of the share or redeemable for a consideration that is fixed, or for a consideration to be calculated by reference to a formula or required to be fixed by a suitably qualified independent expert;

1.11.2. preferential shares or shares conferring limited rights for distributions of capital or income;

1.11.3. shares conferring special, limited or conditional voting rights; or

1.11.4. shares conferring no voting rights.

1.12. Subject to the provisions of the Act the BSE Requirements [on the basis that the Company is listed] and of this Constitution and provided that the prior written consent of Government is obtained to that effect, the Company shall be entitled to:

1.12.1. increase its stated capital;

1.12.2. consolidate its shares;

1.12.3. convert its shares into stock;

1.12.4. subdivide or spilt its shares;

1.12.5. cancel its shares;

1.12.6. reduce its stated capital;

1.12.7. convert ordinary shares into redeemable preference shares;

1.12.8. convert its shares of any class into shares of any other class, whether issued or not; and

1.12.9. issue share warrants.

1.13. All shares issued or created by the Company shall at all times be shares of no par value

2. TRANSFER OF SHARES

2.1. Subject to clause 3, shares shall be freely transferable.

2.2. Every instrument of transfer shall be left at the transfer office of the Company at which it is presented for registration accompanied by the certificate of the shares so transferred and/or such other evidence as the Company may require, to prove the title of the transferor or his rights to transfer the shares. All authorities to sign transfer deeds granted by members for the purpose of transferring shares, which may be lodged, produced or exhibited with or to the Company at any of its proper offices shall, as between the Company and the grantor of such authorities be taken and deemed to continue and remain in full force and effect and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Company's transfer office at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice the Company shall be entitled to give effect to any instrument signed under the authority to sign and be certified by any officer of the Company as being in order before the giving and lodging of such notice. The aforegoing provisions of this clause 2.2 shall be subject to any BSE Requirements pertaining to electronic transfer of shares (in the event that the BSE implements electronic trading and the shares are at such time listed on the BSE) and to the requirements imposed on uncertificated or dematerialised share transfers by the CSD in terms of the CSD Rules.

3. REFUSAL TO REGISTER TRANSFERS AND MONITORING OF CITIZENSHIP REQUIREMENT

3.1. The Board may only refuse or delay the registration of any transfer of any share to any person whether an existing shareholder or not:

3.1.1. if the transferee is not a Citizen;

3.1.2. if the transferee is not a local pension fund managed by an institutional investor;

3.1.3. if so required by law and/or any prevision of the BSE Requirements (in the event that the shares are listed on BSE) and, consequently, the CSD Rules;

3.1.4. if registration would impose on the transferee a liability to the Company which the transferee has not undertaken by signing a share transfer form (or, where applicable, the relevant document in terms of the CSD Rules);

3.1.5. if a holder of any such share has failed to pay on due date any amount payable thereon either in terms of the issue thereof or in accordance with the Constitution (including any call made thereon); or

3.1.6. if the transferee is a minor or a person of unsound mind.

3.2. In the event that for any reason, it is found that a transferee, who/which is not a Citizen, is the holder of Shares, the Board [or any person duly appointed by the Board] shall communicate in writing, with such person advising the person to effect transfer of the Shares in question, at the price at which the Shares were acquired, to a Citizen not later than 7 Clear Days of receiving the notice to do so, failing which the provisions of clauses 4.1, 4.2, 4.3, 4.4 and 4.6 Forfeiture of Shares shall apply mutatis mutandis.

3.3. In addition to or pending forfeiture in accordance with the provisions of clauses 4.1 to 4.6 below, the Board shall be entitled, in its discretion, to instruct the BSE and CSD to suspend the trading of any shares on the BSE if the Board has found that any holder or transferee of shares is not a Citizen nor a local pension fund or if any such person or local pension fund has, after having received written notice from the Board, failed to satisfy the Board that that person is indeed a Citizen or a local pension fund, in accordance with the provisions of clause 4.4 below. The Company and its Directors shall have no liability towards any person for any loss, costs or damages incurred or suffered by that person as a result of a suspension of the trading in shares as aforesaid.

3.4. The following shall constitute prima facie proof that a person is a Citizen:

3.4.1. in the case of an individual, a national identity card, or 'Omang';

3.4.2. in the case of individuals acting as trustees, or beneficiaries of a trust, or members of a partnership, a national identity card or 'Omang';

3.4.3. in the case of a local pension fund, proof that it is a local pension fund managed by an institutional investor registered in Botswwana.

3.5. The Board shall be entitled to delegate any and all of its functions in terms of this clause 4 read together with clauses 4.1 to 4.6 below, to any third party individual or corporation, which individual or corporation shall act with full authority of the Board.

4. FORFEITURE OF SHARES

4.1. Forfeiture: If the requirements of any such notice are not complied with any, share in respect of which the notice has been given may be forfeited, at any time before the required payment has been made, by resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

4.2. Sale of Forfeited Shares: Provided that the buyer is a Citizen, a forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board in its sole discretion thinks fit and, at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the board thinks fit. If any forfeited share shall be sold within 12 months of the date of forfeiture, the residue, if any, of the proceeds of sale after payment of all costs and expenses of such sale or attempted sale and all amounts owing in respect of the forfeited share and interest thereon shall be paid to the person whose share has been forfeited.

4.3. Cessation of Shareholding: A person whose share has been forfeited shall cease to be a shareholder in respect of the forfeited share, but shall, nevertheless, remain liable to pay to the Company all amounts which, at the time of forfeiture, were payable by such person to the Company in respect of the share, but liability shall cease if and when the Company receives payment in full of all such amounts.

4.4. Evidence of Forfeiture: A statutory declaration in writing declaring that the declarant is a director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of such facts as against all persons claiming to be entitled to the share

4.5. Deceased or Insolvent Shareholder: A share registered in the name of a deceased or insolvent shareholder shall not be forfeited for that reason if the executor fails to register it in his own name or in the name of the relevant heir after being called upon by the Board to do so.

4.6. Validity of Sale: The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of, and such person [provided that the person is a Citizen] shall then be registered as the holder of the share and shall not be bound to see to the application of the purchase money if any, nor shall such person's title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

5. SHARE CERTIFICATE AND LIEN

5.1. Subject to the BSE Listings Requirements and the CSD Rules in relation to uncertificated or dematerialised securities, on the basis that the Company is listed, no share certificate or other document of title shall be issued to any shareholder in respect of any or all the shares of each class held by him. The CSD Rules shall pertain as evidence of title of such shares.

5.2. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) at a fixed time or called in respect of that share. The directors may at any time declare any share to be wholly or in part exempt from this provision. For the avoidance of any doubt, the Company shall not have a lien on fully paid shares and the lien upon partly paid shares shall be limited to amounts owing upon such partly paid shares.

5.3. The Company may sell in such manner as the directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 Clear Days after the notice has been given to the holder of the share or person entitled to it in consequence of the death or bankruptcy of the holder demanding payment and stating that if the notice is not complied with the shares may be sold.

5.4. To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of the purchaser. The title of the transferee to the shares may not be affected by any irregularity or invalidity of the proceedings in reference to the sale.

5.5. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and an residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of sale.

6. TRANSFER AND TRANSMISSION OF SHARES

6.1. Shares in the Company may be transferred by entry of the name of the transferee on the share register. For purposes of transferring such shares, a transfer form duly signed by the present holder of the shares or by his duly authorised agent shall be given to the Company or the agent of the Company who maintains the share register under the Act. The share transfer form shall be signed by the transferee in order for registration to have the effect of imposing on the transferee as a holder of the shares a liability to the Company.

6.2. Upon receipt of a form complying with clause 6.1, the Company shall forthwith enter or cause to be entered the name of the transferee on the share register as the holder of the shares, unless:

6.2.1. the holder is not a Citizen:

6.2.2. if the share is not fully paid or it is a share on which the Company has a lien;

6.2.3. save for a situation in which the shares are listed on the BSE, the Board resolves within 1 month of receipt of the transfer to refuse a delayed registration of the transfer and the resolution sets out in full the reasons for doing so; and

6.2.4. save for a situation in which the shares are listed on the BSE, notice of the resolution, including those reasons sent to the transferor and to the transferee within 5 days of the resolution being passed by the Board.

6.3. The aforegoing provisions of clauses 6.1 and 6.2 shall be subject to the BSE Requirements and the CSD Rules in relation to electronic trading and the transfer of uncertificated or dernaterialised securities

6.4. Transfer of the share or other interest of a· deceased shareholder or insolvency of any person in the Company, made by his executor or trustee, shall, although the executor or the trustee is not himself a shareholder, be as valid as if he had been a member at the date of transfer, subject to the provisions of the Capital Transfer Act [Cap 53:02] and the requirement that the beneficiary be a Citizen, failing which the provisions of clause 3.2 and the provisions of the clause referred to therein shall apply.

7. PURCHASE OF OWN SHARES

7.1. Subject to the provisions of Section 66 of the Act, and without prejudice to any rights attaching to existing shares, the Company may with the approval of the Board and by ordinary resolution of the Shareholders purchase or enter into a contract to purchase some or any of its own fully paid up shares of any class.

7.2. In the event that the Company purchases its own shares, those shares shall be cancelled and the amount of the Company's stated capital shall be reduced by the amount of the consideration paid by the Company for the shares.

8. REDUCTION OF CAPITAL

The Company may from time to time by special resolution reduce the stated capital of the Company subject to the proviso that such capital shall not be repaid on the basis that it may be called up again.

9. ALTERATIONS OF STATED CAPITAL

Subject to the provisions of the Act, the Company may by ordinary resolution:

9.1. consolidate and divide all or any part of its share capital into shares of a larger amount than its existing shares; or

9.2. subdivide its shares or stated capital or any part thereof into shares of smaller amounts if the proportion between the amount paid, and the amount if any unpaid on each reduced share remains the same as it was the case of the share from which the reduced share is derived.

10. FINANCIAL ASSISTANCE

Except as where it is permitted by the Act, the Company shall not give financial assistance to any person, whether directly or indirectly, whether by means of a loan, guarantee, provision of security or otherwise, for the purpose of or in connection with the purchase or subscription made or to be made by any person to or for any shares in the Company or in any Company to which it if subsidiary or affiliated, nor shall the Company make any loan for any purpose whatsoever on the security of its shares or the shares of any Company to which it is subsidiary or affiliated or the Employee Share Trust; unless:

10.1. the Board is satisfied that the giving of assistance is in the best interests of the Company;

10.2. terms and conditions of the assistance are fair and reasonable to the Company and to any shareholder not receiving that assistance; and

10.3. immediately after giving the assistance, the Company will satisfy the solvency test as defined by the Act.

ANNEXURE 10:
RESOLUTIONS, AUTHORISATION AND APPROVALS PURSUANT TO WHICH THE OFFER SHARES TO BE ISSUED HAVE BEEN CREATED AND WILL BE ISSUED

EXTRACT RESOLUTION OF A MEETING OF THE SHAREHOLDERS OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED (the "Company") HELD AT GABORONE ON 27 NOVEMBER 2015

RESOLVED THAT:

Ordinary Resolution – Offer for Subscription

AS AN ORDINARY RESOLUTION, THE MEMBERS OF THE COMPANY RESOLVED THAT:

The Offer for Subscription of 250 000 000 new shares in the stated capital of the Company to the public on the terms and conditions set out in the Prospectus be and is hereby authorised, and the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or appropriate in the best interests of the Company, including signing of all necessary papers, documents, agreements and underwriting agreements to give effect to the Offer for Subscription, including the allotment and issuing of such shares to members of the public who are citizens of Botswana.

ANNEXURE 11:
PLACES FOR COLLECTION OF COPIES OF THE PROSPECTUS

1. THE FOLLOWING BRANCHES OF BARCLAYS BANK OF BOTSWANA:

Branch	Location
Main Mall	Gaborone
Industrial	Gaborone
Broadhurst	Gaborone
Gabs bus rank	Gaborone
Carbo Premier (Riverwalk)	Gaborone
Game city	Gaborone
Phakalane	Gaborone
Personal prestige (Debswana)	Gaborone
Airport Junction	Gaborone
Mogoditshane	Gaborone
Tlokweng	Gaborone
Moshupa	Moshupa
Ramotswa	Ramotswa
Mochudi	Mochudi
Kanye	Kanye
Lobatse	Lobatse
Molepolole	Molepolole
Jwaneng	Jwaneng
Gantsi	Gantsi
Tsabong	Tsabong
Mahalapye	Mahalapye
Palapye	Palapye
Serowe	Serowe
Selibe Phikwe	Selibe Phikwe
Francistown Blue jacket	Francistown
Francistown Branch	Francistown
Francistown Galo Prestige	Francistown
Maun	Maun
Kasane	Kasane
Selibe Phikwe prestige	Selibe Phikwe
Bobonong	Bobonong
Tutume	Tutume
Masunga	Masunga
Orapa	Orapa
Letlhakane	Letlhakane
Gumare	Gumare
Shakawe	Shakawe

2. THE FOLLOWING BRANCHES AND OFFICES OF BOTSWANA TELECOMMUNICATIONS CORPORATION:

BTCL Stores	Location
Commercial	Gaborone
Game City	Gaborone
Riverwalk	Gaborone
Airport Junction	Gaborone
Kagiso-BBS	Gaborone
Molepolole	Gaborone
Kanye	Kanye
Bus Rank	Gaborone
Megaleng	Gaborone
Lobatse	Lobatse
Mochudi	Mochudi
Mogoditshane	Mogoditshane
Gantsi	Ghanzi
Jwaneng	Jwaneng
Mahalapye	Mahalapye
Orapa	Orapa
Serowe	Serowe
Palapye	Palapye
Selibe Phikwe	Selibe Phikwe
Maun	Maun
Francistown	Francistown
Kasane	Kasane

3. THE FOLLOWING BRANCHES OF BOTSWANAPOST:

NORTH

Boseja
Etsha
Francistown
Gumare
Gweta
Kavimba
Maitengwe
Makaleng
Mathangwane
Matsiloje
Monarch
Mopipi
Nata
Nkange
Pandamatenga
Rakops
Ramokgwebana
Sebina
Sehithwa
Shashe
Sowa
Tatitown
Tonota
Tshesebe

GABORONE

Bontleng
Gabane
Kopong
Lentsweletau
Letlhakeng
Mathubantwa
Metsimotlhabe
Mmankgodi
Ntshinoge
Oodi
Poso House
Sikwane
Sojwe
Takatokwane
Taung
Thebephatshwa

LOBKGA

Charleshill
Digawana
Goodhope
Hukuntsi
Kalkfontein
Kang
Khakhea
Lehututu
Mabule
Mabutsane
Mahikana
Middlepits
Mmasekou
Mmathethe
Molapowabojang
Moshupa
Motokwe
Ncojane
Otse
Pitsane
Sedibeng
Werda

CENTRAL

Sherwood
Sefhare
Semolale
Lerala
Shoshong
Machaneng
Rasebolai
Mahalapye
Moiyabana
Maunatlala
Maokatumo
Mookane
Pota
Ramokgonami
Tumasera
Botshabelo
Serule
Tsetsebye
Kalamare
Sefhophe
Lecheng
Moeng
Pilikwe
Mmadinare
Madiba

4. THE FOLLOWING BRANCHES OF CHOPPIES:

Trading Name	Location
Choppies super store	Hill side
Choppies Hyper	Game City
Choppies Super Store	Francistown
Choppies Hyper,	Westgate
Choppies Superstore	Loja Mall
Choppies Hyper	North Gate Mall
Choppies Superstore	Phakalane

NOTES

To be completed in Block letters

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED
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(Converted to a public company limited by shares on 1 November 2012)
(Registration number CO2012/12936)
("BTCL" or "Botswana Telecommunications Corporation" or the "Company")

APPLICATION FORM – INDIVIDUALS

Regarding the Public Offer of 462 000 000 Shares in BTCL by way of an initial public offering ("IPO") at a price of P1.00 per share, on terms and conditions set out in the Prospectus issued by the Company and the Selling Shareholder and registered in terms of the Companies Act (Cap 42 :01) on or about 18 December 2015. You must submit this form at any of the Barclays branches set out in Annexure 11 to the Prospectus. Please refer to the instructions set out on the reverse of this form. Definitions used in this form are set out in the Definitions section in the Prospectus

To the Directors,

I, the undersigned, have read the Prospectus. I have full legal capacity to contract and subject to BTCL's Constitution, apply for and request you to accept my application for the under mentioned BTCL shares, or any lesser number that may in your sole and absolute discretion, be allocated to me. I understand that the Offer and this application for ordinary shares in terms of the Prospectus is conditional upon the admission of BTCL's ordinary share capital onto the BSE following the IPO. I confirm that I have read and understood the CSD and BTCL declarations set out on the reverse of this form, and the terms and conditions set out in the Prospectus to which this Application Form was attached. I attach herewith a certified copy of my Omang as evidence of my citizenship.

Signature…… Date…….

Use a black pen. Print in CAPITAL letters inside the grey areas

A	B	C	1	2	3

A Personal Details

Title and Surname											
First Name/s											
Date of birth	d	d	/	m	m	/	y	y	Gender	Omang No.	
Postal address (P.O. Box or Bag No.)											
Residential address (Plot, Village/Town/ City)											
Mobile /Tel No.									Email		

B Payment Instructions for Dividends and Refund (if applicable)

Bank name	
Branch name	Branch code
Account No.	
Name of account holder	

C CSD Information

If you do not have a CSD account you must select <u>one</u> stockbroker by inserting "X" in the box to the right of their name and they will apply for a CSD account on your behalf using the information you have provided in sections A and B above.

CSD Account No. <u>or</u> select stockbroker							
Stockbroker:	Stockbrokers Botswana		African Alliance		Imara Capital		Motswedi

D Application Details

Number of BTCL shares applied for (minimum 1000 and thereafter in multiples of 100)	
Value of BTCL shares applied for (at P1.00 each) in figures and amount paid	P
Stamp from Barclays confirming receipt of the value reflected in section D above and confirmation of Personal Details in section A above with those on the applicant's Omang.	

CSD DECLARATION (for those applicants who have selected a stockbroker to open a CSD account on their behalf)

i. I, the undersigned, hereby request that a Securities Account be opened and maintained in the CSDB in my name.
ii. I aver that I have full legal capacity and authority to open a CSD account
iii. I affirm that the funds used or to be used for the purchase of Securities through my Securities Account are not and shall not be funds derived from any money laundering activity or funds generated from terrorist, financial crime or any other illegal activity.
iv. I aver that the Stockbroker I have selected in section C has full legal standing and full authority to intermediate and conduct business with the CSD on my behalf.
v. I also endure compliance with CSD Rules and procedures that may be in force from time to time and agree to be bound by such CSD Rules.
vi. I undertake to notify the Stockbroker I have selected in section C of any change of particulars or information provided by me in this form.
vii. I do hereby verify that the information provided above is true to the best of my knowledge and belief

For Stockbroker use only	For CSD use only
Checked and Verified by (Signature): ……	☐ Approved ☐ Declined
Primary Applicant CSD Number: ……	Signature:……

BTCL DECLARATION

I declare that I:

1. am a Citizen((certified copy of Omang attached herewith);
2. am not acquiring the Ordinary Shares as the nominee(s) of any person(s);
3. agree to accept the same or smaller number of Ordinary Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company;
4. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation;
5. acknowledge that the application shall be honoured subject to clearance of cheques;
6. acknowledge that the Allocation Committee may accept or reject the whole or any part of my application, for whatever reason in their absolute discretion;
7. acknowledge that my application is irrevocable and may not be withdrawn;
8. acknowledge that a cheque for excess application money is liable to be held pending clearance;
9. acknowledge that I shall not be entitled to any interest in respect of any excess application money held by the Company;
10. authorise you to send me a statement confirming the number of Shares in respect of which this application is accepted and which will be credited to my CSD account together with a confirmation of the direct payment to my account or by cheque for any money refundable, by post at the postal address herein set out, and to procure that my name be placed on the register of shareholders of the Company as the holder of the Shares so subscribed or purchased by me;
11. authorize you to pay any excess application money which is to be refunded to me directly to the account details which are set out above;
12. confirm that I have read and understood all the conditions of this issue, upon which my offer is based;
13. confirm that all the information supplied by me is true and correct;
14. a copy of this Prospectus was in the possession of the applicant;
15. acknowledge that settlement of amounts due to me whether by cheque or by electronic means is at my exclusive risk and I cannot claim any costs, expenses, charges or interest from BTCL or the Transfer Secretaries in the event of delayed, partial or non receipt; and
16. am the parent or guardian of a minor if this application is made on behalf of such minor and my signature is in attestation of such parenthood or guardianship.

EXPLANATORY NOTES RELATING TO PAYMENT AND REFUNDS

Payment of the amount due (in section D Application Details) may be made in cash (up to P10 000) or by cheque drawn in Pula (up to P500 000). If you wish to apply for shares where the total payment will exceed P500,000 then you must apply through your stockbroker and not Barclays.

A cheque must be dated not later than the [closing date], crossed “not negotiable” and drawn in favour of “BTCL - IPO”. The cheque should be attached to this application form and presented to a teller at any of the Barclays branches.

Barclays will deposit all cheques in an account for the benefit of the Company and the Selling Shareholder and any interest on such deposits will accrue for the benefit of the Company and the Selling Shareholder in proportion to the final allocation. Should payment be dishonoured for any reason whatsoever, [the Allocation Committee] may in its sole discretion regard the application as invalid. Any application for Public Offer Shares that does not comply with all the provisions of the requirements of the Prospectus and this application form may, in the sole discretion of [the Allocation Committee], be accepted or rejected.

Any refund payments in respect of unsuccessful applications for Public Offer Shares will be made on or about 08 April 2016. Please note that if the information in Section B is not completed or is incorrect, payment of the amount due will be held by the Company until claimed by the applicant and no interest will accrue to the applicant in respect thereof.

If you have any queries concerning this Application Form please contact your stockbroker, financial advisor, accountant, lawyer or the Transfer Secretaries, Corpserve Botswana as follows:

In Person: Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds
Post: P.O. Box 1583, AAD, Gaborone
Phone: +267 393 22 44
Fax: +267 393 22 43
Email: contactus@corpservebotswana.com

To be completed in Block letters

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Signature…… Date…….

Use a black pen. Print in CAPITAL letters inside the grey areas

A	B	C	1	2	3

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Title and Surname											
First Name/s											
Date of birth	d	d	/	m	m	/	y	y	Gender	Omang No.	
Postal address (P.O. Box or Bag No.)											
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Mobile /Tel No.									Email		

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Branch name	Branch code
Account No.	
Name of account holder	

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i. I, the undersigned, hereby request that a Securities Account be opened and maintained in the CSDB in my name.
ii. I aver that I have full legal capacity and authority to open a CSD account
iii. I affirm that the funds used or to be used for the purchase of Securities through my Securities Account are not and shall not be funds derived from any money laundering activity or funds generated from terrorist, financial crime or any other illegal activity.
iv. I aver that the Stockbroker I have selected in section C has full legal standing and full authority to intermediate and conduct business with the CSD on my behalf.
v. I also endure compliance with CSD Rules and procedures that may be in force from time to time and agree to be bound by such CSD Rules.
vi. I undertake to notify the Stockbroker I have selected in section C of any change of particulars or information provided by me in this form.
vii. I do hereby verify that the information provided above is true to the best of my knowledge and belief

For Stockbroker use only	For CSD use only
Checked and Verified by (Signature): ……	☐ Approved ☐ Declined
Primary Applicant CSD Number: ……	Signature:……

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3. agree to accept the same or smaller number of Ordinary Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company;
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8. acknowledge that a cheque for excess application money is liable to be held pending clearance;
9. acknowledge that I shall not be entitled to any interest in respect of any excess application money held by the Company;
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11. authorize you to pay any excess application money which is to be refunded to me directly to the account details which are set out above;
12. confirm that I have read and understood all the conditions of this issue, upon which my offer is based;
13. confirm that all the information supplied by me is true and correct;
14. a copy of this Prospectus was in the possession of the applicant;
15. acknowledge that settlement of amounts due to me whether by cheque or by electronic means is at my exclusive risk and I cannot claim any costs, expenses, charges or interest from BTCL or the Transfer Secretaries in the event of delayed, partial or non receipt; and
16. am the parent or guardian of a minor if this application is made on behalf of such minor and my signature is in attestation of such parenthood or guardianship.

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Signature…… Date…….

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Title and Surname											
First Name/s											
Date of birth	d	d	/	m	m	/	y	y	Gender	Omang No.	
Postal address (P.O. Box or Bag No.)											
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B Payment Instructions for Dividends and Refund (if applicable)

Bank name	
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In Person: Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds
Post: P.O. Box 1583, AAD, Gaborone
Phone: +267 393 22 44
Fax: +267 393 22 43
Email: contactus@corpservebotswana.com

To be completed in Block letters

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED
(Previously Botswana Telecommunications Corporation)
(Incorporated in Botswana on 1 November 2012)
(Converted to a public company limited by shares on 1 November 2012)
(Registration number CO2012/12936)
("BTCL" or "Botswana Telecommunications Corporation" or the "Company")

APPLICATION FORM – INDIVIDUALS

Regarding the Public Offer of 462 000 000 Shares in BTCL by way of an initial public offering ("IPO") at a price of P1.00 per share, on terms and conditions set out in the Prospectus issued by the Company and the Selling Shareholder and registered in terms of the Companies Act (Cap 42 :01) on or about 18 December 2015. You must submit this form at any of the Barclays branches set out in Annexure 11 to the Prospectus. Please refer to the instructions set out on the reverse of this form. Definitions used in this form are set out in the Definitions section in the Prospectus

To the Directors,

I, the undersigned, have read the Prospectus. I have full legal capacity to contract and subject to BTCL's Constitution, apply for and request you to accept my application for the under mentioned BTCL shares, or any lesser number that may in your sole and absolute discretion, be allocated to me. I understand that the Offer and this application for ordinary shares in terms of the Prospectus is conditional upon the admission of BTCL's ordinary share capital onto the BSE following the IPO. I confirm that I have read and understood the CSD and BTCL declarations set out on the reverse of this form, and the terms and conditions set out in the Prospectus to which this Application Form was attached. I attach herewith a certified copy of my Omang as evidence of my citizenship.

Signature…… Date…….

Use a black pen. Print in CAPITAL letters inside the grey areas

A	B	C	1	2	3

A Personal Details

Title and Surname											
First Name/s											
Date of birth	d	d	/	m	m	/	y	y	Gender	Omang No.	
Postal address (P.O. Box or Bag No.)											
Residential address (Plot, Village/Town/ City)											
Mobile /Tel No.									Email		

B Payment Instructions for Dividends and Refund (if applicable)

Bank name	
Branch name	Branch code
Account No.	
Name of account holder	

C CSD Information

If you do not have a CSD account you must select <u>one</u> stockbroker by inserting "X" in the box to the right of their name and they will apply for a CSD account on your behalf using the information you have provided in sections A and B above.

CSD Account No. <u>or</u> select stockbroker							
Stockbroker:	Stockbrokers Botswana		African Alliance		Imara Capital		Motswedi

D Application Details

Number of BTCL shares applied for (minimum 1000 and thereafter in multiples of 100)	
Value of BTCL shares applied for (at P1.00 each) in figures and amount paid	P
Stamp from Barclays confirming receipt of the value reflected in section D above and confirmation of Personal Details in section A above with those on the applicant's Omang.	

CSD DECLARATION (for those applicants who have selected a stockbroker to open a CSD account on their behalf)

i. I, the undersigned, hereby request that a Securities Account be opened and maintained in the CSDB in my name.
ii. I aver that I have full legal capacity and authority to open a CSD account
iii. I affirm that the funds used or to be used for the purchase of Securities through my Securities Account are not and shall not be funds derived from any money laundering activity or funds generated from terrorist, financial crime or any other illegal activity.
iv. I aver that the Stockbroker I have selected in section C has full legal standing and full authority to intermediate and conduct business with the CSD on my behalf.
v. I also endure compliance with CSD Rules and procedures that may be in force from time to time and agree to be bound by such CSD Rules.
vi. I undertake to notify the Stockbroker I have selected in section C of any change of particulars or information provided by me in this form.
vii. I do hereby verify that the information provided above is true to the best of my knowledge and belief

For Stockbroker use only	For CSD use only
Checked and Verified by (Signature): ……	☐ Approved ☐ Declined
Primary Applicant CSD Number: ……	Signature:……

BTCL DECLARATION

I declare that I:

1. am a Citizen((certified copy of Omang attached herewith);
2. am not acquiring the Ordinary Shares as the nominee(s) of any person(s);
3. agree to accept the same or smaller number of Ordinary Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company;
4. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation;
5. acknowledge that the application shall be honoured subject to clearance of cheques;
6. acknowledge that the Allocation Committee may accept or reject the whole or any part of my application, for whatever reason in their absolute discretion;
7. acknowledge that my application is irrevocable and may not be withdrawn;
8. acknowledge that a cheque for excess application money is liable to be held pending clearance;
9. acknowledge that I shall not be entitled to any interest in respect of any excess application money held by the Company;
10. authorise you to send me a statement confirming the number of Shares in respect of which this application is accepted and which will be credited to my CSD account together with a confirmation of the direct payment to my account or by cheque for any money refundable, by post at the postal address herein set out, and to procure that my name be placed on the register of shareholders of the Company as the holder of the Shares so subscribed or purchased by me;
11. authorize you to pay any excess application money which is to be refunded to me directly to the account details which are set out above;
12. confirm that I have read and understood all the conditions of this issue, upon which my offer is based;
13. confirm that all the information supplied by me is true and correct;
14. a copy of this Prospectus was in the possession of the applicant;
15. acknowledge that settlement of amounts due to me whether by cheque or by electronic means is at my exclusive risk and I cannot claim any costs, expenses, charges or interest from BTCL or the Transfer Secretaries in the event of delayed, partial or non receipt; and
16. am the parent or guardian of a minor if this application is made on behalf of such minor and my signature is in attestation of such parenthood or guardianship.

EXPLANATORY NOTES RELATING TO PAYMENT AND REFUNDS

Payment of the amount due (in section D Application Details) may be made in cash (up to P10 000) or by cheque drawn in Pula (up to P500 000). If you wish to apply for shares where the total payment will exceed P500,000 then you must apply through your stockbroker and not Barclays.

A cheque must be dated not later than the [closing date], crossed “not negotiable” and drawn in favour of “BTCL - IPO”. The cheque should be attached to this application form and presented to a teller at any of the Barclays branches.

Barclays will deposit all cheques in an account for the benefit of the Company and the Selling Shareholder and any interest on such deposits will accrue for the benefit of the Company and the Selling Shareholder in proportion to the final allocation. Should payment be dishonoured for any reason whatsoever, [the Allocation Committee] may in its sole discretion regard the application as invalid. Any application for Public Offer Shares that does not comply with all the provisions of the requirements of the Prospectus and this application form may, in the sole discretion of [the Allocation Committee], be accepted or rejected.

Any refund payments in respect of unsuccessful applications for Public Offer Shares will be made on or about 08 April 2016. Please note that if the information in Section B is not completed or is incorrect, payment of the amount due will be held by the Company until claimed by the applicant and no interest will accrue to the applicant in respect thereof.

If you have any queries concerning this Application Form please contact your stockbroker, financial advisor, accountant, lawyer or the Transfer Secretaries, Corpserve Botswana as follows:

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I, the undersigned, have read the Prospectus. I have full legal capacity to contract and subject to BTCL's Constitution, apply for and request you to accept my application for the under mentioned BTCL shares, or any lesser number that may in your sole and absolute discretion, be allocated to me. I understand that the Offer and this application for ordinary shares in terms of the Prospectus is conditional upon the admission of BTCL's ordinary share capital onto the BSE following the IPO. I confirm that I have read and understood the CSD and BTCL declarations set out on the reverse of this form, and the terms and conditions set out in the Prospectus to which this Application Form was attached. I attach herewith a certified copy of my Omang as evidence of my citizenship.

Signature…… Date…….

Use a black pen. Print in CAPITAL letters inside the grey areas

A	B	C	1	2	3

A Personal Details

Title and Surname											
First Name/s											
Date of birth	d	d	/	m	m	/	y	y	Gender	Omang No.	
Postal address (P.O. Box or Bag No.)											
Residential address (Plot, Village/Town/ City)											
Mobile /Tel No.									Email		

B Payment Instructions for Dividends and Refund (if applicable)

Bank name	
Branch name	Branch code
Account No.	
Name of account holder	

C CSD Information

If you do not have a CSD account you must select <u>one</u> stockbroker by inserting "X" in the box to the right of their name and they will apply for a CSD account on your behalf using the information you have provided in sections A and B above.

CSD Account No. <u>or</u> select stockbroker							
Stockbroker:	Stockbrokers Botswana		African Alliance		Imara Capital		Motswedi

D Application Details

Number of BTCL shares applied for (minimum 1000 and thereafter in multiples of 100)	
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Stamp from Barclays confirming receipt of the value reflected in section D above and confirmation of Personal Details in section A above with those on the applicant's Omang.	

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iii. I affirm that the funds used or to be used for the purchase of Securities through my Securities Account are not and shall not be funds derived from any money laundering activity or funds generated from terrorist, financial crime or any other illegal activity.
iv. I aver that the Stockbroker I have selected in section C has full legal standing and full authority to intermediate and conduct business with the CSD on my behalf.
v. I also endure compliance with CSD Rules and procedures that may be in force from time to time and agree to be bound by such CSD Rules.
vi. I undertake to notify the Stockbroker I have selected in section C of any change of particulars or information provided by me in this form.
vii. I do hereby verify that the information provided above is true to the best of my knowledge and belief

For Stockbroker use only	For CSD use only
Checked and Verified by (Signature): ……	☐ Approved ☐ Declined
Primary Applicant CSD Number: ……	Signature:……

BTCL DECLARATION

I declare that I:

1. am a Citizen((certified copy of Omang attached herewith);
2. am not acquiring the Ordinary Shares as the nominee(s) of any person(s);
3. agree to accept the same or smaller number of Ordinary Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company;
4. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation;
5. acknowledge that the application shall be honoured subject to clearance of cheques;
6. acknowledge that the Allocation Committee may accept or reject the whole or any part of my application, for whatever reason in their absolute discretion;
7. acknowledge that my application is irrevocable and may not be withdrawn;
8. acknowledge that a cheque for excess application money is liable to be held pending clearance;
9. acknowledge that I shall not be entitled to any interest in respect of any excess application money held by the Company;
10. authorise you to send me a statement confirming the number of Shares in respect of which this application is accepted and which will be credited to my CSD account together with a confirmation of the direct payment to my account or by cheque for any money refundable, by post at the postal address herein set out, and to procure that my name be placed on the register of shareholders of the Company as the holder of the Shares so subscribed or purchased by me;
11. authorize you to pay any excess application money which is to be refunded to me directly to the account details which are set out above;
12. confirm that I have read and understood all the conditions of this issue, upon which my offer is based;
13. confirm that all the information supplied by me is true and correct;
14. a copy of this Prospectus was in the possession of the applicant;
15. acknowledge that settlement of amounts due to me whether by cheque or by electronic means is at my exclusive risk and I cannot claim any costs, expenses, charges or interest from BTCL or the Transfer Secretaries in the event of delayed, partial or non receipt; and
16. am the parent or guardian of a minor if this application is made on behalf of such minor and my signature is in attestation of such parenthood or guardianship.

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Any refund payments in respect of unsuccessful applications for Public Offer Shares will be made on or about 08 April 2016. Please note that if the information in Section B is not completed or is incorrect, payment of the amount due will be held by the Company until claimed by the applicant and no interest will accrue to the applicant in respect thereof.

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Signature…… Date…….

Use a black pen. Print in CAPITAL letters inside the grey areas

A	B	C	1	2	3

A Personal Details

Title and Surname											
First Name/s											
Date of birth	d	d	/	m	m	/	y	y	Gender	Omang No.	
Postal address (P.O. Box or Bag No.)											
Residential address (Plot, Village/Town/ City)											
Mobile /Tel No.									Email		

B Payment Instructions for Dividends and Refund (if applicable)

Bank name	
Branch name	Branch code
Account No.	
Name of account holder	

C CSD Information

If you do not have a CSD account you must select <u>one</u> stockbroker by inserting "X" in the box to the right of their name and they will apply for a CSD account on your behalf using the information you have provided in sections A and B above.

CSD Account No. <u>or</u> select stockbroker							
Stockbroker:	Stockbrokers Botswana		African Alliance		Imara Capital		Motswedi

D Application Details

Number of BTCL shares applied for (minimum 1000 and thereafter in multiples of 100)	
Value of BTCL shares applied for (at P1.00 each) in figures and amount paid	P
Stamp from Barclays confirming receipt of the value reflected in section D above and confirmation of Personal Details in section A above with those on the applicant's Omang.	

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iv. I aver that the Stockbroker I have selected in section C has full legal standing and full authority to intermediate and conduct business with the CSD on my behalf.
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vi. I undertake to notify the Stockbroker I have selected in section C of any change of particulars or information provided by me in this form.
vii. I do hereby verify that the information provided above is true to the best of my knowledge and belief

For Stockbroker use only	For CSD use only
Checked and Verified by (Signature): ……	☐ Approved ☐ Declined
Primary Applicant CSD Number: ……	Signature:……

BTCL DECLARATION

I declare that I:

1. am a Citizen((certified copy of Omang attached herewith);
2. am not acquiring the Ordinary Shares as the nominee(s) of any person(s);
3. agree to accept the same or smaller number of Ordinary Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company;
4. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation;
5. acknowledge that the application shall be honoured subject to clearance of cheques;
6. acknowledge that the Allocation Committee may accept or reject the whole or any part of my application, for whatever reason in their absolute discretion;
7. acknowledge that my application is irrevocable and may not be withdrawn;
8. acknowledge that a cheque for excess application money is liable to be held pending clearance;
9. acknowledge that I shall not be entitled to any interest in respect of any excess application money held by the Company;
10. authorise you to send me a statement confirming the number of Shares in respect of which this application is accepted and which will be credited to my CSD account together with a confirmation of the direct payment to my account or by cheque for any money refundable, by post at the postal address herein set out, and to procure that my name be placed on the register of shareholders of the Company as the holder of the Shares so subscribed or purchased by me;
11. authorize you to pay any excess application money which is to be refunded to me directly to the account details which are set out above;
12. confirm that I have read and understood all the conditions of this issue, upon which my offer is based;
13. confirm that all the information supplied by me is true and correct;
14. a copy of this Prospectus was in the possession of the applicant;
15. acknowledge that settlement of amounts due to me whether by cheque or by electronic means is at my exclusive risk and I cannot claim any costs, expenses, charges or interest from BTCL or the Transfer Secretaries in the event of delayed, partial or non receipt; and
16. am the parent or guardian of a minor if this application is made on behalf of such minor and my signature is in attestation of such parenthood or guardianship.

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A cheque must be dated not later than the [closing date], crossed “not negotiable” and drawn in favour of “BTCL - IPO”. The cheque should be attached to this application form and presented to a teller at any of the Barclays branches.

Barclays will deposit all cheques in an account for the benefit of the Company and the Selling Shareholder and any interest on such deposits will accrue for the benefit of the Company and the Selling Shareholder in proportion to the final allocation. Should payment be dishonoured for any reason whatsoever, [the Allocation Committee] may in its sole discretion regard the application as invalid. Any application for Public Offer Shares that does not comply with all the provisions of the requirements of the Prospectus and this application form may, in the sole discretion of [the Allocation Committee], be accepted or rejected.

Any refund payments in respect of unsuccessful applications for Public Offer Shares will be made on or about 08 April 2016. Please note that if the information in Section B is not completed or is incorrect, payment of the amount due will be held by the Company until claimed by the applicant and no interest will accrue to the applicant in respect thereof.

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APPLICATION FORM – CORPORATES

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To the Directors,

We, the undersigned, have read the Prospectus. We have full legal capacity to contract and subject to BTCL's Constitution, apply for and request you to accept my application for the under mentioned BTCL shares, or any lesser number that may in your sole and absolute discretion, be allocated to me. We understand that the Offer and this application for ordinary shares in terms of the Prospectus is conditional upon the admission of BTCL's ordinary share capital onto the BSE following the IPO. We confirm that we have read and understood the CSD and BTCL declarations set out on the reverse of this form, and the terms and conditions set out in the Prospectus to which this Application Form was attached. We attach herewith certified copies of Omangs as evidence of the citizenship of the beneficial owners of this corporate entity.

Date of Signature…… Signature/s……

Name/s

Use a black pen. Print in CAPITAL letters inside the grey areas

A	B	C	1	2	3

A Corporate Details

Name										
Type of Corporate										
Date of incorporation	d	d	/	m	m	/	y	y	Registration No.	
Postal address (P.O. Box or Bag No.)										
Residential address (Plot, Village/Town/ City)										
Mobile /Tel No.									Email	

B Payment Instructions for Dividends and Refund (if applicable)

Bank name	
Branch name	Branch code
Account No.	
Name of account holder	

C CSD Information

You must have a CSD account.

CSD Account No.

D Application Details

Number of BTCL shares applied for (minimum 1000 and thereafter in multiples of 100)	
Value of BTCL shares applied for (at P1.00 each) in figures and amount paid	P
Stamp from your Stockbroker confirming the value reflected in section D above has been received from you and will be submitted to BTCL and confirmation of Corporate Details in section A above with those on the applicant's ultimate	
Beneficial owner's Omang.	

BTCL DECLARATION

We declare that we:

1. are 100% beneficially owned by Citizens (certified copy of Omang attached herewith for each of the beneficial owners);
2. are not acquiring the Ordinary Shares as the nominee(s) of any person(s);
3. agree to accept the same or smaller number of Ordinary Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company;
4. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation;
5. acknowledge that the application shall be honoured subject to clearance of cheques;
6. acknowledge that the Allocation Committee may accept or reject the whole or any part of our application, for whatever reason in their absolute discretion;
7. acknowledge that our application is irrevocable and may not be withdrawn;
8. acknowledge that a cheque for excess application money is liable to be held pending clearance;
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10. authorise you to send us a statement confirming the number of Shares in respect of which this application is accepted and which will be credited to our CSD account together with a confirmation of the direct payment to our account or by cheque for any money refundable, by post at the postal address herein set out, and to procure that our name be placed on the register of shareholders of the Company as the holder of the Shares so subscribed or purchased by us;
11. authorize you to pay any excess application money which is to be refunded to us directly to the account details which are set out above;
12. confirm that we have read and understood all the conditions of this issue, upon which our offer is based;
13. confirm that all the information supplied by us is true and correct;
14. confirm that a copy of this Prospectus was in the possession of the applicant and those representatives who have signed this applications on our behalf; and
15. acknowledge that settlement of amounts due to us whether by cheque or by electronic means is at our exclusive risk and we cannot claim any costs, expenses, charges or interest from BTCL or the Transfer Secretaries in the event of delayed, partial or non receipt.

EXPLANATORY NOTES RELATING TO PAYMENT AND REFUNDS

Payment of the amount due (in section D Application Details) will need to be made in favour of your Stockbroker who will stamp this application form and submit it on your behalf together with a bulk payment incorporating those of other clients.

Any refund payments in respect of unsuccessful applications for Public Offer Shares will be made on or about 08 April 2016. Please note that if the information in Section B is not completed or is incorrect, payment of the amount due will be held by the Company until claimed by the applicant and no interest will accrue to the applicant in respect thereof.

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APPLICATION FORM – CORPORATES

Regarding the Public Offer of 462 000 000 Shares in BTCL by way of an initial public offering ("IPO") at a price of P1.00 per share, on terms and conditions set out in the Prospectus issued by the Company and the Selling Shareholder and registered in terms of the Companies Act (Cap 42 :01) on or about 18 December 2015. You must submit this form at any of the Barclays branches set out in Annexure 11 to the Prospectus. Please refer to the instructions set out on the reverse of this form. Definitions used in this form are set out in the Definitions section in the Prospectus

To the Directors,

We, the undersigned, have read the Prospectus. We have full legal capacity to contract and subject to BTCL's Constitution, apply for and request you to accept my application for the under mentioned BTCL shares, or any lesser number that may in your sole and absolute discretion, be allocated to me. We understand that the Offer and this application for ordinary shares in terms of the Prospectus is conditional upon the admission of BTCL's ordinary share capital onto the BSE following the IPO. We confirm that we have read and understood the CSD and BTCL declarations set out on the reverse of this form, and the terms and conditions set out in the Prospectus to which this Application Form was attached. We attach herewith certified copies of Omangs as evidence of the citizenship of the beneficial owners of this corporate entity.

Date of Signature…… Signature/s……

Name/s

Use a black pen. Print in CAPITAL letters inside the grey areas

A	B	C	1	2	3

A Corporate Details

Name	
Type of Corporate	
Date of incorporation d d / m m / y y	Registration No.
Postal address (P.O. Box or Bag No.)	
Residential address (Plot, Village/Town/ City)	
Mobile /Tel No.	Email

B Payment Instructions for Dividends and Refund (if applicable)

Bank name	
Branch name	Branch code
Account No.	
Name of account holder	

C CSD Information

You must have a CSD account.

CSD Account No.

D Application Details

Number of BTCL shares applied for (minimum 1000 and thereafter in multiples of 100)	
Value of BTCL shares applied for (at P1.00 each) in figures and amount paid	P
Stamp from your Stockbroker confirming the value reflected in section D above has been received from you and will be submitted to BTCL and confirmation of Corporate Details in section A above with those on the applicant's ultimate	
Beneficial owner's Omang.	

BTCL DECLARATION

We declare that we:

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2. are not acquiring the Ordinary Shares as the nominee(s) of any person(s);
3. agree to accept the same or smaller number of Ordinary Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company;
4. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation;
5. acknowledge that the application shall be honoured subject to clearance of cheques;
6. acknowledge that the Allocation Committee may accept or reject the whole or any part of our application, for whatever reason in their absolute discretion;
7. acknowledge that our application is irrevocable and may not be withdrawn;
8. acknowledge that a cheque for excess application money is liable to be held pending clearance;
9. acknowledge that we shall not be entitled to any interest in respect of any excess application money held by the Company;
10. authorise you to send us a statement confirming the number of Shares in respect of which this application is accepted and which will be credited to our CSD account together with a confirmation of the direct payment to our account or by cheque for any money refundable, by post at the postal address herein set out, and to procure that our name be placed on the register of shareholders of the Company as the holder of the Shares so subscribed or purchased by us;
11. authorize you to pay any excess application money which is to be refunded to us directly to the account details which are set out above;
12. confirm that we have read and understood all the conditions of this issue, upon which our offer is based;
13. confirm that all the information supplied by us is true and correct;
14. confirm that a copy of this Prospectus was in the possession of the applicant and those representatives who have signed this applications on our behalf; and
15. acknowledge that settlement of amounts due to us whether by cheque or by electronic means is at our exclusive risk and we cannot claim any costs, expenses, charges or interest from BTCL or the Transfer Secretaries in the event of delayed, partial or non receipt.

EXPLANATORY NOTES RELATING TO PAYMENT AND REFUNDS

Payment of the amount due (in section D Application Details) will need to be made in favour of your Stockbroker who will stamp this application form and submit it on your behalf together with a bulk payment incorporating those of other clients.

Any refund payments in respect of unsuccessful applications for Public Offer Shares will be made on or about 08 April 2016. Please note that if the information in Section B is not completed or is incorrect, payment of the amount due will be held by the Company until claimed by the applicant and no interest will accrue to the applicant in respect thereof.

If you have any queries concerning this Application Form please contact your stockbroker, financial advisor, accountant, lawyer or the Transfer Secretaries, Corpserve Botswana as follows:

In Person: Unit 206, Second Floor, Plot 64516, Showgrounds Close, Fairgrounds
Post: P.O. Box 1583, AAD, Gaborone
Phone: +267 393 22 44
Fax: +267 393 22 43
Email: contactus@corpservebotswana.com

To be completed in Block letters

BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED
(Previously Botswana Telecommunications Corporation)
(Incorporated in Botswana on 1 November 2012)
(Converted to a public company limited by shares on 1 November 2012)
(Registration number CO2012/12936)
("BTCL" or "Botswana Telecommunications Corporation" or the "Company")

APPLICATION FORM – CORPORATES

Regarding the Public Offer of 462 000 000 Shares in BTCL by way of an initial public offering ("IPO") at a price of P1.00 per share, on terms and conditions set out in the Prospectus issued by the Company and the Selling Shareholder and registered in terms of the Companies Act (Cap 42 :01) on or about 18 December 2015. You must submit this form at any of the Barclays branches set out in Annexure 11 to the Prospectus. Please refer to the instructions set out on the reverse of this form. Definitions used in this form are set out in the Definitions section in the Prospectus

To the Directors,

We, the undersigned, have read the Prospectus. We have full legal capacity to contract and subject to BTCL's Constitution, apply for and request you to accept my application for the under mentioned BTCL shares, or any lesser number that may in your sole and absolute discretion, be allocated to me. We understand that the Offer and this application for ordinary shares in terms of the Prospectus is conditional upon the admission of BTCL's ordinary share capital onto the BSE following the IPO. We confirm that we have read and understood the CSD and BTCL declarations set out on the reverse of this form, and the terms and conditions set out in the Prospectus to which this Application Form was attached. We attach herewith certified copies of Omangs as evidence of the citizenship of the beneficial owners of this corporate entity.

Date of Signature…… Signature/s……

Name/s

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A	B	C	1	2	3

A Corporate Details

Name	
Type of Corporate	
Date of incorporation d d / m m / y y	Registration No.
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Stamp from your Stockbroker confirming the value reflected in section D above has been received from you and will be submitted to BTCL and confirmation of Corporate Details in section A above with those on the applicant's ultimate	
Beneficial owner's Omang.	

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11. authorize you to pay any excess application money which is to be refunded to us directly to the account details which are set out above;
12. confirm that we have read and understood all the conditions of this issue, upon which our offer is based;
13. confirm that all the information supplied by us is true and correct;
14. confirm that a copy of this Prospectus was in the possession of the applicant and those representatives who have signed this applications on our behalf; and
15. acknowledge that settlement of amounts due to us whether by cheque or by electronic means is at our exclusive risk and we cannot claim any costs, expenses, charges or interest from BTCL or the Transfer Secretaries in the event of delayed, partial or non receipt.

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Fax: +267 393 22 43
Email: contactus@corpservebotswana.com

BTCL IPO

Ya Rona Rothle !!!

The BTCL IPO is here and it belongs to us all
Questions regarding the BTCL IPO, or share offering, can be directed to:

Public Education Office, PEEPA at (+267) 318 8807
BTCL at (+267) 317 0560 or Dial 147 from any beMOBILE or landline
Ministry of Transport and Communications (MTC) call centre on 17779

www.btc.bw or email ipo@btc.bw BTCL IPO @theBTCL_IPO

BTC be MOBILE

hotwire

Government of Botswana

Botswana Telecommunications Corporation
Megaleng Khama Crescent
Plot 50350 PO Box 700
Gaborone, Botswana
www.btc.bw