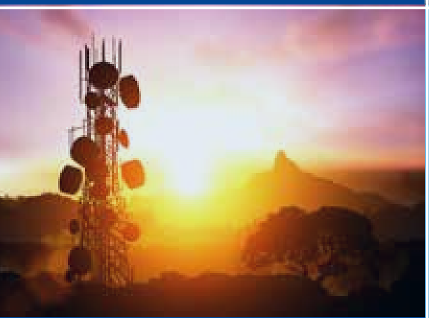
ECONET WIRELESS ZIMBABWE LIMITED

ECONET Wireless

A robust business model

driven by our pioneering and innovative spirit



Integrated Annual Report 2017

"Religion that God our Father accepts as pure and faultless is this: to look after orphans and widows in their distress and to keep oneself from being polluted by the world."

James 1:27
New International Version (NIV)

About This Report

This integrated report gives performance and commentary on the Group's operations for the financial year ended 28 February 2017. It explains who we are, how we create value and interact with our stakeholders and provides information on both financial and non-financial performance.

Reporting principles and responsibilities

The Group applies International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations as issued by the IFRS Interpretations Committee. We also comply with the Zimbabwe Stock Exchange Listing requirements and the Companies Act (Chapter 24:03). The audit committee recommends to the board of directors, the Annual Financial Statements (AFS) for approval. The AFS are audited by independent external auditors, Deloitte & Touche.

The audit committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation. The directors are responsible for the integrated report as a whole.

ECONET Wireless

WHO WE ARE

Our Vision

To provide world-class telecommunications to all the people of Zimbabwe

Our Mission

To serve Zimbabwe by pioneering, developing and sustaining reliable, efficient and high-quality telecommunications of uncompromising world-class standards and ethics.

Our Values

The values we hold in common are listed below.

ECONET Wireless

OUR VALUES

PIONEERING

We are a Company committed to finding the best way forward in the fast-moving and highly competitive technology field. To remain leader in the field, we shall relentlessly pursue innovative solutions and constantly grow our knowledge base, with an uncompromising passion for excellence.

PROFESSIONALISM

In everything we do, both within Econet and in the community, we always work with clearly defined quality of service goals. In all our professional areas and at all levels we carry out our duties skillfully and diligently.

PERSONAL

Internally we always remember that we are a Company made up of individuals. Each one is an intrinsically valuable member of the organisation irrespective of their gender, race or position. We believe in working in teams, in effective and confident co-operation, in environments where honesty, praise, constructive criticism and fair reward have their place.

Who we are inside the Company reflects who we are externally. Our relationship with our customers enthuses with warmth and a genuine desire to meet their needs. We reach out to customers in a holistic way that makes them true stakeholders and willing participants in Econet Wireless.

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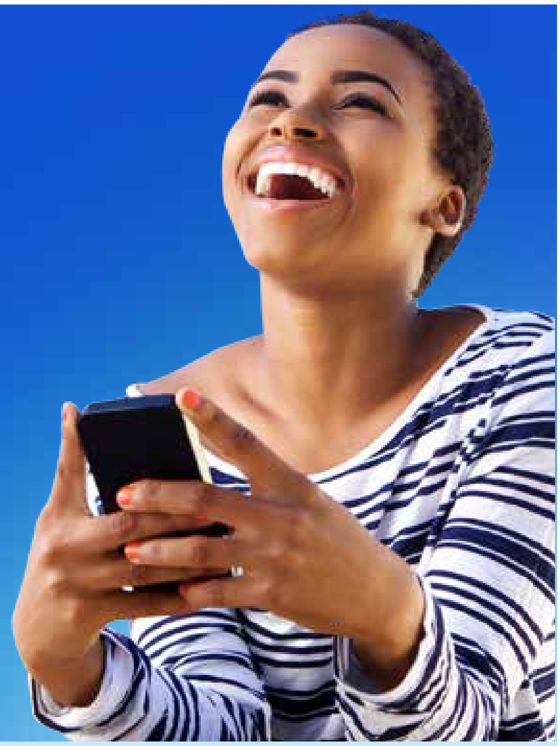
ECONET
Wireless

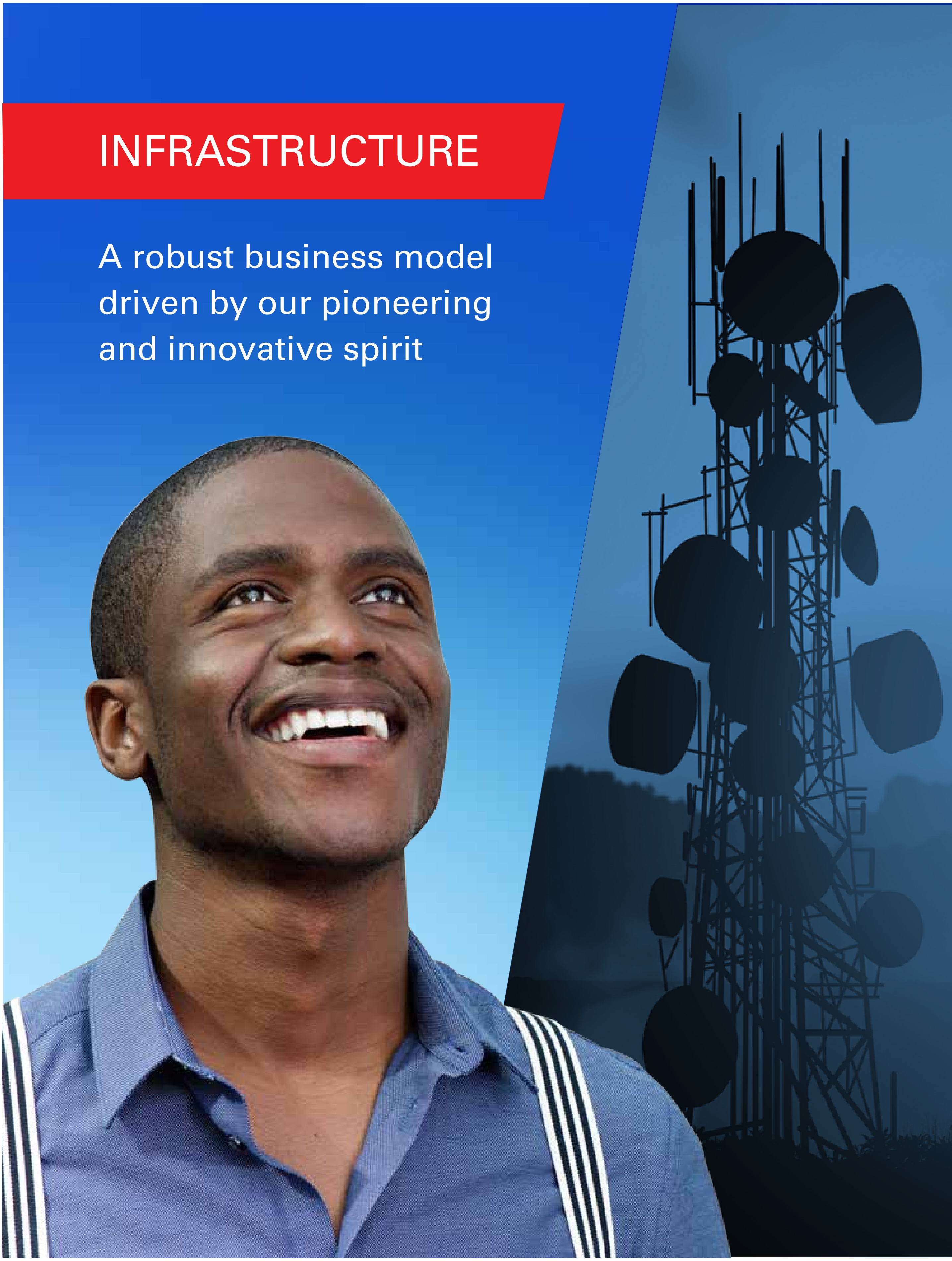
A robust business model driven by our pioneering and innovative spirit

The Company's resilience during economic turbulance is anchored on investment in **network infrastructure, innovation and pioneering platforms.**



INFRASTRUCTURE

A robust business model driven by our pioneering and innovative spirit



Econet launched the **Econet Wi-Fi App** to enable customers to access Wi-Fi Zones within urban areas countrywide. Following efforts to modernise the entire network to an all Internet Protocol ("IP") network, our LTE network now has 497 sites.

Econet Connected Lifestyle is a combination of smart TMT products that aim at providing an aspirational complete life of connectivity to computerised devices giving total control of home security, car tracking and wellness.

Over 300 **Econet Wi-Fi Zones** have been deployed nationwide.

250 Kombis have been installed with **Econet Wi-Fi** equipment countrywide.

FIVE-YEAR TRADING HISTORY

For the year ended 28 February 2017

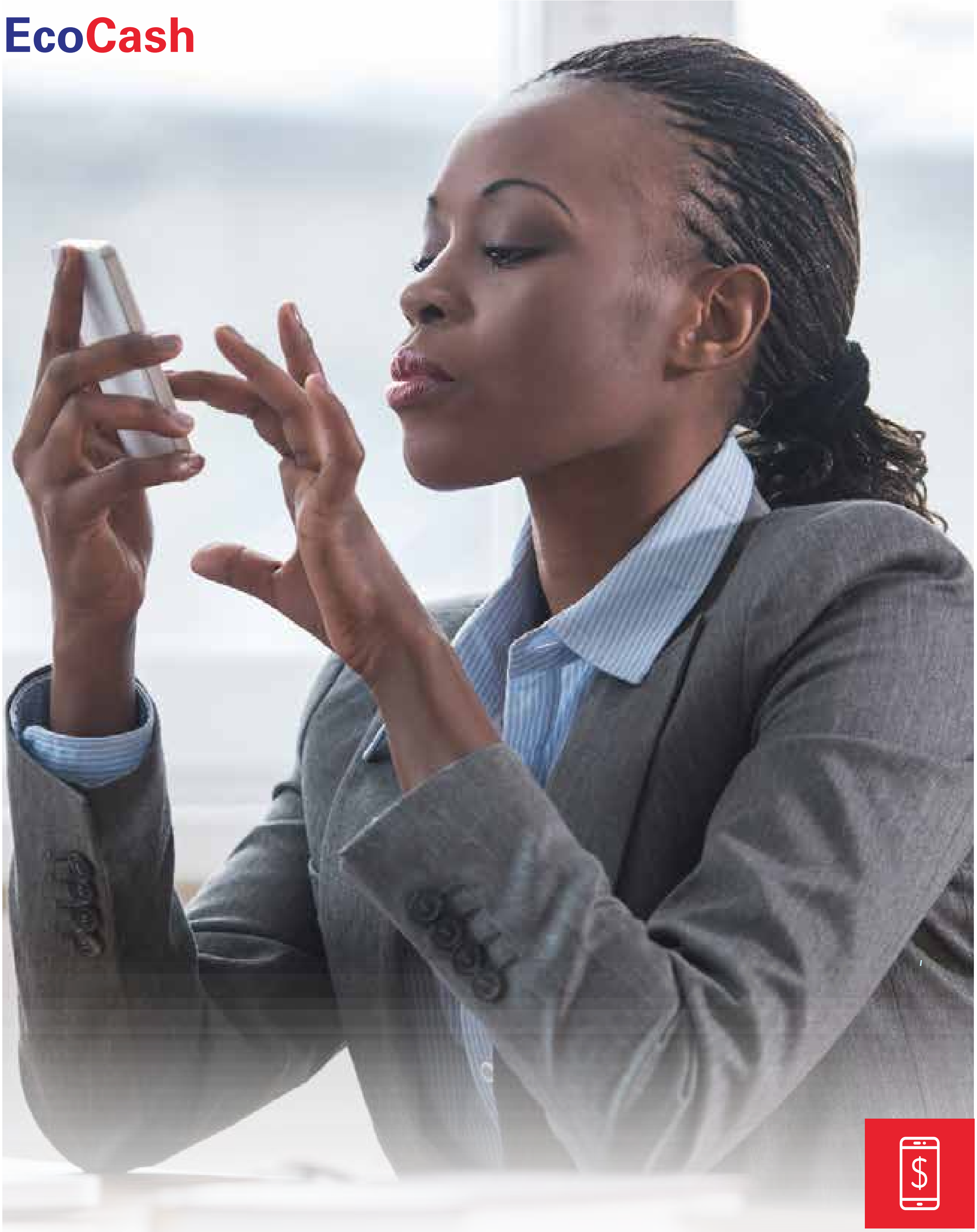
FINANCIAL HIGHLIGHTS

	2017	2016	2015	2014	2013
Revenue ($million)	621.71	640.99	746.18	752.68	695.97
EBITDA ($million)	223.95	238.40	285.64	332.17	302.41
Finance charges ($million)	26.73	36.23	37.08	37.04	28.60
Debt ($million)	127.76	223.08	263.94	240.28	264.57
Capital expenditure ($million)	32.93	82.85	125.39	139.72	147.04
Data revenue as % of revenue	20%	18%	14%	10%	6%
EcoCash revenue as % of revenue	12%	11%	8%	4%	-
EBITDA margin	36%	37%	38%	44%	43%
Cashflow from operations ($million)	173.70	244.68	226.96	401.09	216.18

OTHER OPERATIONAL HIGHLIGHTS

	2017	2016	2015	2014	2013
Statutory payments ($million)	176.39	149.72	172.83	245.13	187.80
Subscribers (million)	10.27	10.02	9.19	8.54	8.02
Data subscribers (million)	10.01	7.12	5.30	4.30	3.18
EcoCash subscribers (million)	6.73	5.79	4.25	3.23	2.09
EcoCash agents (thousands)	27	26	18	11	3
Data & EcoCash contribution	32%	29%	22%	13%	6%
Payment to local suppliers ($million)	425.51	417.36	453.91	444.51	414.91
Revenue market share	77%	70%	72%	72%	73%
Number of base station sites	1,526	1,434	1,386	1,259	1,079

EcoCash



EcoCash is an innovative and secure mobile payment solution that enables our customers to complete simple financial transactions. To date EcoCash is integrated with over 90% of banks countrywide enabling customers to enjoy the convenience of moving money from their bank accounts into their EcoCash wallets and vice versa. EcoCash has empowered people in the most remote areas of the country to have access to the financial system, improving their cash flow management and ultimately, their livelihoods. It has been able to assist the Central Bank to monitor remittances in the informal markets and achieve financial inclusion.

OUR BUSINESS

Strategic Pillars | The Levers Of Execution

To enable discipline and excellence in execution of our strategy, we remain focused on the satisfaction of our customers, motivating our people, creating life changing innovations, running lean and agile organisation, and implementing proactive risk management and sustainable stakeholder value creation to ensure achievement of strong business performance. This is depicted below.

Operating Model | Telecoms, Media & Techonology (TMT)

Our operating model is built around Voice, Broadband, Fintech and Media combining different technologies and platforms to offer unparalleled choice, value, access and convenience to customers across different industries. The business is now a fully established TMT, player that is ensuring transformation and inclusion across all market segments from education, health, banking, Fintech and media among others.

- Broadband
- Voice
- SMS

- Streaming
- Content Provision

- Payment Solutions
- Micro-banking
- Digital Banking
- Internet Of Things
- E-commerce
- E-learning

ECONET Wireless

VALUE CREATION: KEY STAKEHOLDERS

Creating value is at the heart of everything we do. Through suitable engagement processes for each of our stakeholder groups, both external and internal, we create and share value with others, building and maintaining stakeholder networks that are fundamental for success. Key stakeholders and the value created are as follows:

OUR CUSTOMERS
+US$23bn
EcoCash transactions since launch in 2011

OUR BUSINESS PARTNERS
+US$100m
Paid to agents and dealers in commission since 2009

OUR SUPPLIERS
+US$3bn
Cumulative payments to local suppliers of goods and services since 2009.

OUR PEOPLE
+60 000
Jobs created directly and indirectly

OUR INVESTORS / SHAREHOLDERS
+13% Issued Shares cancelled during the year
US$134m
Dividend Paid since 2009
US$130m
Rights Offer Transaction

OUR ECONOMY
+US$752m
Foreign direct investment into the economy
+US$1.2bn
Infrastructure investment

OUR GOVERNMENT
+US$1.3bn
Payments made to the Government and its agencies since 2009.

OUR REGULATORY PARTNERS
2016 ZIMRA Highest Voluntary Dollar value contributor category (LCO)

VALUE CREATION: SUSTAINABILITY MATTERS

In line with the United Nations Sustainable Development Goals (SDGs) set on 25 September 2015, the business continues to assess the level of integration of sustainability requirements into the business operations and activities.

The business' priority SDGs and how we performed :

- +US$ 1.2 billion investment in infrastructure
- 64% LTE Infrastructure Share
- 52% 3G Infrastructure Share
- 71% Data Traffic Market Share sustained by provision of innovative offers and data analytics

- +US$ 23 billion EcoCash transactions since launch, ensuring financial inclusion of the unbanked population
- +US$ 100 million paid to agents and dealers in commission
- +US$ 1.3 billion payments to Government and its agencies since 2009 dollarisation

- +250 000 children impacted positively by Higherlife Foundation
- +292 000 learners enrolled by Ruzivo Digital Learning
- +1 200 learners on Muzinda Hub Digital Skills Training Program
- +60 000 mentorship hours recorded annually

- +476 000 subscribers on Cumii - Health tips
- +400 Health devices sold
- 1 million+ Zimbabweans accessing affordable funeral insurance policy with premiums from as low as US 0.50c from their mobile phones, providing cover to the economically disadvantaged.
- Increased access to healthcare funding and promoted inclusivity through products targeted at the previously marginalised communities from healthcare funding.

- +900 000 subscribers on EcoFarmer empowered with information on crops, weather and market trends for sustainable farming.

- +27 000 Agents
- +35 000 Vendors
- +250 Branded Shops countrywide
- +60 000 formal and informal employment created
- +28k Merchants & Billers who accept payments via EcoCash

- Financial inclusion of the unbanked through Steward Bank and EcoCash
- +US$ 100 million paid to EcoCash agents and dealers in commission
- +400,000 SMEs benefitting from exposure to a market of +10 million buyers on Ownai, assisting small businesses to grow with free advertising

- Solar Base stations
- Disguised towers
- Tower light sites
- Paperless recharging
- Promoting tree planting

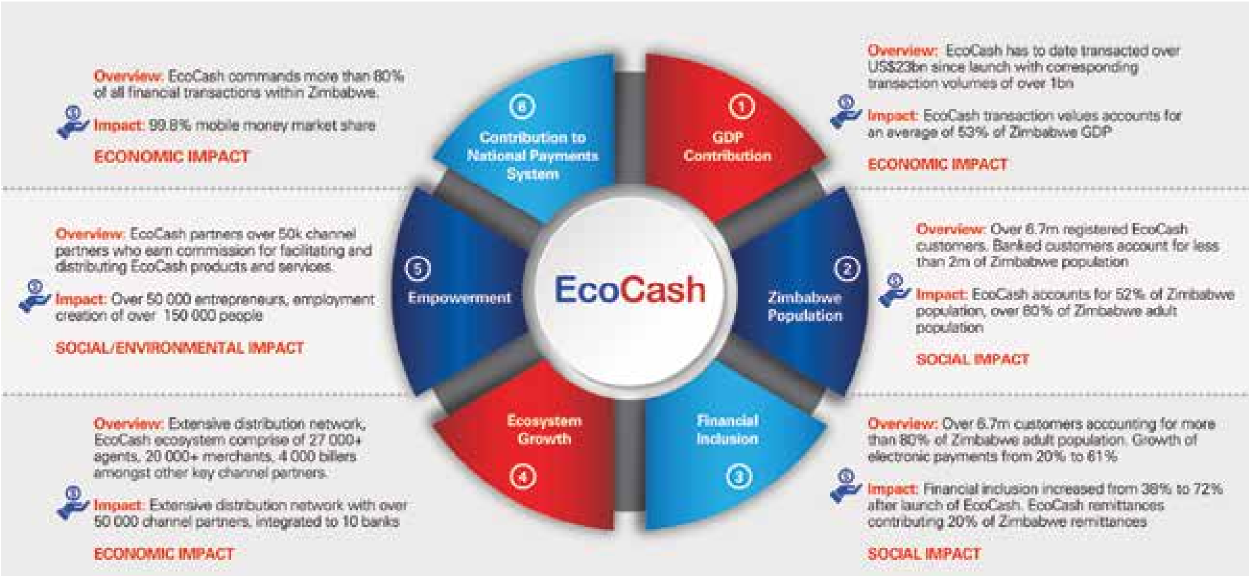
ECONET Wireless

VALUE CREATION THROUGH INNOVATION

Innovation is central to achieving sustainable business growth and enabling the transformation of livelihoods through enhanced products and services. Our innovation is focused on providing positive stakeholder value.

Revolutionary EcoCash

Zimbabwe is currently facing a cash crisis affecting scores of bank account holders. The mass adoption of EcoCash, our mobile money solution, has resulted in increased financial inclusion, consequently creating value for the economy and community:



Innovative solutions that create value

We are focused on digital banking which resulted in the following impact:

VALUE CREATION THROUGH FINANCIAL INCLUSION

Steward Bank's is a wholly owned subsidiary of Econet Wireless Zimbabwe. It's core purpose and strategic goal is to foster financial inclusion through innovation, making banking cost effective, universal and accessible to every Zimbabwean. The Bank has significantly grown due to its bold strategy to pursue a digital banking model anchored on transactional banking and a seamless integration with the EcoCash mobile money platform as a central pillar.

In line with Steward Bank's mission to offer affordable financial services to every Zimbabwean, and propelled by a strong brand, over 120 000 new customers signed on for Steward Bank's products and services in the past six months, as testimony to how far the Bank's financial inclusion agenda has grown.

Previously, bank accounts were a dream for many. With more than 1 200 operating bank agents across the country, Steward Bank has proved that anyone can have a bank account, regardless of their location, income level, status or occupation. The Bank has agents countrywide even in rural areas. An account is opened instantly upon producing of identification document and nominal deposit of $5.

Partnership with MasterCard has enabled cardholders to access more than 11 000 point of sale transaction points within Zimbabwe and more than 47 million points of sale globally.

Universal Banking Concept throughout its Agent Banking Network, allows both Steward Bank and other banks' customers to transact on the POS infrastructure.

Zimbabweans living in the diaspora have the ability to access financial products and services in Zimbabwe, through **Steward Bank's Diaspora Banking Unit.**

iStudent, Savvy Kidz and Savvy teens accounts allow for children and students to learn the culture of saving. These accounts carry a zero minimum balance and no bank charges as there are no monthly charges deducted by the Bank. The objective is to bring in Zimbabweans who had previously been excluded from the mainstream banking.

ECONET Wireless

STEWARD BANK

Steward Bank has driven an innovative banking revolution in Zimbabwe that provides affordable financial services. Steward Bank fosters financial inclusion for corporate organisations, and previously unbanked individuals and SMEs, making banking universal and accessible to every Zimbabwean.

PIONEERING SPIRIT

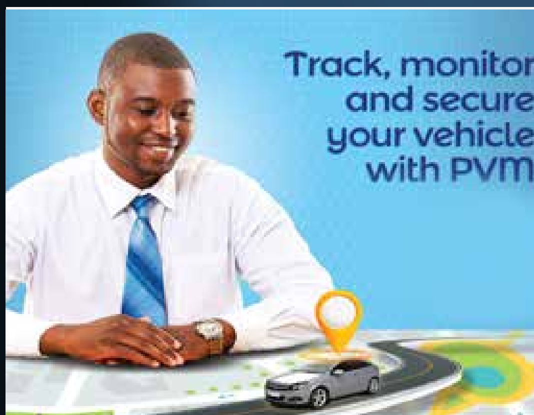
Focusing on innovation and value creation

ECONET Wireless

The SMS Help Self-Care facility enhances accessibility into the Contact Centre. The channel has brought about increased convenience and alternative options for customers, expanding touch points from the existing Social media, Voice, MyEconet App and Walk In Centres.

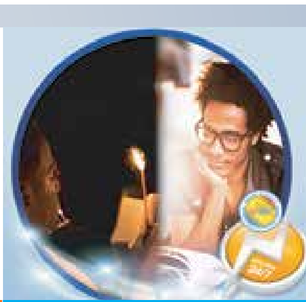
Econet Wi-Fi in kombis
More than 250 Kombis nationwide are now equipped with Econet Wi-Fi thereby providing added convenience to all our customers as they travel to work and back home.

Ruzivo introduced vernacular languages, Religious Education, Home Economics and Social Studies to its product offering.



Prestige Vehicle Management Service (PVM) provides an affordable real time tracking service and is designed for light motor vehicles used by individuals and executives.

NEW PRODUCTS AND SERVICES



INCREASING FINANCIAL INCLUSION

- Partnered with POSB for banking services in January 2017
- Partnered with Mama Money for remittances in January 2017
- Partnered with Mukuru in November 2016 for international remittances
- Partnered with MTN Zambia in May 2016 for remittances
- We now have 9 remittance partners.

CREDIT SERVICES

- Multi-denomination customer airtime credits since June 2016, provide for ease and convenient communication complimentary to existing distribution channel.

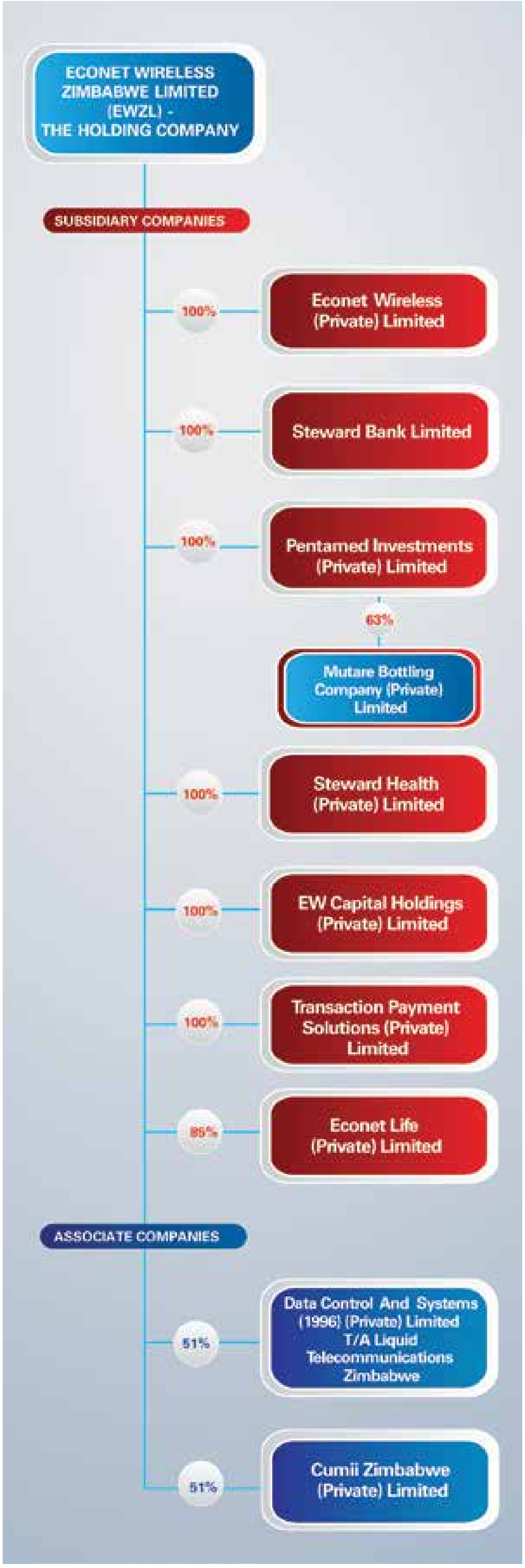
MEDIA AND CONTENT

- Access to mobile application on a variety of views, ensuring customer needs are met.

ECOCASH PAYMENTS

- Partnered with ZETDC for the purchase of pre-paid electricity tokens in an easy, convenient way that is accessible round the clock.

CORPORATE PROFILE



ECONET WIRELESS ZIMBABWE LIMITED (EWZL)

This Integrated Annual Report incorporates the results of all the subsidiaries and associates of EWZL, the holding company of businesses involved in various sectors of the economy as detailed below. EWZL, Zimbabwe's leading telecommunication, media and technology company, is listed on the Zimbabwe Stock Exchange (ZSE).

SUBSIDIARY COMPANIES

Econet Wireless (Private) Limited (EWPL)
EWPL is EWZL's mobile network operator, offering voice and SMS, broadband and bundled products and services.

Steward Bank Limited
Steward Bank Limited offers financial services in Zimbabwe. It plays a pivotal role in the Group, especially for EcoCash, as the bank holds the banking licence necessary for mobile money services.

Pentamed Investments (Private) Limited
EWZL, through wholly-owned Pentamed Investments (Private) Limited, holds 63% of the ordinary shares of Mutare Bottling Company (Private) Limited. It also holds 6% in the form of convertible instruments.

Mutare Bottling Company (Private) Limited
Mutare Bottling Company operates the Coca-Cola Company's beverages franchise in the eastern region of Zimbabwe.

Steward Health (Private) Limited
Steward Health is a leading provider of tailor made medical insurance solutions.

EW Capital Holdings (Private) Limited
EW Capital Holdings (Private) Limited is EWZL's investment vehicle.

Transaction Payment Solutions (Private) Limited
The company is a provider of financial transaction, switching, point-of-sale and overlay services that benefits from the convergence of banking, information technology and telecommunications.

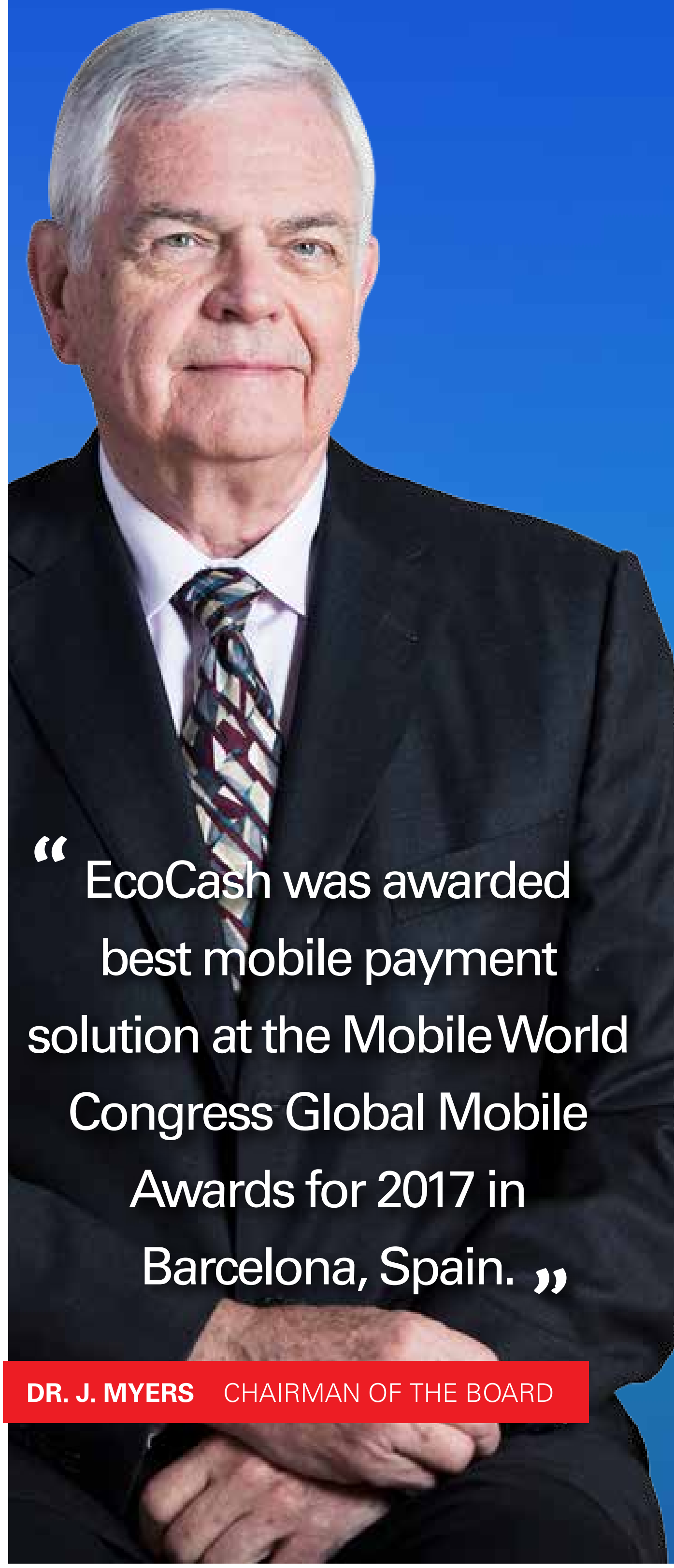
Econet Life (Private) Limited
EcoSure Funeral Cover is a product underwritten by Econet Life (Private) Limited. The product is affordable and focused on providing funeral cover that guarantees a promised amount and/or benefit, depending on the Policy Package to be paid out in the event of death of the Insured.

ASSOCIATE COMPANIES

Data Control And Systems (1996) (Private) Limited T/A Liquid Telecommunications Zimbabwe
EWZL, has a 51% interest in Liquid Telecommunications Zimbabwe (LTZ). LTZ is the leading provider of fibre optic infrastructure in Zimbabwe and to date has laid over 7,000 km of fibre optic cable. An extensive fibre network which has linkages within the major cities and towns as well as long distance links to the EASSy and Seacom cables has been established. The fibre network has been developed to provide alternative routes for connection to allow easy recovery in failure events which makes it a robust network. This fibre is used to provide backhaul infrastructure for the mobile network operator's base stations and acts as a link to the outside world by providing a reliable transmission for internet traffic outside Zimbabwe.

Cumii Zimbabwe (Private) Limited
Cumii is a Pan-African company that focuses on technologies that transform lives, businesses and the country through connecting people to their "things" from fleet to cars, generators, homes, energy, health and more.

CHAIRMAN'S STATEMENT TO SHAREHOLDERS



"EcoCash was awarded best mobile payment solution at the Mobile World Congress Global Mobile Awards for 2017 in Barcelona, Spain."

DR. J. MYERS CHAIRMAN OF THE BOARD

INTRODUCTION

Our robust business model, which is built on the pillars of Telecommunications, Media and Technology ("TMT"), is driven by our innovative and pioneering spirit. Despite a challenging economic and operating environment, our innovation, effective market segmentation and solid infrastructure, have enabled us to maintain a leading position in the market. The strong focus on revenue diversification, stringent cost management as well as developing a corporate culture of disciplined execution and accountability has helped us to limit both a revenue and margin decline, while continuing to maintain our customer centric focus.

Consistent with our pioneering spirit, we launched the largest capital raising exercise on the Zimbabwe Stock Exchange in the history of the local securities exchange. Through this transaction, we raised sufficient capital to retire our foreign long-term bank debt. Our rights offer was one of the largest transactions in Africa, to date.

The mobile industry, however, also absorbed a 5% excise duty on airtime revenues, introduced by Government in March 2016. For every US$1 that we collect, 28.8 cents is paid to Government and its statutory bodies in the form of VAT, excise duties, levies and licence fees. This is in addition to paying for a 20 year operating licence in 2013, at a cost of US$137.5 million. Total payments to Government and statutory bodies since dollarisation in 2009, exceed US$1.3 billion.

OPERATING REVIEW

The mobile network operations business segment that largely comprises data and voice revenues contributes about 60% of our business revenues. Whilst voice revenues in the industry have continued to decline as consumers switch to data applications for communication, our position in the market remains strong. All operators are faced with the challenge of migrating from being voice driven businesses to data and content provision. This is happening against the backdrop of difficult economic conditions making it harder to generate sufficient capital from the current revenue streams to invest in new businesses of the future.

ECONET Wireless

CHAIRMAN'S STATEMENT TO SHAREHOLDERS (CONTINUED)

Our content and media services businesses are in their formative stages. We envisage that our strategy to move the business from being a provider of infrastructure to have a strong market presence in content provision will yield dividends in the medium term. Our new capital investments will increasingly focus on growing our data and content services by investing in increased data coverage, quality, capacity and speeds to better serve our customers.

Our financial technology pillar of the business is anchored on our banking services, mobile money and mobile insurance platforms. EcoCash, our mobile money service increased its level of transactions as mobile money platforms became an important alternative to cash transactions. This resulted in our customers preferring to pay money directly from their wallet to retailers and other merchants without performing a cash-out transaction. EcoCash was awarded recognition as the best mobile payment solution at the Mobile World Congress Global Mobile Awards for 2017 in Barcelona, Spain.

EcoSure, our mobile insurance product increased its active subscriber base by over 100%. Steward Bank Limited, a wholly owned subsidiary, has seen a rapid transformation over the past three years since being acquired by the Econet Group. It has adopted a technology led strategy which enabled it to deliver simplified and inclusive banking services. The bank has grown from strength to strength, registering a 24% increase in revenue in the past financial year.

FINANCIAL REVIEW

Revenue for the year under review declined by 3.0% to US$621.7 million. The telecommunications industry has continued to experience a decline in revenues resulting from a deterioration of the economic environment. EBITDA declined to US$224.0 million, from US$238.4 million, a decline of 6.0%. However, even under these challenging conditions, at 36.0%, the EBITDA margin remains competitive. We have been creative to recalibrate the business, cognisant of the challenges faced globally by operators in sustaining a growth in voice revenues.

In an environment with limited foreign currency we have continued to explore ways in which to address these challenges. One of these being the recently concluded Rights Offer. Our Capital Expenditure ("Capex") to revenue ratio declined to 5%. Generally, Capex to revenue ratios in our industry are above 10% and the inability to continue investing at the appropriate level may delay our ability to optimally deliver our services, consistently and reliably, unless we are able to obtain access to foreign currency which is required to continuously capitalise the business.

Payments due to us from our local interconnect partners remain a challenge with over US$26 million owed to us as at 28 February 2017. Our inability to obtain the payments also affects our investment decisions as this cash flow is necessary in order to meet the costs of providing the interconnect services on the network. We continue to consider options to address this outstanding issue.

CORPORATE SOCIAL INVESTMENT

As part of our continuing commitment to the people of Zimbabwe, we have provided assistance to over 250,000 orphaned and vulnerable children across the country. The business continues to provide support to talented children in various educational institutions.

BOARD APPOINTMENTS

I am pleased to announce the appointments of Messrs. Hardy Pemhiwa and Michael Bennett to the Board as non-executive directors. They bring a wealth of experience and knowledge to our business which will be invaluable to the Board.

OUTLOOK

With the successful completion of the rights offer, and subsequent payment of the foreign debt, the Company is now in a stronger position to deal with the challenges of operating in an increasingly difficult economic environment. Our

CHAIRMAN'S STATEMENT TO SHAREHOLDERS (CONTINUED)

robust business model, which is anchored on responding proactively to the changing economic and technological environment, remains an anchor on which we will continue to develop our strategies for the future. The technical infrastructure of the Company is a key strength on which we will leverage for our future growth. Our pioneering spirit means that we will continue to explore new ways to use technology to solve relevant problems that society is confronted with. We believe this is one of the hallmarks of our success.

An enabling regulatory environment will go a long way in providing the support that is required for technology businesses in Zimbabwe to remain viable whilst adapting to the changes brought about by the technological transformation that is currently taking place globally.

DIVIDEND DECLARATION

The Company declared a dividend of 0.467 US cents per share amounting to US$12.1 million for the year ended 28 February 2017.

Payment of the dividend will be made on or about 22 June 2017. Withholding tax will be deducted at a rate of 10%, where applicable. Payments to foreign shareholders will be subject to exchange control approval and payment guidelines for foreign remittances. Foreign shareholders should appoint or make their own arrangements with a local bank of their choice to receive their dividend on their behalf and to facilitate remittance to them.

The dividend is payable to members registered in the share register of Econet Wireless Zimbabwe Limited at the close of business on 16 June 2017. Shares will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 13 June 2017 and ex-dividend from 14 June 2017.

SHARE CANCELLATION

The Company cancelled 216,344,376 shares subsequent to year end. The share capital in issue, post the rights offer, and the cancellation of treasury shares is now 2,590,576,832 shares.

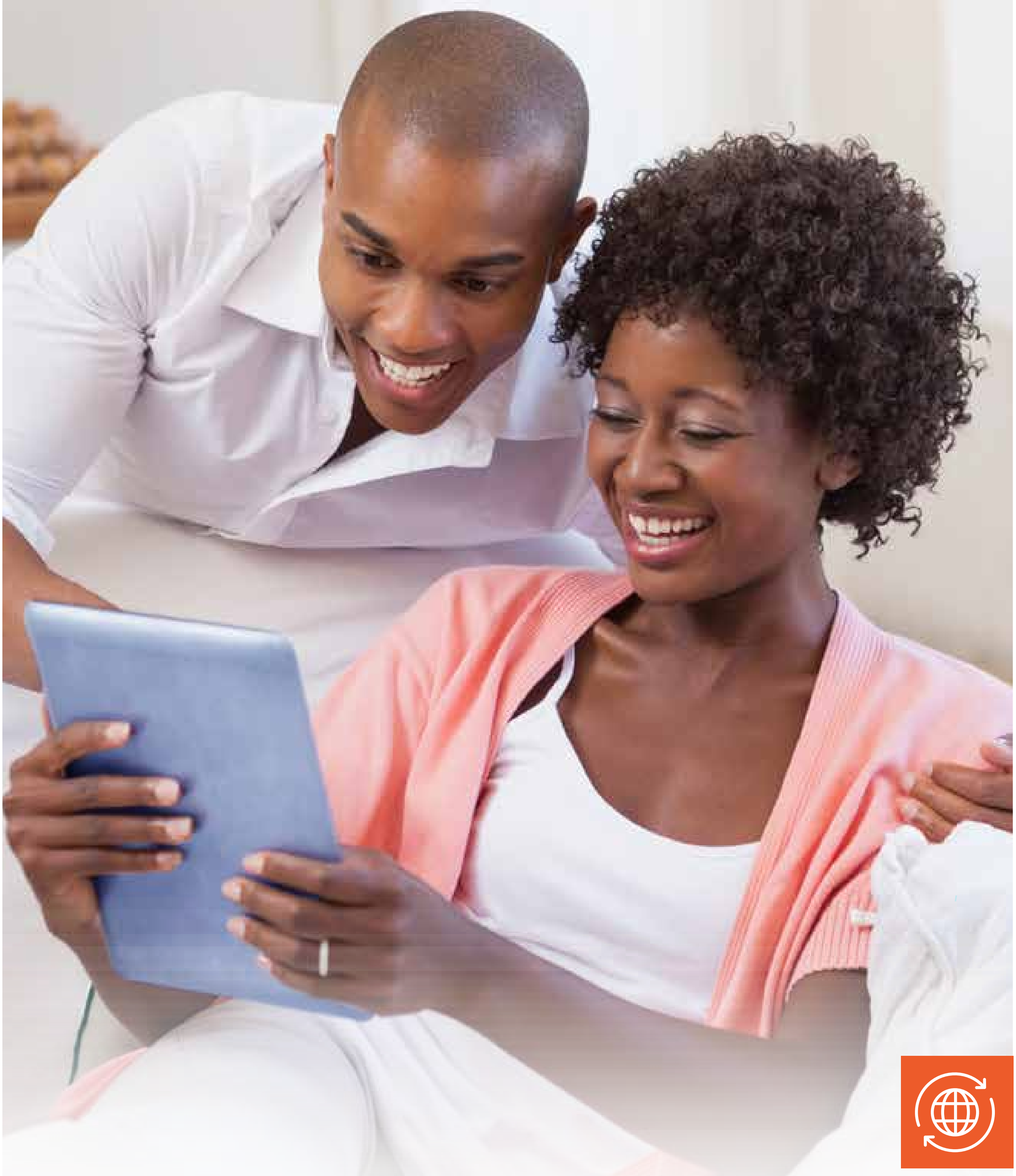
APPRECIATION

I would like to take this opportunity to thank all our customers, shareholders, regulators, staff and strategic partners for the support given to the Board and I during the past financial year.

DR. J. MYERS
CHAIRMAN OF THE BOARD

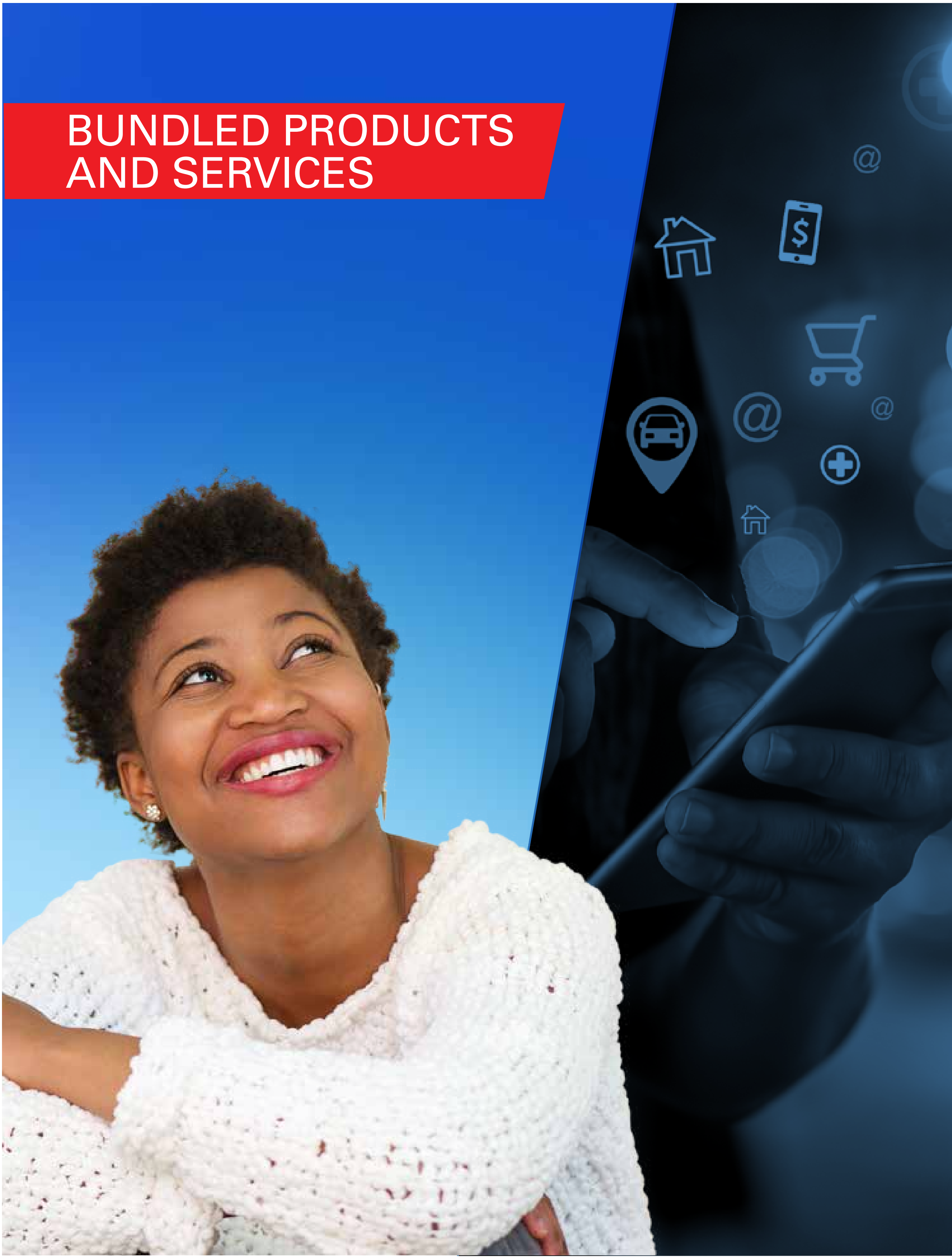
30 MAY 2017

Broadband



Econet has strengthened its investment in new technology with a massive rollout of 3G and 4G sites across the country. This enabled growth in data penetration through the establishment of additional Wi-Fi Zones and introduction of Wi-Fi in Kombis and selected buses nationwide. Access to Broadband services in Zimbabwe is a significant convenience which enables people to be informed, better educated and socially / culturally enriched. Broadband is also a business catalyst which helps drive economic growth.

BUNDLED PRODUCTS AND SERVICES



EcoCash is an innovative mobile payment solution that enables its customers to complete simple financial transactions. The EcoCash platform now handles over 80% of the volume of national transactions.

EcoSure is an affordable and reliable funeral and life insurance cover offered from the convenience of a mobile device with different flexible packages.

Econet Connected Home offers a home and small business security & automation service which enables customers to monitor, control and secure their homes with the use of high quality alarm systems and related accessories, mobile applications as well as rapid response reaction services in the event of an intrusion or attempted intrusion.

Ownai is an online buying and selling platform designed to assist individuals, SMEs & corporates to find, buy, sell and make money for free using Econet broadband.

CHIEF EXECUTIVE OFFICER'S OPERATIONS REVIEW

" Introduction of innovative products is key to surviving and growing in an increasingly volatile and complex economic environment. "

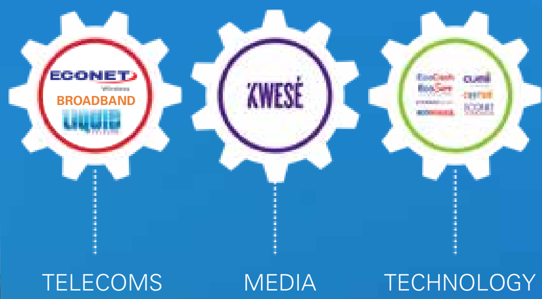
D. MBOWENI CHIEF EXECUTIVE OFFICER

INTRODUCTION

In the face of a challenging operating environment, our business has remained resilient through a robust business model leveraging on our comprehensive infrastructure, strong customer focus, cost efficiency, extensive product portfolio and innovation. We have transitioned to a full digital lifestyle Telecommunications, Media and Technology ("TMT") company offering widespread innovative solutions to our customers. Our staff have been phenomenal in driving the business forward through their hard work, entrepreneurial skills and innovative spirit, albeit in a tough operating environment.

OPERATIONS REVIEW

We are driving our business focusing on the 3 key elements of the TMT model. We have built infrastructure which enables us to provide services across different industries. Our combined platforms have capabilities for telephony, video streaming, internet of things (IOT) and financial technology (Fintech) services.



Telecommunications

Our telecommunications business' competitive industry indicators such as market share, value share and ARPUs are solid. Market Value Share stood at 76.5% according to Quarter 4 report of 2016 issued by the industry regulator, the Postal and Telecommunications Regulatory Authority of Zimbabwe ("POTRAZ").

CHIEF EXECUTIVE OFFICER'S OPERATIONS REVIEW (CONTINUED)

We continue to invest in data network infrastructure through expanding our LTE network. For that reason, our drive to maintain the best network for our customers continued with the deployment of 316 LTE sites and 147 3G sites during the financial year. This increased the population coverage of LTE by 9.96% from 22.20% to 32.16%.

Development of LTE has become increasingly critical in giving us a competitive advantage as a result of high demand for broadband services. The migration of the whole network to Internet Protocol (IP) was completed together with many other upgrades.

Media

As a natural consequence of the growth in broadband, there is a huge demand for content services. We are still in the formative stages of this developmental cycle. However, we are already benefiting from the consumption of multiple content services. Our media strategy is anchored on Kwese, which we believe will become another successful innovation in the mould of Buddie and EcoCash. Kwese will be delivered via a multi-platform strategy across 5 platforms namely Mobile, Direct to Home (DTH), Free To Air (FTA), Digital and IP TV, targeting broad customer segments leveraging on our mass scale capabilities, our understanding of the mobile business and flexible billing arrangements.

Financial Technology ("FINTECH")

EcoCash and EcoSure

We believe that EcoCash is the pervasive solution to the current cash challenges that the country is experiencing. Unlike traditional banking models which require Point of Sale machines for transactions, EcoCash is cheaper to implement; it is more ubiquitous and allows more people to enjoy banking services by using the mobile phone to deliver the point of sale functionality. It also has the added advantage of having many "bank branches" in the form of EcoCash agents at minimal cost. In view of the growing recognition of EcoCash as a solution provider to the country, subscribers grew 16% to 6.7 million. EcoCash subscribers, now represent 80% of Zimbabwe's adult population. EcoCash is also facilitating disbursements for farmers, NGOs and a growing number of payrolls. Mobile money countrywide now accounts for over 80% of all transaction volumes in the financial services sector.

Steward Bank

The challenging economic environment has been an opportunity for Steward Bank to show the strength of its transactional banking model, pursuing the strategy of a simplified, universal and mobile-centric banking model. The Bank's income grew by 24% in this financial year, driven by a 49% increase in non-funded income which rose from US$19 million in the prior year to US$28 million during the period under review. This is in line with the focus on non-interest income as a key revenue driver. The Bank also recorded a surge in the number of customers signing up for new accounts or utilising the financial services platform to perform various banking transactions. As a consequence, individual customer deposits grew by 56% from the previous financial year, driven by strong demand for the Bank's signature product, the "iSave" Account. Corporate deposits also recorded a growth on the back of our hugely popular "Zama Zama" Account targeted at SMEs. The cost-to-income ratio firmed at 62% from 69% in the previous financial year, attributed to a 24% growth in revenue, reflecting increased efficiency in the way we deliver our services.

FINANCIAL REVIEW

Business profitability was negatively impacted by the deterioration in the economic environment, resulting in a decline in profit after tax from US$40.2 million to US$36.2 million. Despite the challenging operating environment, we continue to be resilient and focused on growing Broadband, EcoCash and Steward Bank. Data revenue growth is being enabled by our forward-thinking investment in LTE and 4G. EcoCash revenue growth from US$73 million to US$77 million was largely driven by growth in subscribers from 5.8 million to 6.7 million and growth in transactional value per customer. The Bank's performance during the year ended 28 February 2017 was noteworthy, profit after tax increased from US$5.4 million to US$6.2 million backed by a solid non-traditional banking business model.

CHIEF EXECUTIVE OFFICER'S OPERATIONS REVIEW (CONTINUED)

We continue to focus on innovation and cost containment initiatives in order to sustain shareholder value. We reported a healthy EBITDA margin of 36%. Net cash generated from operations was US$173.7 million. Debt obligations declined from US$207 million to US$124 million due to loan repayments. A successful rights offer that was approved by our shareholders on 3 February 2017 will relieve the business of foreign loan obligations against the ongoing foreign currency shortages in the country. We anticipate that free cash flows will continue to increase as we reduce our debt exposure and capital commitments.

OUTLOOK

Our relentless pursuit of innovation that changes lives and our pioneering spirit put us on a solid platform to develop a robust business that will continue to shape the lives of Zimbabweans.

Telecommunications

We are growing our broadband and media content business and constantly exploring ways to create new revenue streams. We long took a position that our focus should be on ensuring we are growing our ARPU through value enhancing pricing and a 'smart' and targeted promotion strategy driven by analytics which focuses on usage patterns and consumer behaviour. This strategy allows us to balance the needs of our consumers with the needs of investment that is required to maintain quality services. This is a more sustainable business strategy that we believe will see us deliver more sustainable stakeholder value in the long term.

Media

As the final piece in our "quad-play", Media presents an interesting proposition from both a customer and commercial point of view. Through our media services we will change the way media and content is consumed by bringing our mobile mass scale capabilities of "small chunks" and "on the go" - everywhere, anytime, anywhere hence the adoption of "Kwese" as our brand image as the word Kwese implies just that.

Fintech

We see a demand in digital financial transactions in the face of cash shortages. Through EcoCash and Steward Bank we are positioned to play a part in addressing this challenge:

EcoCash

We cannot imagine a Zimbabwe today without EcoCash. We believe the future is bright for this flagship service in our financial technology business portfolio.

Steward Bank

The Bank will also utilize the technological advantage of the Econet Group to increase penetration of universal banking services, particularly to the unbanked and the informal sector.

Customers

Our focus will be on drawing insights from psychographic and demographic analytics so that we can anticipate and exceed customer expectations. We will continue to provide unparalled value and convenience through our unique product offerings.

Staff

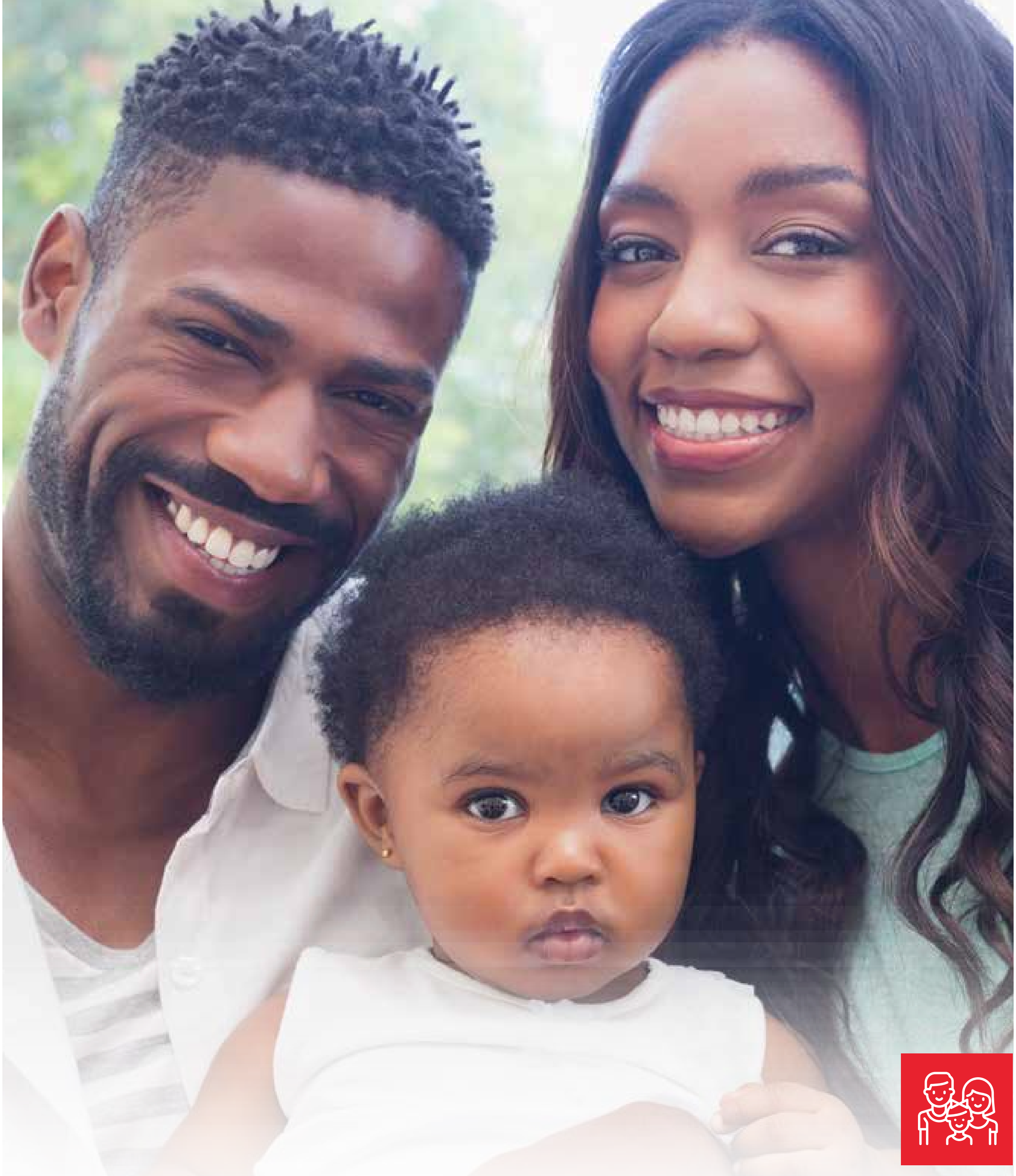
In the face of a multiplicity of challenges ahead, our motivated staff will continue to play a central role in coming up with innovations and providing a customer experience that is unmatched. As a business we are committed to providing a climate which continues to engage the hearts, heads and hands of our staff.

D MBOWENI
CHIEF EXECUTIVE OFFICER

30 MAY 2017

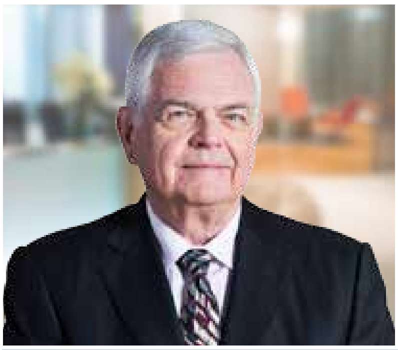
ECONET Wireless

EcoSure



EcoSure is a simple, affordable and reliable funeral and life insurance cover offered from the convenience of a mobile phone with different flexible packages. Since launch in December 2014, the insurance cover has transformed communities with more than one million previously underinsured Zimbabweans now having insurance, providing financial assistance and peace of mind to many families. EcoSure works with 15 Funeral Service Providers across the whole country and has a dedicated 24/7 Call Centre to enhance customer experience.

BOARD OF DIRECTORS



Dr James Myers
Chairman
Dr Myers was appointed to the board in May 2009. He was appointed as Chairman of the board in December 2012. Apart from chairmanship of the board, Dr Myers chairs the board's Remuneration Committee.

Mr Strive Masiyiwa
Mr Masiyiwa is the founder of the Econet Group. His full resume can be found on the Econet Global Limited website (www.econetwireless.com).

Mr Hardy Pemhiwa
Mr Pemhiwa is Group Managing Director and Chief Executive Officer of Econet Global Limited. In addition, he is a director of several of Econet's subsidiaries. He is also the co-founder and director of Amana Capital Limited, a licensed investment management company in Kenya.

Mr Douglas Mboweni
Mr Mboweni is the Chief Executive Officer of Econet Wireless Zimbabwe Limited. He has been with the Group since 1996 and was appointed to the board in December 2003.

Mrs Tracy Mpofu
Mrs Mpofu joined Econet in February 2001 as Finance Director from Coca-Cola Central Africa. She holds a Bachelor of Accountancy Degree and an MBA, both from the University of Zimbabwe. Mrs Mpofu is a Chartered Accountant (Zimbabwe), a Chartered Management Accountant and a Chartered Accountant (South Africa).

Mr Martin Edge
Mr Edge is a UK CA and an Oxford MA, who joined the board in June 2013. In his chosen field of corporate finance and M&A, he has been a corporate finance advisor to many institutions in Europe and Africa over some 30 years, as well as spending some time as a CFO. He has advised on some of the most important transactions in Africa's telecoms sector. Mr Edge chairs the board's Audit Committee.

BOARD OF DIRECTORS (CONTINUED)

Mr Michael Bennett

Mr Bennett has a BA LLB degree from Rhodes University in South Africa and was a partner at Scanlen & Holderness, Zimbabwe. He qualified as a solicitor in England and Wales in 2001 and is currently a partner at Hill Dickinson LLP. Mr Bennett has significant international experience across a variety of sectors in mergers and acquisitions acting for both companies and entrepreneurs.

Mr Roy Chimanikire

Mr Chimanikire joined the Group in 2009 from Deloitte, where he was a Partner. Mr Chimanikire is a qualified Chartered Accountant (Zimbabwe) and past President of the Institute of Chartered Accountants of Zimbabwe. He was appointed to the board in February 2016 as the Group's Finance Director.

Mr Krison Chirairo

Mr Chirairo joined the Group in 1998. He was appointed to the board in February 2007. He has an MBA and is a fellow member of both the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators. He also heads some of the Company's subsidiaries.

Mr Godfrey Gomwe

Mr Gomwe was appointed to the board in May 2013. He is Chairman of the board's Social and Ethics Committee. He is a Chartered Accountant (Zimbabwe) and sits on a number of other boards. He has vast experience in the corporate world, having held various executive positions in the last 27 years.

Ms Beatrice Mtetwa

A lawyer whose achievements in the legal field have earned her international recognition, Ms Mtetwa was appointed to the board in October 2010.

Mrs Sherree Shereni

Mrs Shereni is an Economist with diverse corporate affairs experience in the soft drink beverage sector across Africa and Southern Asia. Her accomplishments in this field have been recognised internationally and have resulted in successful public-private partnerships and outcomes for businesses, governments and civil society throughout Africa. An accomplished former central banker, Mrs Shereni joined the board in May 2013.

Audit Committee: Mr M. Edge*, Dr J. Myers, Mrs S. Shereni, Mr C .Fitzgerald**
Remuneration Committee: Dr J. Myers*, Mr C. Fitzgerald**
Risk Committee: Mrs S. Shereni*, Mr D. Mboweni, Mr M. Edge
Social and Ethics Committee: Mr G. Gomwe*, Mr K. Chirairo, Mrs T. Mpofu, Ms B. Mtetwa

* Chairperson
** Mr C. Fitzgerald resigned on the 3rd of February 2017

FROM THE DIRECTORS

The Directors have pleasure in presenting their report and audited financial statements for the year ended 28 February 2017. In the report "Group" or "Company" refers to Econet Wireless Zimbabwe Limited and its subsidiaries.

Principal Activities and Operations Review

The Group's main line of business remains the provision of telecommunication, media and technology services.

Central to its main activities, however, is the commitment to innovation, bearing in mind that continued growth of the business is very much dependent on innovation. Considerable focus has therefore gone into innovation, resulting in the Group coming up with new products. During the year a number of new products were introduced onto the market. It is through innovation that the Group has managed to maintain its market leadership position.

The Chairman's Report and the Chief Executive Officer's Operations Review will give a more comprehensive report on the Group's operations.

During the year various regulatory issues affecting the business and its interests arose. The business addressed these by communicating on a regular basis with the relevant regulatory authorities.

People

The harsh economic environment persisted during the year, resulting in the Group's employees having to face a lot of financial challenges. By way of mitigating the impact of this tough economic environment on its employees the business produced and implemented a number of measures to alleviate the hardships. Among the measures were the provision of housing loans, bearing in mind that the acquisition of housing is a major goal for most employees.

The Group also continued its focus on developing its employees by engaging consultants and teaming up with training institutions, the ultimate goal being to build the required commercial and technical skills.

Also put in place was a programme which encouraged employees to speak out about their issues and concerns. This line of communication has also proved to be valuable for the business in that it gives opportunities to employees to put forward innovative ideas as well as diverse views on problem solving.

Dividend

The Directors declared a dividend of 0.467 United States cents per share for the year ended 28 February 2017.

Share Capital

Details of the Company's share capital are set out in Note 24 on page 112.

The Company was authorized by shareholders at the 2016 Annual General Meeting to purchase its own shares in the market up to a maximum of 10% of the Company's issued ordinary share capital.

Rights Offer

Upon recommendation by the Board and approval by the shareholders an at Extraordinary General Meeting held on 3 February 2017, the Company launched a Rights Offer. The purpose of the Offer was to raise funds to enable the Company to meet its foreign obligations.

Details of the Rights Offer are given on page 137.

Directors and their interests

The biographical details of the Directors who served during the year are set out in the Board of Director' section.

In terms of Article 69 of the Company's Articles of Association, Directors are not required to hold any shares in the Company by way of qualification.

The Directors who served during the year were: Dr James Myers (Chairman), Mr Strive Masiyiwa, Mr Hardy Pemhiwa (appointed to the Board on 14 November 2016), Mr Craig Fitzgerald (retired from the Board on 3 February 2017), Mrs Tracy Mpofu, Ms Beatrice Mtetwa, Mr Godfrey Gomwe, Mrs Sherree Shereni, Mr Martin Edge, Mr Douglas Mboweni, Mr Krison Chirairo and Mr Roy Chimanikire.

FROM THE DIRECTORS (CONTINUED)

As provided in Article 81 of the Company's Articles of Association, at each annual general meeting at least one third of the Directors must retire and seek re-election. The following Directors retire by rotation at the next annual general meeting and being eligible, offer themselves for re-election: Mrs Sherree Shereni, Mr Martin Edge and Mr Douglas Mboweni.

The Directors may appoint additional members to join the Board. Directors appointed this way will be subject to election by shareholders at the first annual general meeting after their appointment, as provided in Article 89.2 of the Company's Articles of Association. Mr Michael Bennett was appointed to the Board on 27 February 2017. He will stand for election at the 2017 annual general meeting.

The shareholding of Directors is shown in Note 25 of the financial statements.

During the year no Director had a material interest in any significant contract with the Company.

At the Annual General Meeting shareholders will be asked to approve the Directors' fees for the year.

Register of Members
The register of members of the Company is kept at the offices of the Company's transfer secretaries, First Transfer Secretaries (Private) Limited. The register is open for inspection to members and the public during business hours.

Borrowing Powers
As provided in Article 102 of the Company's Articles of Association, the Directors can exercise, on behalf of the Company, its powers to borrow money for its operations.

The details of the Group's borrowings are set out in Note 30 to the financial statements.

Capital commitments
Details of the Group's capital commitments and expenditure are set out in Note 41 of the financial statements.

Donations to Political Parties
The Group does not make donations to political parties as a matter of policy.

Auditors
Members will be asked at the next annual general meeting, to approve the re-appointment of Deloitte & Touche as the Group's external auditors.

By order of the Board

Dr J Myers
CHAIRMAN

D Mboweni
CHIEF EXECUTIVE OFFICER

C A Banda
GROUP COMPANY SECRETARY

30 May 2017

GOVERNANCE STATEMENT

The Board recognizes that in order to effectively play its role of setting out the Group's strategy and reviewing the Group's strategic direction, it must observe good corporate governance and comply with emerging global governance requirements.

It is the Board's responsibility to ensure the Group observes generally accepted principles of corporate governance as enunciated in the various codes on corporate governance as well as compliance with laid-down regulatory obligations. The Board is fully cognisant of the standards set out in the King Codes and the Zimbabwe National Code on Corporate Governance and ensures that these are complied with in the Group.

As a listed entity on the Zimbabwe Stock Exchange the Group is obliged to comply with the latter's Listing Rules. The Group's operations are also subject to laws and regulations imposed by government and local authorities. The Board ensures that every effort is made to comply with these laws and regulations to the latter.

The Board meets four times a year. During the year, apart from the scheduled four meetings, the Board held two other special meetings to consider a proposal to embark on a Rights Offer.

THE BOARD OF DIRECTORS

Board composition, balance and independence

The names and experience of each Director are shown in their biographical details on page 28 and 29.

The Board has twelve members: four Executive directors, three Non-executive Directors and five independent Non-executive Directors. The Board is chaired by an independent non-executive director. By 'independent non-executive' is meant independence from management and absence of any business relationship which might have an impact on the director's independence of judgment and ability to act in the best interests of the Group.

The Articles of Association and the Companies Act (Chapter 24:03) provide that at least one third of the Directors must retire at every annual general meeting and, if eligible, seek re-election. At the last annual general meeting held on 3 February 2017, the following Directors were re-elected: Ms Beatrice Mtetwa and Messrs Godfrey Gomwe and Krison Chirairo.

Role and responsibilities

The Board's principal role is to formulate the Group's strategy and review its strategic direction. It also maintains oversight of the performance of management with a view to ensuring the successful performance of the business.

Apart from the scheduled meetings at which it reviews the Group's performance, the Board has access to senior management through which Directors can receive regular updates on the Group's performance. Directors also have direct access to the services of the Group Company Secretary who is accountable to the Board and who, through the board Chair, ensures that the Board and its committees follow and maintain sound corporate governance procedures.

The Board is responsible for the preparation and presentation of the Group's financial statements. It is the Board's responsibility to ensure that the financial statements give a true and fair view of the Group's state of affairs at the end of each financial period.

Communication with stakeholders

The Group recognizes the importance of effective and timely communication with the investment community. The Board has accordingly mandated the Board Chairman, the Chief Executive Officer and the Finance Director with the responsibility of organizing briefing meetings at which stakeholders and the investment community are briefed on the Group's performance. All information released to the market is also posted on the Group's website.

BOARD COMMITTEES

The Board has in place committees which assist it in dealing with issues in specific areas. The committees set up are the Audit Committee, Risk Committee, Remuneration Committee and Social and Ethics Committee. The committees are governed by terms of reference set and approved by the Board.

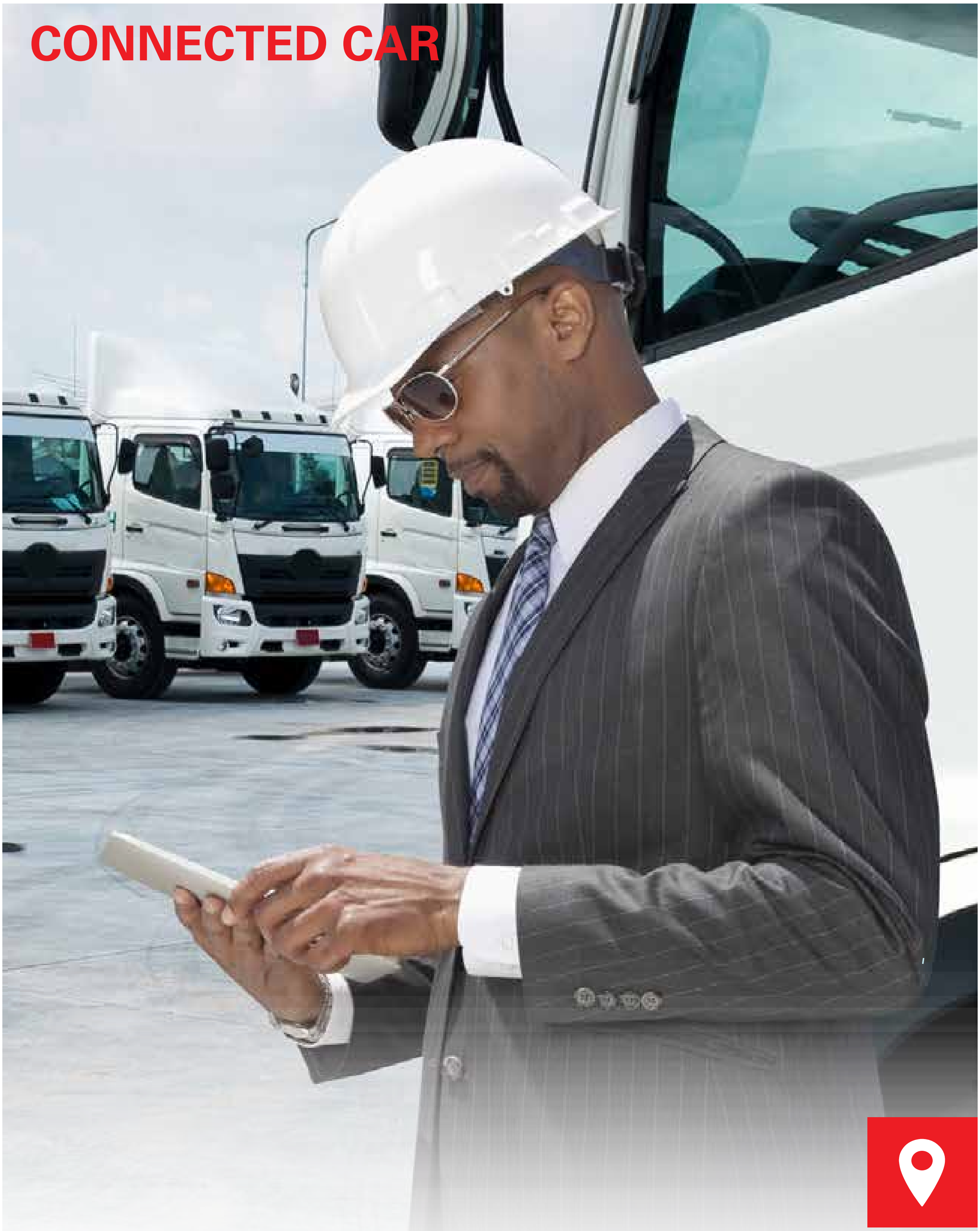
The committees report to the Board and make recommendations to it on matters dealt with by them. The Chairperson of each committee presents a report to the Board on behalf of the committee at every board meeting.

Apart from dealing with specific matters delegated to them by the Board, the committees' existence ensures that high standards of corporate governance are maintained in the Group.

During the year a sub-committee was established by the Board to oversee preparations for, and subsequent launching of, a Rights Offer.

ECONET Wireless

CONNECTED CAR



Connected Car is a well founded vehicle tracking solution which monitors and relays vehicle data to owner on the geographic location and status of vehicle within the Econet's extensive network coverage locally and globally through roaming. Connected Car offers businesses improved communication with customers on actual vehicle progress, reduce operational inefficiencies on habitual delays, discrepancies between actual and planned routes. Econet Connected Car is helping to stamp out vehicle theft in the Zimbabwean society as well as increase productivity in the economy through its efficient vehicle management system.

GOVERNANCE STATEMENT (CONTINUED)

Audit Committee

The Committee focuses on the quality of the Group's financial reporting and the effectiveness of the Group's systems of internal control and, in conjunction with the Risk Committee, risk management processes. It also oversees the integrity of internal audit and assurance and manages the relationship with the Group's external auditors. The latter responsibility entails ensuring that the external auditors provide an effective and independent audit.

The Committee's ultimate goal is to ensure the integrity of financial reporting and implementation of sound internal controls and risk management. The Committee considers and reviews reports from management with a view to assessing the quality of the financial reporting and compliance with disclosure requirements. The external auditors attend the committee meetings to present their report on key matters and any findings deemed necessary to bring attention to the Committee.

In terms of overseeing internal audit, the Group Chief Risk Officer attends the meetings and has direct communication lines with the Committee Chairman.

The Committee membership stood as follows: Mr M Edge (Chairman), Dr J Myers (Member), Mrs S Shereni (Member), Mr C Fitzgerald (Member – Mr Fitzgerald has since retired from the Board and thus from the Committee), Mrs T Mpofu (Attendee) and Messrs D Mboweni, K Chirairo and R Chimanikire (Attendees). The Chairman and two members of the Committee are independent non-executive Directors.

Risk Committee

The Committee's primary role is to oversee the effectiveness of risk and compliance management within the Group.

The identification and management of risk are central to the Group's objective of creating long-term shareholder value. Risks have the potential to impact the Group's overall performance as well as its reputation. The Committee plays the critical role of identifying, analysing and assessing risk issues in order to prevent or minimize the likelihood of that impact.

The Committee co-ordinates and reviews information on risk management and ensures that the risk management systems are operating effectively. It reviews on behalf of the Board both operational and strategic risks with a view to ensuring that these are addressed timeously and effectively.

The Committee also monitors the Group's compliance record, the objective being to ensure the Group meets its legal and regulatory obligations and in the process instil a culture of compliance and integrity.

The following Directors constituted the Committee: Mrs S Shereni (Chairperson), Mr M Edge (Member) and Mr D Mboweni (Member).

The Group's Chief Risk Officer attends the committee meetings and presents reports on risk management.

Remuneration Committee

The Committee's overall responsibility is to review, on behalf of the Board, the Group's remuneration structure and employment policies with a view to ensuring that the Group provides competitive rewards to attract, motivate and retain the required skills.

During the year the Committee reviewed and recommended to the Board for approval, various incentive schemes aimed at retaining critical skills within the Group as well as alleviating the difficulties brought about by the continuing harsh environment.

The Committee also oversaw the implementation of a performance management programme; the programme entails an assessment of the individual's performance, measuring this against performance targets. The objective of the programme is to not only achieve best performance by employees but, in the process, create long-term shareholder value. The programme also provides the opportunity to identify skills and capabilities for further development.

As part of its aim to enhance skills within the Group, the Committee also oversaw and approved a training and development programme. Under the programme various leadership and career progression development initiatives were implemented. Efforts were also made to address gender balance by increasing female representation at leadership levels.

The Committee is chaired by an independent non-executive Director. Members of the Committee were as follows: Dr J Myers (Chairman), Mr C Fitzgerald (Member), Mrs T Mpofu (Attendee) and Mr D Mboweni (Attendee).

The Group's Chief Human Resources Officer attends the committee meetings and presents reports on the Group's employment profile.

GOVERNANCE STATEMENT (CONTINUED)

Social and Ethics Committee

The Committee assists the Board in monitoring the Group's social development programmes and initiatives, in particular the Group's progress in relation to social investment, especially investments in community programmes. It also monitors ethics and integrity within the Group, having regard to the need to maintain the highest standards of governance and the strategic direction of the Group.

The Committee also oversees and monitors the Group's Safety, Health and Environment (SHE) issues and performance, both in terms of its own policies and in terms of compliance with laid-down regulatory requirements.

Alongside the Audit Committee, the Committee also oversees and monitors certain areas of market disclosure; it reviews the Group's compliance with market disclosure obligations and sets guidelines for the release of information.

Three non-executive directors and one executive director make up the Committee: Mr G Gomwe (Chairman and independent non-executive director), Ms B Mtetwa (Member), Mrs T Mpofu (Member) and Mr K Chirairo (Member).

BUSINESS AND EMPLOYEE INTEGRITY

The Group maintained its commitment to operating with integrity and transparency.

Tip-Offs Anonymous, the Group's whistle-blowing programme, remained in place. The programme offers an avenue through which employees, suppliers and customers can report concerns; in particular, it is a means of stopping cases of bribery and corruption and any other cases or incidents that might impact on the Group's integrity.

The Group has also made a commitment to observe the Organisation for Economic Co-Operation and Development ("OECD") Guidelines. The Group is very much aware of the importance of operating to high ethical standards, not only for its reputation but as part of maintaining good relations with its stakeholders.

In terms of employment policies the Group continues with its equal opportunities policy. Its selection, training, development and promotion policies are geared towards ensuring equal opportunities for all employees regardless of gender or race.

INDEPENDENCE OF AUDITORS

The Group's Audit Committee confirms the independence of the Auditors, Deloitte & Touche, who are engaged by the Group for audit-related services. A resolution to extend their appointment for the coming year will be proposed at the next annual general meeting. The Group calls on the services of other firms when the need arises.

GOING CONCERN

The Directors are satisfied that the Group has adequate resources to continue operating and have therefore adopted the going concern basis in preparing the Group's Financial Statements.

By order of the Board

Dr J Myers
CHAIRMAN

D Mboweni
CHIEF EXECUTIVE OFFICER

C A Banda
GROUP COMPANY SECRETARY

30 May 2017

GOVERNANCE, RISK AND REGULATION

Governance, Risk and Regulation

Strong corporate governance, robust risk management and regulatory compliance form the foundation upon which the organisation builds and sustains value. These are fundamental to commercial sustainability and investor confidence hence of material value to the business. Without the correct corporate checks and balances in place, the positive reputation and stakeholder trust, the brand image built over the years could easily be damaged. Failure to comply with relevant regulations could result in penalties, fines, other remedial sanctions and reputational damage weaning stakeholder confidence.

Regulations

The regulatory environment has assumed an area of great importance to the business, the management of which is key to the overall achievement of the organisation's goals. The Zimbabwean regulatory environment is continuously improving with new legislative laws being enacted to regulate the telecommunication and media environment. There will be need to ensure effective tracking, advocacy and engagement of all stakeholders to guarantee a favourable operating environment and compliance going forward. The new laws being considered include the Cyber Crime, Radiation Protection, Recharge card regulations and E-Waste Policy.

Ethics

The business undertook a commitment to develop an Ethics policy to guarantee consistency in the management of governance, risk and regulatory matters across the business. Econet is committed to conducting business with honesty and integrity not only to ensure a sustainable employment environment for everyone but also guarantee the continued success and growth of the business.

Econet subscribes to Deloitte's Tip-offs Anonymous service which is an independent whistle blowing and anonymous disclosure service to enable all employees and stakeholders to report fraud, theft, corruption, bribery and any unethical behaviour impacting negatively on the business and country. Internally there is also a platform for employees to anonymously report unethical practices.

Risk Management

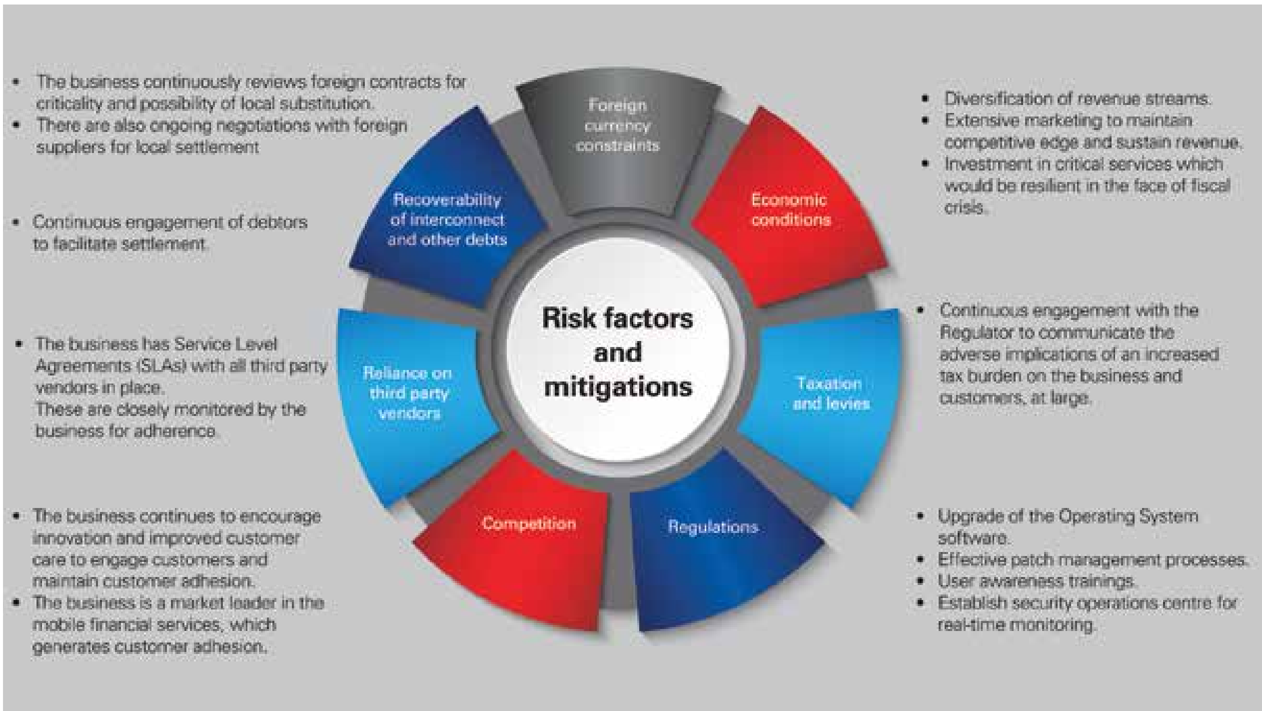
The audit function conducted regular audits to assess the effectiveness of the risk management systems.

Security and Investigations

The Security and Investigations unit conducted regular security risk assessments to ensure asset protection, fraud prevention and adequacy of the security measures. Timeous detection and closure of identified revenue and fraud leakages were closely monitored to ensure customers are treated fairly. Regular fraud risk assessments on areas within the business which are susceptible to the risk of fraud with the major areas being Procurement, Inventory, EcoSure, EcoCash, and Accounts Payable were conducted.

Enterprise Risk Management

The enterprise risk function focused on a Risk culture entrenchment programme for managers, Automation of the enterprise risk management system, continued development and implementation of business processes and updating of risk registers in line with emerging risk. The following risk factors should be considered carefully in evaluating the operations. Our business, financial condition, liquidity, or results of operations, as well as share price could be materially affected by any of the risks below:



GOVERNANCE, RISK AND REGULATION (CONTINUED)

Revenue Assurance

The Revenue Assurance work focused on ensuring that our customers were well served with accurate bills for all revenue streams. On 29 October 2016 the business successfully implemented EcoBill billing system with improved data metering capabilities and the ability to assure data charging accuracy at 99.99%.

Improved new rules to detect SIM box refilling fraud has resulted in rapid identification, blocking and uprooting of offensive SIM boxes and hence protecting international traffic revenues.

Environmental and Social Management

Environmental and social inclusion is fundamental to all business practices in the Econet value chain. The business benchmarks its practices and performance against local and international statutory requirements and standards to ensure it remains Zimbabwe's market leader in the telecommunication space and social responsibility. The business thrives to go beyond mere compliance but focuses on innovative solutions that promote sustainable growth.

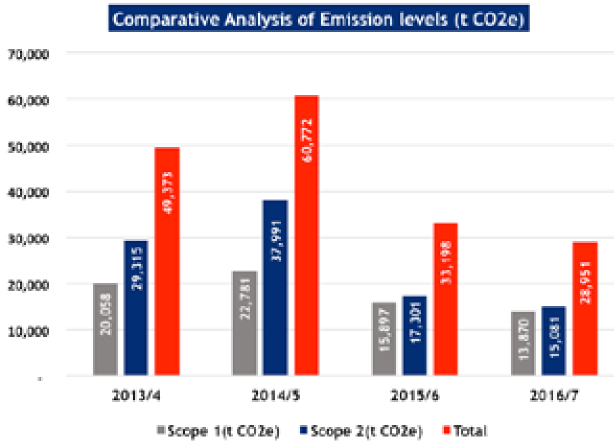
Energy Management

Responsible and effective environmental and social management offers a host of benefits to the organisation, including financial savings from efficient resource utilisation. Energy consumption (electricity and fuel) is a material issue to the business. The energy consumption decreased in the period under review due to a decline in power outages and the improved Network optimisation processes. This resulted in 12% reduction in energy costs for the year. Going forward the business is working on further improvements on energy management which include hybrid systems and solar base station solutions.

Carbon footprint

The decrease in energy consumption translated into a reduction in the Carbon foot print levels. The measurement mainly focused on Scope 1 + 2 (t CO2e) based on the GHG Protocol requirements.

Variable	Description
Scope 1	Emissions (direct emissions from the combustion of fuel in BTS sites, buildings and company vehicles and the use of refrigerants)
Scope 2	Emissions (indirect emissions associated with the use of purchased electricity at EWZ controlled premises)



Scope 1 accounted for 47.9% of the company emissions and scope 2 accounted for 52.1%.

- Network optimisation to improve efficiencies and also reduce generator run time
- Changing lighting equipment in the business to energy efficient lighting (LED) in most sites
- Teleconferencing meetings, hence reducing fuel usage and related emissions

Waste Management

There was focus on Integrated Waste Management systems in line with best practices aimed at ensuring efficiencies in resource utilisation, legal compliance and environmental management. This effort has seen collaboration between Econet, Environmental Management Agency and City Authorities to provide receptacles. The business has committed to the donation of 1 000 bins to City of Harare which will ensure accessibility of receptacles in greater Harare to minimise littering.

The business has entered into arrangement with companies for waste recycling to ensure proper waste disposal. During the year the business shipped 360 tonnes of obsolete telecommunication equipment back to the suppliers for safe disposal under the "Obsolete Equipment Take Back Programme". Efforts are also being made to reduce physical recharge card litter by encouraging customers to utilise electronic recharging and EcoCash, the year closed with the electronic recharge levels at 41%.

Outlook

The following areas will be in focus in the 2017/18 financial year:

- Improving the risk maturity of the Group in line with standard risk management practice
- Continued automation and improvement of business processes
- Compliance management
- Improve sustainability reporting

OUR STAFF

Our ultimate goal is to deliver sustainable organisational performance and growth through our people. Key to this goal is the continued focus on bringing Econet's values to life through the behaviour of our people, and their commitment to our brand. The highlights below explain how the Human Capital work stream is translating our strategic priorities into action:

Investment in professional development.

The organisation is committed to accelerating employees' professional and personal development to strengthen the internal capabilities of our teams. The talent development agenda includes leadership development programs, international exposure programs and aided academic assistance for all individuals wanting to thrive. The organisation promoted over one hundred high performers last year enabling our team members to increase their accountability. To ensure a steady pipeline of junior talent, the organisation offers a graduate trainee program and internship program, as well as a fast track development program for employees below the age of thirty years. Targeted initiatives are also in place to increase the number of women in management and leadership roles.

Employee mobility.

Interventions to facilitate employee mobility across functions are prioritised within the organisation, allowing the members of our teams to have diverse and fulfilling careers.

Culture of motivation and commitment.

Through a transparent communication strategy, the organisation is committed to constructive dialogue with employees. Business performance and strategic objectives are shared to increase accountability and ownership of business decisions. Each member of our organisation is encouraged to champion the Econet brand and values through a number of initiatives including the Econet Games League and the Employee Loyalty Program. The organisation has moved quickly to embed the culture of engagement in functional processes which are measured and evaluated weekly and monthly.

Passion to perform.

HR facilitates the security of our future by partnering with each individual employee in a performance contract. Through this contract, specific goals are set to deliver results and build capabilities. This contract is reviewed bi-annually with an individual's manager in line with business results.

Embracing change.

Econet continues to work on increasing employees' ability and willingness to adapt to changes in their working environment. Interventions are designed to deliver a positive impact on workplace change, while strengthening levels of future employability and performance among our teams.

We are sincerely grateful to all employees for their close and constructive cooperation in 2017. We were able to achieve good progress against what we set out to achieve.

People Focus for the Future

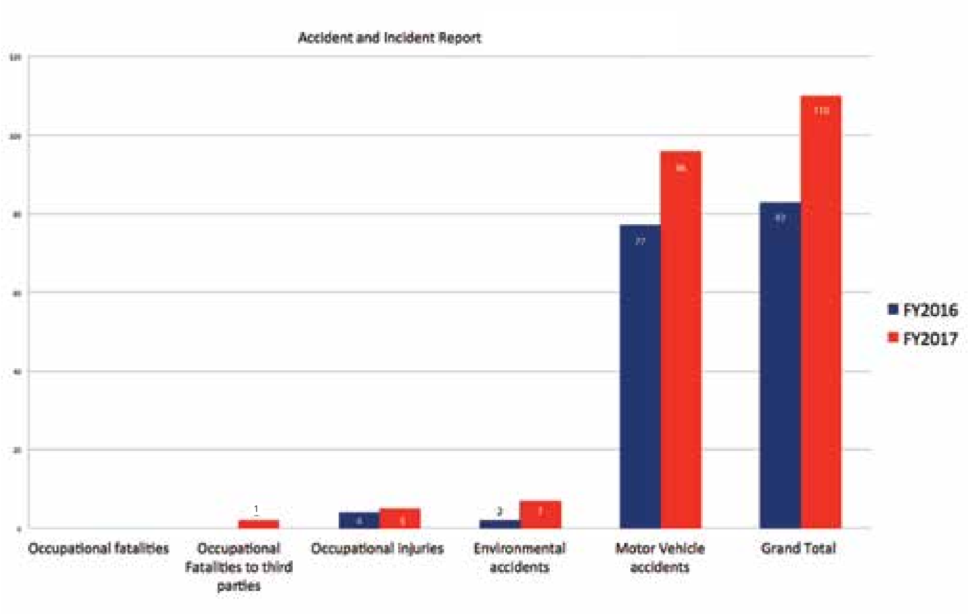
Our focus in the coming year will be to mainstream Our People Pillar targeted at the following interventions:

- Implementation of wellness programmes targeted at 10% reduction in sickness absenteeism and developing of health living.
- Mainstreaming Employee Wellness through information sharing, training for staff on major topical issues on quarterly basis.
- A 10% reduction in occupational injuries through implementation of training and capacity development
- The implementation of business continuity management to reduce and manage disasters
- Sustainability awareness programme to address the United Nations 17 Sustainable Developmental Goals (SDGs) and create a business case for Econet.
- Ensure continuous voluntary compliance initiatives in the business through tracking, monitoring and engagement of key regulators on safety, health and environment.
- Partnerships with other corporate entities to manage e-waste, waste segregations and recycling across the business.
- Talent development through LinkedIn Online Learning to improve individual skill and knowledge which helps to enhance one's ability to perform better.
- Employee Engagement through sports initiatives, cross functional teams, executive visibility and communication.
- Succession planning to ensure cover for all critical roles within the business.

OUR STAFF (CONTINUED)

Employee Wellness (Occupational Safety and Health)
Occupational safety and health is at the core of business responsibility and effort is put to maintain a safe working environment for staff, contractors, customers and the communities in which the company operates. The business continuously tracks and trends a number of key performance indicators as a way of monitoring performance and developing real time interventions to deal with people issues.

Employee Wellness Performance
A total of 110 accidents were recorded for the year. The business did not record any fatality involving staff members or contractors, however one of our staff members was involved in a road traffic accident which resulted in the death of a pedestrian. Our sympathy goes to the family of the deceased. Two Lost Time Injuries (LTI) due to electrical accidents were recorded during the year and the affected staff were provided with appropriate medical attention. The rest of the accidents recorded involved property damage mainly involving motor vehicles with no major injuries to staff members. The accident classification was as follows:

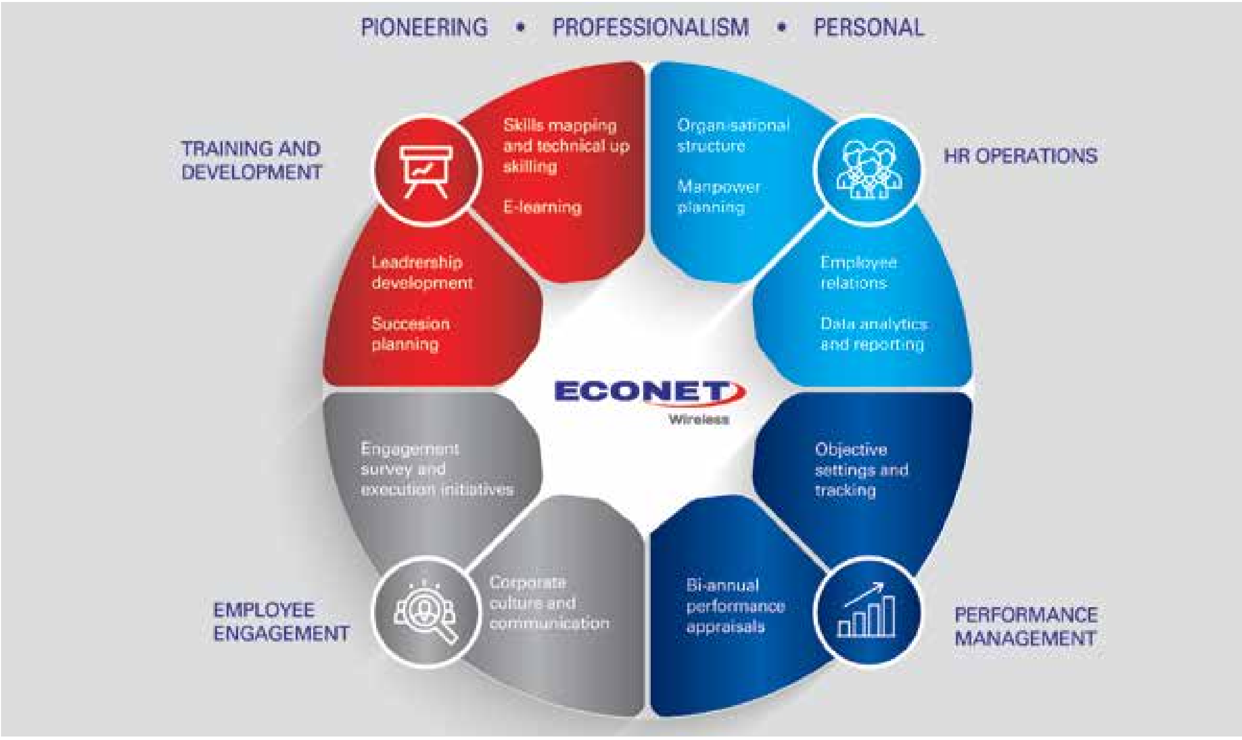


The business continues to enforce adherence to health and safety procedures in all high risk operations such as driving in base station access roads, fire protection equipment and electrical works.
Key initiatives implemented were:

- Defensive driver program, a total of 27 drivers were trained during the period
- Review of standard work procedures for use of company vehicles
- Vehicle Care Committee conducted reviews for motor vehicle accidents

Accident mitigation measures were implemented to address all root causes identified as well as staff training to foster a safe and healthy workforce covering issues that impact our people both within and outside the work space.

OUR STAFF (CONTINUED)










RUZIVO

Ruzivo Digital Learning is an online interactive digital learning platform targeted at primary and secondary students in Zimbabwe. Through this innovative technological solution, quality education has been made more accessible to students, reaching even the most vulnerable communities and ensuring inclusive and equitable quality education. Availability of quality content in Mathematics, English and Science is helping government meet its drive to industrialise and modernize the economy through the STEM project in the education system. Registered schools have started seeing the impact of the service through improved results among their students.

CORPORATE SOCIAL INVESTMENT

Quality of Education

Through Ruzivo Smart Learning, we are harnessing the power of technology to provide quality education.

Lifelong Development

We are using mentorship to build Africa's next generation of leaders.

Donations

We address social issues that affect our beneficiaries' ability to learn through distribution of food packs, sanitary packs and blankets.

Access to Education

We provide access to education through scholarships and University preparation programs.

CORPORATE SOCIAL INVESTMENT

Creating stakeholder value is at the heart of everything we do.
Through suitable engagement processes for each of our stakeholder groups, both external and internal, we create and share value with others building and maintaining stakeholder networks that are fundamental to success. Key stakeholders and the value created is as follows:

+60 000
Mentorship hours recorded annually

MUZINDA

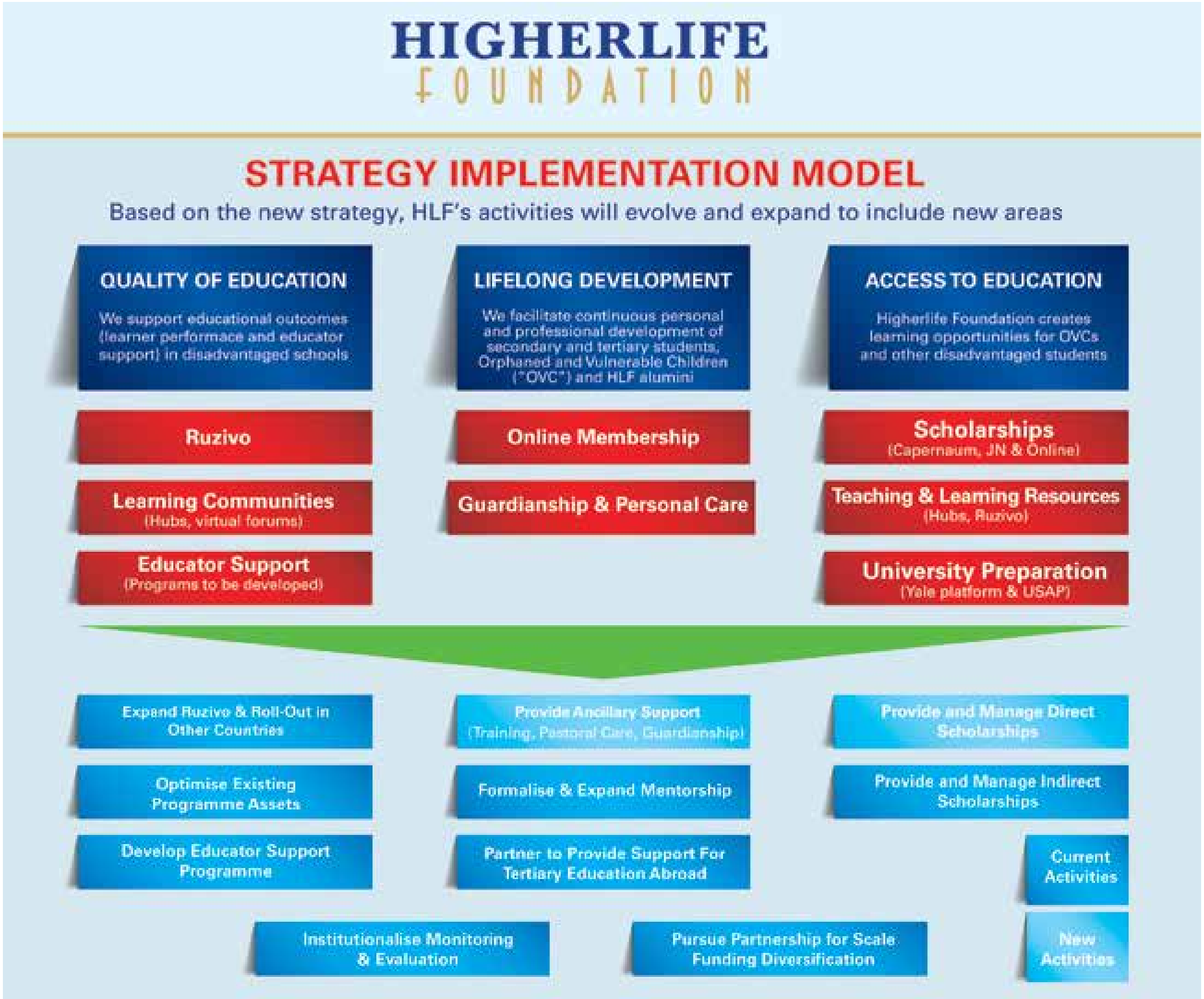
Ruzivo Smart Learning

+8,000
New additions on Ruzivo Online Smart Learning Platform weekly

+250 000
Children impacted through educational scholarships

CORPORATE SOCIAL INVESTMENT (CONTINUED)

Higherlife Foundation ("HLF") is a social enterprise funded by Econet and which has a vision to provide people with a platform to fulfil their God-given purpose. Its mission is to invest in Africa's future through education. Recently the foundation adopted a new strategy focused on IMPROVING QUALITY OF EDUCATION, PROVIDING LIFELONG DEVELOPMENT and ACCESS TO EDUCATION. Below is its detailed strategy implementation model. Based on the new strategy, Higherlife's Goal is to reach out to 2 million scholars by 2020.

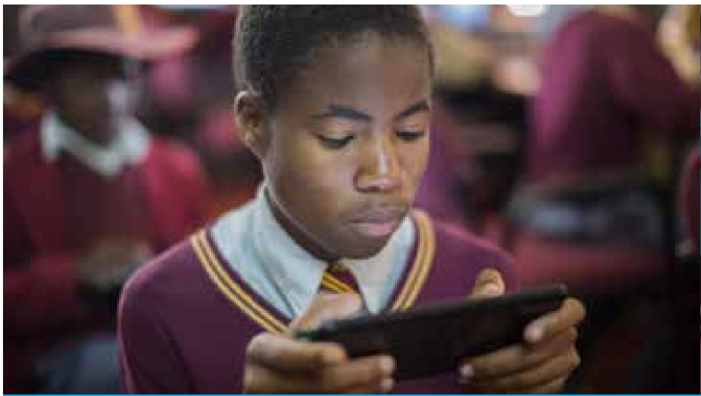


QUALITY OF EDUCATION

Under Quality of Education pillar, HLF supports educational outcomes by improving Learner performance, and providing Educator support. We do this by leveraging on technology to create learning communities around our Tech and Learning Hubs. Through this pillar the schools and students are meant to embrace technology in their learning and teaching processes. In the year under review, we reached out to the following;

- 43 primary and 7 secondary schools had LAN WiFi access installed across the provinces. Out of the 50 schools, 7 secondary schools and 38 primary schools were connected on Liquid Telecoms internet.
- 3 518 Huawei and ZTE tablets were distributed to 206 primary schools to enhance usage of technology by learners and educators. A total of 211 000 learners have benefited from the gadgets.
- 310 000 learners were registered on the online Ruzivo Smart Learning platform. Of this number 216 240 learners were using the platform for their day-to-day activities. The picture below shows primary school children on the Ruzivo Smart Learning platform.

CORPORATE SOCIAL INVESTMENT (CONTINUED)



Primary school children on the Ruzivo Smart Learning platform.

One of the sessions with Hoops 4 Hope.

Ruzivo Content Development

In an effort to improve online Ruzivo Smart Learning, HLF developed content for both primary and secondary school levels. Ruzivo Content is developed uniquely aligned to the Curriculum and Syllabi released by the Ministry of Primary and Secondary Education and the Zimbabwe Schools Examinations Council (ZIMSEC). During the year under review, marathon Content Development projects were carried out to deliver content for 5 Primary subjects, 11 for ZJC level and 19 ordinary levels subjects. We have successfully published all primary school level subjects from grade 1 to grade 7 onto the platform and are currently publishing all secondary content.

LIFELONG DEVELOPMENT

Mentorship Program

In providing education support for students, Higherlife Foundation also offers Lifelong Development support for the students to receive spiritual, mental and physiological support. Higherlife Foundation has developed a mentorship framework, which offers online, and offline mentorship, guardianship, empowerment, counseling, therapy and ancillary support to students, vulnerable children, talented children and alumni.

In the year under review Lifelong Development initiatives have provided online mentorship to 14 000 students. A total of 5 131 mentees and 1 153 mentors were recruited and registered onto the platform. Lifelong Development has also trained a cumulative number of 10 188 on leadership skills through face-to-face facilitation. This has been provided to school prefects, junior councillors and high school students in 415 high Schools in Zimbabwe.

Wellness and Support

During the year under review HLF supported and refurbished 32 Orphanages across Zimbabwe. A total of 1 522 children were provided with brand new beds, bathroom facilities, internet connectivity as well as excellent playgrounds. Furthermore Higherlife Foundation supports 32 homes and 12 Institutions in Zimbabwe to ensure the wellbeing of students and other beneficiaries.

ACCESS TO EDUCATION

HLF continued to create learning opportunities for Orphaned and Vulnerable Children (OVC) and disadvantaged children, and for talented students, through scholarships – in particular the Capernaum Scholarship and the Joshua Nkomo Scholarships. Under the Joshua Nkomo Scholarship program, 60% of the scholarships are towards the girl child. During the year we gave direct support to students some of whom have gone on to study at internationally acclaimed Ivy League Colleges such as Harvard, Yale and Oxford Universities. Working with over 5 000 primary and secondary schools in Zimbabwe and a number of partners in Sub-Saharan Africa, HLF supported over 260 000 scholars since inception.

Number of Scholars supported in 2017

Type of Scholarship	Impact since inception
Capernaum Scholarship	>256,000
Joshua Nkomo Scholarship	>4,000
Total	**>260,000**

Note:
55% of impacted beneficiaries are females and is in line with giving equal opportunities to all.

A total of 64 scholars were offered an opportunity to study at internationally acclaimed Ivy League Colleges such as Harvard, Yale, Oxford Universities, Morehouse and Spelman Colleges. Of the 64 scholars, 10 graduated with Degree programs ranging from Business Administration, Computer Science, Economics, Chemistry and Engineering under the Andrew Young Scholarship program (Morehouse College).

CORPORATE SOCIAL INVESTMENT (CONTINUED)

Hoops 4 Hope in the community.

Some of Higherlife Foundation primary school scholars.

PARTNERSHIPS

Higherlife Foundation in delivering its strategy, works with a number of partners ranging from the Government (Ministry of Primary and Secondary Education), World Vision and communities to support the objectives of the new curriculum and to equip our students, educators and learners with 21st Century Skills.

Ministry of Primary and Secondary Education

To strengthen its relationships with the Government of Zimbabwe, Higherlife Foundation signed a 5 Year Memorandum of Understanding (MOU) with the Ministry of Primary and Secondary Education. The MOU enables its programming teams across Zimbabwe to spend quality time with both educators and students in schools.

World Vision

Under the Access Pillar, a total of 600 orphaned and vulnerable children (OVC) were provided with access to education and 22 mentors were trained in Nkayi through the grant that is availed to World Vision.

Bindura University of Science Education

Higherlife Foundation partnered with Bindura University to train 10 000 educators on Basic ICT as a way of promoting usage of Ruzivo Digital Smart Learning in schools.

Yale Young African Scholars (YYAS)

Higherlife Foundation working in partnership with Yale University created a robust mentorship program for a total of 900 High Schools to get access to U.S. Universities. During the year under review, a total of 300 High School students in Zimbabwe attended the 7-Day Workshop organized by Higherlife Foundation.

Hoops 4 Hope

HLF has collaborated with Hoops4Hope in providing 859 young people with leadership skills through basketball and training of trainers. A total of 60 coaches were trained with mentorship and leadership skills and, reaching out to 1 200 children in different communities. 4-basketball courts were refurbished in 4 different communities to the benefit of many students and local community teams.

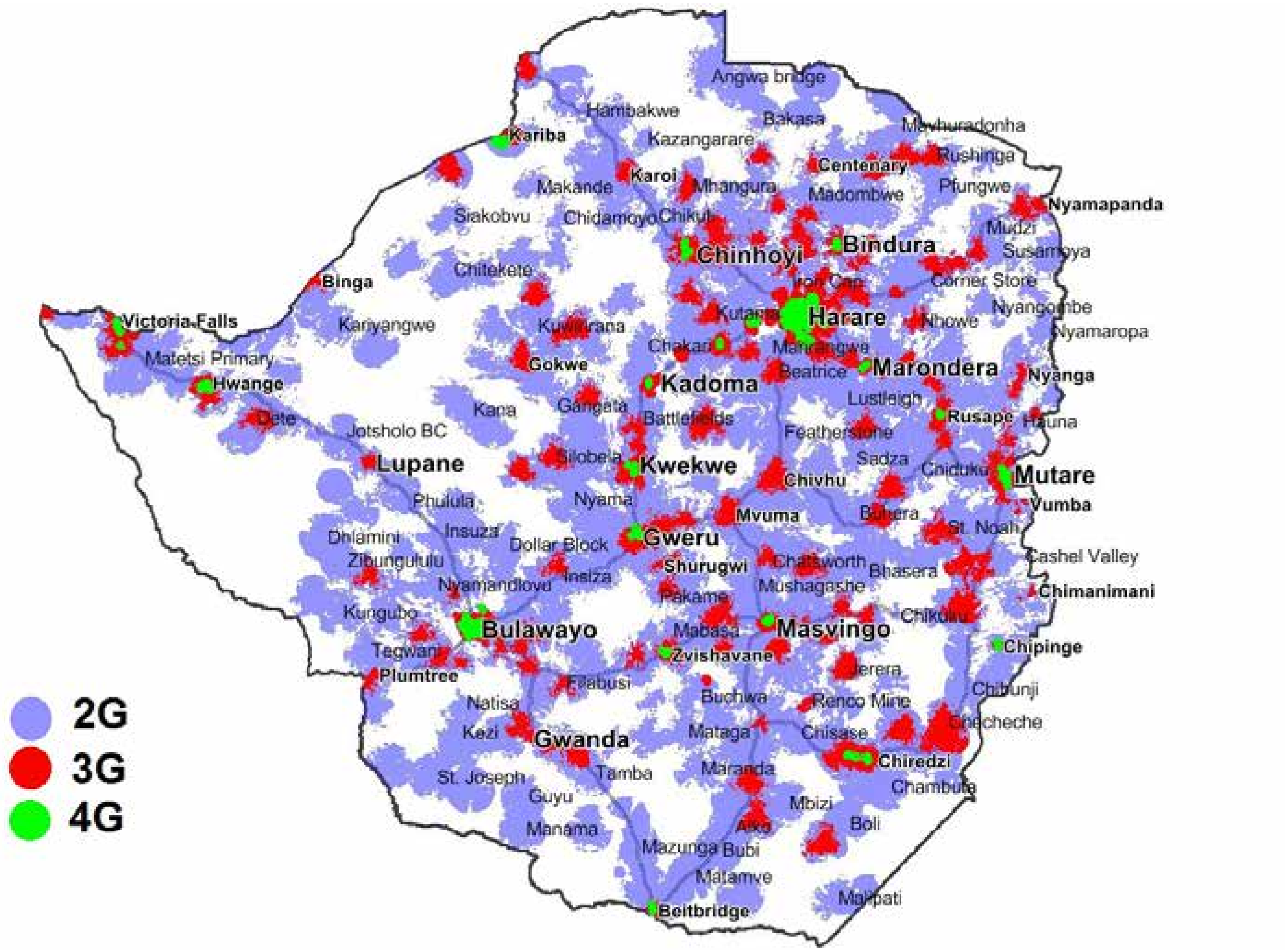
End Fund

In response to the high burden of the 3 neglected tropical diseases (NTD's) in 57 of the country's 63 districts both in rural areas and urban communities, Higherlife Foundation partnered with End Fund to administer mass treatment initiatives reaching 6 300 000 students between the ages of 1 to 12 years old. They were treated for bilharzia, intestinal worms and elephantiasis. In partnership with Econet, Higherlife delivered 3 700 000 SMS messages to bring awareness of the non-communicable tropical diseases to the general public of Zimbabwe.

Access to Education

Higherlife Foundation has transformed and impacted the lives of over 250 000 disadvantaged scholars and academically gifted students between 1996 and 2016. From 2006 to 2015, over 1 000 academically gifted children have been supported through affording them scholarships for education from high school through to tertiary. Over 4 000 tertiary students were supported to date and a total of 155 were supported on international scholarships. The international tertiary colleges include: Harvard, Yale, Morehouse and Luther. With the country experiencing severe food shortages, over 4 000 beneficiaries and households received food support to enable children to remain in school impacting over 30 000 individuals in families of the beneficiaries. Nutritional packs were distributed to vulnerable households. The aim being to ensure that vulnerable children continue to attend school and complete their studies successfully.

ECONET COVERAGE MAP - FEBRUARY 2017



Our network coverage continues to expand year on year. We have 2G (GSM, GPRS, and EDGE) network connectivity in 70.6% of the land area of Zimbabwe. We also have 3G coverage in all urban centres and towns. 4G LTE service will continue to be rolled out to cover most of the urban centres of Zimbabwe.

FINANCIAL REPORTING

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CERTIFICATE BY THE GROUP COMPANY SECRETARY

C. A. BANDA GROUP COMPANY SECRETARY

It is hereby certified in terms of the Companies Act (Chapter 24.03) that Econet Wireless Zimbabwe Limited has for the year ended 28 February 2017 lodged with the Registrar of Companies all such returns required by the Act and that all the returns are correct and up to date.

C. A. Banda
GROUP COMPANY SECRETARY

30 May 2017

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of Econet Wireless Zimbabwe Limited ("the Company") and its subsidiaries ("the Group") are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair presentation of the consolidated financial statements and related information. The Group's independent external auditors, Messrs Deloitte & Touche Chartered Accountants (Zimbabwe), have audited the consolidated financial statements and their report appears on pages 52 to 58 of these consolidated financial statements.

The consolidated financial statements for the year ended 28 February 2017 presented from pages 59 to 139 have been prepared using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03). They are based on the appropriate accounting policies which have been consistently applied, as modified, where necessary, by the impact of new and revised Standards. The application of these accounting policies is supported by reasonable and prudent judgments and estimates.

The Directors are also responsible for the maintenance of adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, 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. The systems of internal control are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The consolidated financial statements have been prepared in accordance with the accounting policies set out in the accounting policy notes.

The Directors have reviewed the Group's budgets and cash flow forecasts for the year to 28 February 2018 and, in light of this review and the current financial position, are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Group to continue to operate as a going concern will need to be performed.

The consolidated financial statements were approved by the Board of Directors on 30 May 2017 and are signed on its behalf by:

DR. J. MYERS
CHAIRMAN OF THE BOARD

D Mboweni
CHIEF EXECUTIVE OFFICER

R. Chimanikire
FINANCE DIRECTOR

These financial statements have been prepared under the supervision of Roy Chimanikire CA(Z).

30 May 2017

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Econet Wireless Zimbabwe Limited

We have audited the consolidated financial statements of Econet Wireless Zimbabwe Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 28 February 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 59 to 139.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at 28 February 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Provision for impairment losses of financial assets	
As reflected in notes 22 and 23, the Group had US$ 101.0 million of trade and other receivable balances and US$ 52.6 million of loans and advances, net of provisions as at 28 February 2017. In determining the provisions the following assumptions were considered: – expected losses on default based on historic loss experience, identification of accounts that exhibit indicators of impairment and the credit quality of the respective accounts, from the date the credit was granted to reporting date, based on review of the past payment history of the counterparties; – expected shortfalls between the present value of discounted future expected cash flows, and the carrying value of the receivables balances; and – expected realisable value of the collateral securing loans and advances. As disclosed in note AB.4, the determination of the allowance for impairment losses on trade accounts receivable and loans and advances is highly judgemental due to the subjectivity of the assessment and the concentration of credit risk. The key considerations made in the determination of the provision for impairment losses comprise the following: – An average recovery rate determined based on historical loss experience is applied on balances receivable from counterparties considered to be historical slow paying debtors and whose payment patterns are not consistent; – 100% provision for impairment losses on balances receivable from counterparties that have not demonstrated a commitment to pay the outstanding balance and for which engagements held with management have not yielded result; and – A portfolio provision is recognised against loans and advances in respect of macroeconomic factors expected to negatively impact expected future cash flows. This area is therefore considered a key audit matter.	– We evaluated the design and implementation of controls in this area; – Tested a selection of trade accounts receivable through direct confirmations with counterparties and verification of subsequent receipts; – Reviewed the payment history to confirm adherence to terms and conditions of the contract; – Verified securities surrendered and assessed against market values forcomparability where applicable. Where guarantees are provided, we assessed the ability of the guarantor to meet the obligations; – Made use of an independent expert in determining security values; – Assessed and challenged the appropriateness of management's key assumptions used in determining the recoverability of selected trade accounts receivable, recognition of long outstanding balances and in impairment calculations for loans and receivables in the context of external data and prior experience; • This involved assessment of the counterparty ability to meet the obligations over time; • Assessment of the potential impact of discounting the cash flows for past due receivables; • Performed sensitivity analyses in relation to the key assumptions in order to assess the potential for management bias; and – Engaged internal Information Technology (IT) specialists to test key controls over the loan administration systems and the manner in which data is extracted from these systems into the models used to determine impairment. We found the Directors applied sensible judgements in assessing whether a trade receivable was impaired or re-coverable.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The Group revenue streams are characterised by high transactional data, fee income and bundling of products involving various streams. The revenue computation process is highly automated, complex in nature and dynamic thus requiring numerous information technology related checks and balances. Due to the varying terms and conditions, the revenue recognition process involves making critical judgements which comprise the following: – Accounting treatment for bundled products, new products and tariff plans; – The recognition criteria of revenue; – Accounting treatment for dealer and agency relationships, treatment of discounts, incentives and commissions; and – Determination of whether fee income earned by the Bank is in respect of services performed in relation to a significant act where the fees can be recognised upfront or whether it relates to the origination of a loan and the related income should be deferred over the average life of the loan in accordance with International Accounting Standard (IAS) 18. This also impacts the deferral of revenue (note 29 of the financial statements) which is dependent on various automated systems, and processes which are complex in nature. As a result of the significance of this balance, the timing of revenue recognition and the volume of transactional data involved, this was considered to be a key audit matter. The revenue recognition policy is disclosed in Note N, and revenue recognised is disclosed in Note 2.	– Performed walkthroughs of the revenue classes of transactions and evaluated the design and implementation of controls in this area; – Reviewed bundled products contracts to identify the related revenue streams and assessed the appropriate revenue recognition criteria for each stream for compliance with the applicable accounting standard; – Reviewed dealer and agency contracts and the related treatment; – Tested the process of updating and application of new tariff plans; – Tested the controls in the billing process; – Analysed and verified transactional data on a monthly basis; – Engaged Internal Data Analytics specialists to independently re-compute the revenue using data analytical methods – Engaged Data Analytics specialists to re-compute the deferred revenue (Unutilised prepaid airtime at year-end). – Performed sensitivity analysis in relation to the key assumptions in order to assess the potential for management bias; and – Made use of internal IT specialists to test key controls over the loan administration systems and the manner in which data is extracted from these systems into the models used to determine revenue recognition; – We performed detailed substantive testing of journal entries processed around revenue to ensure these were appropriately authorised, complete and accurate; and – We confirmed that the related interest enhancing mechanisms such as loan arrangement fees and establishment fees were appropriately recognised over the tenure of the facility from which they arose using the effective interest. We found the Directors' recognition of revenue to be appropriate. We however found the computation of deferred revenue to be prudent.

Key audit matter	How our audit addressed the key audit matter
Recognition of deferred tax asset	
As reflected in note 15.1, the Group recognised a deferred tax asset amounting to US$ 8.6 million which arose from accumulated losses incurred by Steward Bank. The decision supporting that position was based on the Directors' judgement that the Bank would be able to generate sufficient future profits to utilise the deferred tax asset before it expires. As disclosed in note AB.9, significant Directors' judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The determination as to whether to recognise deferred tax assets was based on the key assumption that the bank's revenue growth rate and operating margins are expected to increase progressively. As a result, deferred taxation is considered a key audit matter due to the significance to the financial statements as a whole and judgement in estimating future taxable income.	To evaluate the recognition and measurement of the deferred tax asset, our audit procedures together with those of our tax specialists included: – Analysing the deferred tax calculations for compliance with the relevant tax legislation; – Evaluating Directors' assessment of the estimated manner in which the tax asset would be realised by comparing this to evidence obtained in respect of other areas of the audit, including cash flow forecasts, business plans, and minutes of Directors' meetings and our knowledge of the business; and – Comparing the projected budgets, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reliability of the Directors' projections. We found the assumptions applied by the Directors to be appropriate.
Compliance with loan covenants	
The Group has a significant amount of borrowings outstanding as disclosed in Note 30 to the financial statements. The loan covenants include specific clauses relating to debt service coverage and ratios and net interest bearing financial interests. Non-compliance with restrictive loan covenants could present a significant financial risk to the Group and impede its ability to raise additional financing if needed. Accordingly the classification and measurement of borrowings and disclosures is considered to be a key audit matter.	– We inspected the loan agreements for the existence of any restrictive covenants and assessed compliance of the Group with these covenants; – We confirmed the loan balances with the lenders and requested specific confirmation regarding compliance with covenants; – Furthermore we performed an analysis of compliance with covenants based on the financial results at year end; and – We confirmed and reviewed management processes and plans to settle foreign debt which involved raising foreign currency through a rights issue. The Group faced challenges paying its foreign obligations due to ongoing payment challenges for foreign obligations affecting the country. The Group engaged its lenders and has made appropriate plans to repay the loans as further described in note 30.

Key audit matter	How our audit addressed the key audit matter
Valuation and impairment of goodwill	
Goodwill amounting to US$ 6.1 million was recognised in the consolidated statement of financial position as a consequence of the acquisition of Steward Bank Limited. As required by the applicable accounting standards, Directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill. The Directors determined the recoverable amounts of these goodwill balances using the discounted cash flow model ("DCF"). As disclosed in note 43, the assumptions with the most significant impact on the cash flow forecast include: – The growth rate which, is considered by management to be highly subjective since it is based on management's experience and expectations rather than observable market data. – The discount rate, which is based on the weighted average cost of capital. The calculation of the weighted average cost of capital is highly complex. The Directors' valuations resulted in significant surpluses over the carrying values of goodwill and the Directors' consequently concluded that a reasonably possible change in these multiples would not result in an impairment. Accordingly, for the purposes of our audit, we identified the assessment for impairment of goodwill as a key audit matter.	We focused our tests of the impairment of goodwill on the key assumptions made by Directors: – Critically evaluated whether the model used by Directors to calculate the value in use of the Cash Generating Unit is appropriate; – Validated the assumptions used to calculate the discount rates and recalculated these rates; – Analysed the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit; – Subjected the key assumptions to sensitivity analyses; and – Compared the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of the Director's projections. We found that the assumptions used by the Directors were comparable with historical performance, the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of goodwill to be relevant and useful.
Pending tax cases, provisions and contingent liabilities	
The pending tax cases instituted against the Group and the level of judgement required to determine between a provision and a contingent liability and in the case of a provision, recognise and accurately measure the amount increases the risk that provisions and contingent liabilities may be inappropriately recognised or inadequately disclosed. The disclosures relating to contingent tax liabilities are contained in Note 42.	We performed the following audit procedures: – Engaged the Group legal counsel and had direct discussions regarding any material cases; – Challenged the determination of contingent liabilities versus provisions; – Circularised legal letters to relevant third party legal representatives and assessed responses in the context of audit evidence gathered in other areas of the audit; and – We engaged our tax specialists in the review of specific matters. We found the recognition, measurement and disclosure of provisions and contingent liabilities to be reasonable in the circumstances.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises Company overview, Chairman's Statement, CEO's report, Report of the Directors, Corporate Governance Report, Sustainable Development Report and Report on Directors' Responsibility for Financial Reporting, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tumai Mafunga.

Deloitte & Touche

DELOITTE & TOUCHE
Per Tumai Mafunga
PAAB Practice Certificate No 0442
Partner
Registered Auditor

31 May 2017

ECONET Wireless

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2017

All figures in US$'000s	Note	2017	2016
Revenue	2	**621 705**	**640 989**
Cost of sales and external services sold		(177 582)	(216 805)
Gross profit		**444 123**	**424 184**
Other income	8	4 783	8 994
Share of profit of associate	17.4	6 577	9 515
Gain on disposal of available for sale investments		399	-
General administrative and other expenses		(181 653)	(157 094)
Marketing and sales expenses		(15 495)	(12 250)
Network expenses		(34 781)	(34 930)
Profit before finance costs, taxation, depreciation, amortisation and impairment		**223 953**	**238 419**
Depreciation, amortisation and impairment	4	(138 150)	(136 556)
Profit before net finance costs and taxation		**85 803**	**101 863**
Finance income	6	673	2 827
Finance costs	7	(26 730)	(36 229)
Profit before taxation		**59 746**	**68 461**
Income tax expense	9	**(23 558)**	**(28 261)**
Profit for the year		**36 188**	**40 200**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available - for - sale investments	5	-	(724)
Available - for - sale reserve recycled to profit or loss	5	1 064	-
Total comprehensive income for the year		**37 252**	**39 476**
Profit for the year attributable to:			
Equity holders of Econet Wireless Zimbabwe Limited		36 978	40 363
Non-controlling interest		(790)	(163)
		36 188	**40 200**
Total comprehensive income attributable to:			
Equity holders of Econet Wireless Zimbabwe Limited		38 042	39 639
Non-controlling interest		(790)	(163)
		37 252	**39 476**
Basic earnings per share (dollars)	10	**0.03**	**0.03**
Diluted earnings per share (dollars)	10	**0.03**	**0.03**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2017

All figures in US$'000s	Note	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	11	597 716	695 555
Investment properties	13	6 694	5 420
Intangible assets	14	124 996	133 224
Deferred tax asset	15.1	8 640	10 896
Goodwill	43	6 091	6 091
Investment in associate	17.3	45 909	39 332
Financial instruments:			
-Held-to-maturity investments	16	30 136	19 232
-Available-for-sale investments	18	-	2 440
-Loans and advances - long term portion	23.6	41 591	43 953
Total non-current assets		**861 773**	**956 143**
Current assets			
Assets classified as held for sale	12	1	462
Inventories	21	8 729	11 903
Held-to-maturity investments	16	51 200	34 861
Trade and other receivables	22	101 028	78 865
Financial assets at fair value through profit or loss	20	4 139	1 026
Loans and advances	23.6	11 991	13 928
Cash and cash equivalents	32.4	185 863	99 715
Total currents assets		**362 951**	**240 760**
Total assets		**1 224 724**	**1 196 903**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	24.2	40 764	40 764
Retained earnings		638 066	614 225
Other reserves	26	14 922	2 546
Equity attributable to owners of Econet Wireless Zimbabwe Limited		693 752	657 535
Non-controlling interest		3 572	4 362
Total equity		**697 324**	**661 897**
Non-current liabilities			
Deferred tax liability	15.2	96 794	112 220
Financial instruments - long-term interest-bearing debt	30	55 137	112 343
Non-current provisions	28	4 713	3 487
Total non-current liabilities		**156 644**	**228 050**
Current liabilities			
Deferred revenue	29	15 394	17 834
Provisions	28	2 898	2 500
Financial instruments:			
-Trade and other payables	27	100 509	86 811
- Short-term interest bearing debt	30	72 627	110 735
- Deposits due to banks and customers	31.1	170 204	78 578
Income tax payable		9 124	10 498
Total current liabilities		**370 756**	**306 956**
Total liabilities		**527 400**	**535 006**
Total equity and liabilities		**1 224 724**	**1 196 903**

D. Mboweni
CHIEF EXECUTIVE OFFICER

R. Chimanikire
FINANCE DIRECTOR

30 May 2016

ECONET Wireless

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2017

All figures in US$'000s	Share capital and Share premium	Retained earnings	Other reserves (note 26)	Total	Non-controlling interest	Total
Balance at 28 February 2015	**40 764**	**614 111**	**5 894**	**660 769**	**4 525**	**665 294**
Profit for the year	-	40 363	-	40 363	(163)	40 200
Other comprehensive income	**-**	**-**	**(724)**	**(724)**	**-**	**(724)**
Fair value loss on available-for-sale investments	-	-	(734)	(734)	-	(734)
Taxation effect of other comprehensive loss	-	-	10	10	-	10
Total comprehensive income	**-**	**40 363**	**(724)**	**39 639**	**(163)**	**39 476**
	-	**(40 249)**	**(2 624)**	**(42 873)**	**-**	**(42 873)**
Sale of treasury shares	-	2 202	-	2 202	-	2 202
Purchase of treasury shares	-	(40 066)	-	(40 066)	-	(40 066)
Dividend paid	-	(4 981)	-	(4 981)	-	(4 981)
Transfer from regulatory reserves	-	1 618	(1 618)	-	-	-
Reclassification	-	978	(980)	(2)	-	(2)
Revaluation loss on PPE	-	-	(26)	(26)	-	(26)
Balance at 29 February 2016	**40 764**	**614 225**	**2 546**	**657 535**	**4 362**	**661 897**
Profit for the year	-	36 978	-	36 978	(790)	36 188
Other comprehensive income	**-**	**-**	**1 064**	**1 064**	**-**	**1 064**
Reclassification adjustment- disposal of available for sale investments	-	-	1 085	1 085	-	1 085
Taxation effect of other comprehensive income	-	-	(21)	(21)	-	(21)
Total comprehensive income	**-**	**36 978**	**1 064**	**38 042**	**(790)**	**37 252**
	-	**(13 137)**	**11 312**	**(1 825)**	**-**	**(1 825)**
Dividend paid	-	(12 820)	-	(12 820)	-	(12 820)
Other movements	-	(317)	11 312	10 995	-	10 995
Balance at 28 February 2017	**40 764**	**638 066**	**14 922**	**693 752**	**3 572**	**697 324**

*Other movements includes share allotment reserve, regulatory reserves and other non-distributable reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2017

All figures in US$'000s	Note	2017	2016
Operating activities			
Cash generated from operations	32.2	211 744	224 476
Income tax paid	32.3	(38 081)	(25 566)
Net cash flows from operating activities		**173 663**	**198 910**
Investing activities			
Finance income		27	(77)
Dividends received		65	-
Acquisition of intangible assets	14	(518)	(1 507)
Acquisition of financial assets at fair value through profit or loss	20	(3 021)	(626)
Net acquisition of held-to-maturity investments		(26 680)	(13 100)
Repayments on held to maturity investments		-	16 089
Net investment in consolidated entities		5 472	-
Increase in loans receivable		-	(450)
Decrease /(increase) in loans and advances		4 299	(732)
Purchase of property, plant and equipment:			-
- to expand operating capacity		(32 411)	(81 341)
Proceeds on disposal of property, plant and equipment		1 125	326
Net cash used in investing activities		**(51 642)**	**(81 418)**
Financing activities			
Finance costs		(22 549)	(36 437)
Dividends paid		(10 977)	(4 834)
Increase in deposits due to banks and customers		91 626	9 791
Share buy-back		-	(40 066)
Proceeds from borrowings		27 404	45 268
Repayment of borrowings		(126 899)	(86 737)
Proceeds from rights issue		5 522	-
Net cashflows used in financing activities		**(35 873)**	**(113 015)**
Net increase in cash and cash equivalents		86 148	4 477
Cash and cash equivalents at the beginning of the year		99 715	95 238
Cash and cash equivalents at the end of the year	32.4	**185 863**	**99 715**

ECONET Wireless

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2017

Policy note	IFRS/IAS	Content
A	IAS 1(revised)	Presentation of financial statements: General information and functional currency
B	IAS 1(revised)	Basis of preparation
C	IAS 8	Adoption of new and revised Standards
D	IAS 21	Effects of changes in foreign exchange rates
E	IFRS 3, 10	Business combinations and goodwill
F	IAS 28	Investment in associates
G	IAS 38	Intangible assets
H	IAS 23	Borrowing costs
I	IAS 16	Property, plant and equipment
J	IAS 40	Investment properties
K	IAS 36	Impairment of property, plant and equipment and intangible assets
L	IAS 17	Leases
M	IAS 2	Inventories
N	IAS 18	Revenue
O		Other income
P	IAS 12	Income taxes
Q	IAS 19	Employee benefits and retirement benefits
R	IAS 1(revised)	Current versus non-current classification
S	IFRS 13	Fair value measurements
T	IFRIC 17	Cash dividend and non-cash distribution to equity holders of the parent
U	IAS 39, IFRS 7	Financial instruments – initial recognition, subsequent measurement and disclosure
V	IAS 7	Cash and short term deposits
W	IAS 32	Treasury shares
X	IAS 37	Provisions
Y		Fiduciary assets
Z	IFRS 8	Operating segments
AA	IFRS 2	Share based payments
AB	IAS1 (Revised)	Significant assumptions and key sources of estimation uncertainty

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

A GENERAL INFORMATION

A.1 THE COMPANY

Econet Wireless Zimbabwe Limited ("the Company") was incorporated in Zimbabwe on 4 August 1998 and its main operating subsidiary, Econet Wireless (Private) Limited, on 23 August 1994. The address of its registered office and principal place of business is Econet Park, 2 Old Mutare Road, Msasa, Harare. The main business of the Group is mobile telecommunications and related overlay services. The ultimate holding company for the Group is Econet Global Limited which is incorporated in Mauritius. Except where specific reference is made to "the Company", the notes disclosed in these financial statements pertain to the Group.

A.2 Currency of account

These consolidated financial statements are presented in United States Dollars (US$) being the functional and presentation currency of the primary economic environment in which the Group operates.

B BASIS OF PREPARATION

B.1 Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS); International Accounting Standards ("IAS"); the International Financial Reporting Interpretations Committee (IFRIC). With the exceptions noted below in policy Note C1 "New and Revised Standards and Interpretations- Adopted", the accounting policies set out below have been consistently applied from the previous year and through the current year.

B.2 Compliance with legal and regulatory requirements

These Group financial statements have been prepared in accordance with the accounting policies set out below, and comply with the modified disclosure requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI33/99 and SI 62 /96) and the Banking Act (Chapter 24:20).

B.3 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about the significant areas of accounting judgment; estimations and assumptions in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are described in Note AB.

B.4 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at 28 February 2017. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee if, and only if, the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.
- When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Company voting rights and potential voting rights; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

B.4 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non- controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

C ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

C.1 Application of new and revised standards and interpretations – Adopted

In the current year, the Group adopted the following new and revised IFRSs and annual improvements to IFRSs. The nature and the impact of each new standard and amendment is described below:

Amendments to IFRSs that are mandatory effective for the year ended 31 December 2016.

Amendments to IAS 1 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs:

(i) will not be reclassified subsequently to profit or loss; and
(ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements the amendments provide example of systematic ordering or grouping of the notes,

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

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

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 amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

C ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

C.1 Application of new and revised standards and interpretations – Adopted (continued)

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 Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants

The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

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 application of these amendments has had no impact on the Group's consolidated financial statements as the Group did not have any such transactions in the current year.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (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. This amendment must be applied prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

C ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

C.1 Application of new and revised standards and interpretations – Adopted (continued)

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to 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. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

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. This amendment must be applied retrospectively.

The application of these amendments has had no effect on the Group's consolidated financial statements.

C.2 New and revised IFRSs that are not mandatory effective (but allow for early adoption) for the year ended 31 December 2016.

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

IFRS 9 Financial Instruments – classification and measurement

On 24 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 -Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The classification and measurement requirements address specific application issues arising in IFRS 9 (2009) that were raised by preparers, mainly from the financial services industry. The expected credit loss model addresses concerns expressed following the financial crisis that entities recorded losses too late under IAS 39.

IFRS 9 stipulates that financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements. IFRS 9 is applicable for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The Group is still assessing the impact of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five- step model to account for revenue arising from contracts with customers. The standard will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 construction contracts and the related interpretations when it becomes effective. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, early adoption is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

C ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

C.2 New and revised IFRSs that are not mandatory effective (but allow for early adoption) for the year ended 31 December 2016. (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Under IFRS 15, revenue is recognized 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.

IFRS 15 establishes a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2:Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, that is, when control of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group recognizes revenue from the following major sources:

- Airtime, prepaid products, internet services.
- Bundled products-'smart plan'
- Mobile financial services
- Medical aid income
- Insurance income
- Tracking and home security services

The Group has preliminarily assessed that the smart plan products represent two separate performance obligations and accordingly, revenue will be recognised for each of these performance obligations when control over the corresponding goods and services is transferred to the customer. This is consistent with the current identification of separate revenue components under IAS 18. The transaction price is currently allocated to the different performance obligations being handset device, airtime and interest for the period over which the credit service is provided. The Group does not expect that the allocation of revenue to the components will be different from what is currently being determined. The timing of revenue recognition of each of these two performance obligations that is, upon delivery of the device to the customer and usage of the airtime are all expected to be consistent with the current practice. The Group considers the difference in timing between the transfer of control of goods and services to the customer and the timing of the related payments to constitute a significant financing component.

Connected lifestyle products comprise of installation fees and monthly subscription fees. The Group's preliminary assessment of installation fees show that these are material rights that qualify as a separate performance obligation. The connection fees are non-refundable if there are to be modifications of the contract, and thus will continue to be recognized in full at inception of the contract net of commissions. The monthly subscription fees are recognized over the customer relationship period where the relevant tracking services will be provided by the Group. Monthly subscription fees payable on a monthly basis are recognised as and when the entity has offered service.

As regards airtime, prepaid products, internet services and other revenue streams as disclosed on note N, the Group has preliminarily assessed that the method used to measure the performance obligations will continue to be appropriate under IFRS 15.

Medical aid and insurance income will not be materially impacted as the Group intends to apply the IFRS 15 exemptions under which insurance income will be recognized in accordance with IFRS 4, Insurance contracts.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2017, the Group performed a preliminary assessment of IFRS 15 as above, which is subject to changes arising from a more detailed ongoing analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

C ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

C.2 New and revised IFRSs that are not mandatory effective (but allow for early adoption) for the year ended 31 December 2016. (continued)

IFRS 16 Leases

In January 2016, the International Accounting Standards Board (IASB) released IFRS 16, Leases, which supersedes IAS 17, Leases; IFRIC 4, determining whether an arrangement contains a lease; SIC 15, Operating leases – incentives and SIC 27, evaluating the substance of transactions involving the legal form of a lease. IFRS 16 draws a distinction between a lease and a service, with leasing, the customer obtains control of the resource and the right to obtain all economic benefits from its use, whereas in a service contract the supplier retains control, consequently the standard focuses on whether the customer controls the use of the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset; and the right to direct the use of that asset.

IFRS 16 eliminates the classification of leases as either finance or operating leases by requiring the lessee to recognise lease assets and any related financial obligation at lease commencement for all leases, unless the lease is less than 12 months or of low value, for such leases, Instead of applying IFRS 16 requirements a lessee may elect to account for lease payments as an expense similar to current accounting for operating leases. For the Lessor however, accounting requirements for leasing remain unchanged from IAS 17 where the lessor can classify a lease as either an operating or finance lease.

The standard is effective for reporting periods beginning or after 1 January 2019 with early adoption permitted. The group will reassess existing contracts to determine whether they contain a lease.

Amendments to IFRS 2 Classification and Measurement of Share-based payment transactions

The amendments clarify the following:

- In estimating the fair value of a cash-settled share-based payments, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity settled share-based payments.
- Where a share-based payment arrangement has a net settlement feature, such an arrangement should be classified as equity-settled in its entirety, provided that the share -based payment would have been classified as equity-settled had it not included the net settlement feature.
- Subsequent to a modification of a share-based payment that changes the transaction from cash-settled to equity-settled, the original liability should be derecognized, the equity settled share based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date. Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Group intends to adopt these amendments, if applicable, when they become effective. The application of the amendments will not have significant impact to the consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangement with tax authorities in relation to share-based payments.

Amendments to IAS 7: Disclosure initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific format to disclose financing activities; however, an entity may fulfil the disclosure objective by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Further, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The Group intends to adopt these amendments when they become effective and the directors of the Group do not anticipate that the application of these amendments will have a material on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

C ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

C.2 New and revised IFRSs that are not mandatory effective (but allow for early adoption) for the year ended 31 December 2016. (continued)

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and the effective date is indefinitely pending the outcome of the IASB's research project on the equity method of accounting. Earlier application of these amendments is still permitted. These amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the following:

- Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
- When an entity assesses whether taxable profits will be available against which it can utilize a deductible temporary difference, and the tax law restricts the utilization of losses to deduction against income of a specific type, an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
- The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
- In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The Directors of the company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

D FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The Group's consolidated financial statements are presented in United States dollars, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in currencies other than Group entity's functional currency (foreign currencies) are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

D FOREIGN CURRENCY TRANSACTIONS AND BALANCES (continued)

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.

The gain or loss arising on re-translation of non-monetary items is treated in line with the recognition of the gain or loss on change in fair value of the item i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss.

E BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. 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 interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured and recognised at cost as determined on the acquisition, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised 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 Group'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. This goodwill is subsequently tested for impairment at least on an annual basis and any resulting impairment is recognised immediately in the statement of comprehensive income.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

F INVESTMENT IN ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss in the statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

G INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized 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.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

G INTANGIBLE ASSETS (continued)

Derecognition

An intangible asset is derecognized:

(a) On disposal; or

(b) When no future economic benefits are expected from its use or disposal. Gains or losses arising from de- recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognized.

G.1 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- The intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate probable future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during development; and
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Subsequent to initial recognition of the development expenditure as an asset, the asset is carried at cost less accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

G.2 License and Software

The Group made upfront payments for the renewal of its cellular operating license. The license was granted for a period of 20 years by the relevant government agency with the option of renewal at the end of this period. As a result, the license is assessed as having a finite useful life.

Software comprises software held by Transaction Payment Solutions (Private) Limited, software held by Econet Wireless (Private) Limited, and software held by Steward Bank Limited.

Software integral to an item of hardware equipment is classified as property, plant and equipment

The software and licenses are amortized as follows:

- license held by Econet Wireless (Private) Limited amortized over 20 years;
- software held by Transaction Payment Solutions (Private) Limited is amortized over 2 to 4 years;
- software held by Econet Wireless (Private) Limited is amortized over 5 years; and
- software held by Steward Bank Limited is amortized over 4 years.

H BORROWING COSTS

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

I PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and land and buildings are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Software integral to an item of hardware equipment is classified as property, plant and equipment.

All other repair and maintenance costs are recognised in profit or loss as incurred.

Assets in the course of construction for production or for other purposes not yet determined are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for intended use.

Containers form part of fixed assets and comprise returnable bottles and crates which are sold and re-purchased at current deposit prices and are stated at net realizable value. Net realizable value represents the current deposit price that is payable to customers when containers are repurchased from them.

Write downs of containers to net realizable value are expensed over four years. Container breakages and losses are expensed in the period in which they occur. Any gains in net realizable value are recognised in the period in which they occur.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment is subsequently measured at cost less subsequent depreciation and accumulated impairment charges. (See Note K on Impairment of non- financial assets.)

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight- line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is charged to profit or loss.

Depreciation is not provided on freehold land and capital projects under development.

Other assets are depreciated on such bases as are deemed appropriate to reduce book values to estimated residual values over their useful lives as follows:-

- Buildings - 40 years
- Network equipment - 3 to 25 years
- Beverage plant and equipment - 25 years
- Office equipment - 4 to 10 years
- Motor vehicles - 4 to 5 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Any item of property, plant and equipment and any significant part initially recognised is derecognized 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, calculated as the difference between the sales proceeds and the carrying amount of the asset is included in profit or loss when the asset is derecognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

J INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

K IMPAIRMENT OF NON-FINANCIAL ASSETS

Further disclosures relating to impairment of non- financial assets are also provided in the following notes:
- Disclosures for significant assumptions - Note AB
- Property, plant and equipment - Note 11
- Goodwill - Note 43

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

Goodwill is tested for impairment annually at the reporting date and when circumstances indicate that the carrying value may be impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

K IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

L LEASES

A lease is an agreement in which the lessor conveys to the lessee, in return for payment, the right to use an asset for an agreed period of time.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group does not have any finance leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight- line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Group as a lessee
Assets held under finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income unless they are directly attributable to a qualifying asset in which case they are capitalized in accordance with the Group's policy on borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Group as a lessor
Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

M INVENTORIES

Inventories are assets (a) held for sale in the ordinary course of business; (b) in the process of production for such sale; or (c) to be consumed in the production process or the rendering of services. The main categories of inventory recognised in the financial statements are (a) Merchandise comprising calling cards, handsets, accessories and simcards and (b) Spares, stationery and other inventory.

Measurement

Inventories are measured at the lower of cost or net realizable value.

Cost comprises all costs necessary to bring the inventories to their present location and condition.

Net realizable value represents the estimated selling price less all estimated costs incurred in the marketing, selling or distribution, where applicable.

Merchandise, raw materials and consumable stores are valued at cost on a weighted average cost basis. Manufactured finished products and products in process are valued at raw material cost, plus labor and a portion of manufacturing overhead expenses, where appropriate.

Inventories are de-recognised when they are sold, and the carrying amount is recognised as an expense in the period in which the related revenue is recognised.

Impairment

Write downs to net realizable value and inventory losses are expensed in the period in which they occur. Obsolete and slow moving inventories are identified and written down to their estimated economic or realizable value.

The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is accounted for as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

N REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Telecommunications

N.1 Contract products

Connection fees

Revenue is recognised on the date of activation.

Access charges

Revenue from access charges is recognised as the customers are provided access to the network based on the agreed fixed charges.

Airtime

Revenue is recognised on a usage basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

N REVENUE RECOGNITION (continued)

N.2 Pre-paid products

Starter packs
Revenue is recognised on the date of purchase when all risks and rewards associated with the starter-packs are transferred to the purchaser.

Airtime
Revenue is recognised when a customer utilizes the airtime, at which point the risks and rewards have been transferred. Upon purchase of an airtime voucher the customer receives the right to make outgoing voice calls, use the short message service, download internet data and other overlay services to the value of the voucher. Revenue is deferred until such a time as the customer uses the airtime.

N.3 Internet services

Subscriptions
Subscriptions revenue is recognised on a straight-line basis over the period of the subscription.

Data Services
Revenue is recognised on the basis of usage by the subscriber in accordance with the substance of the agreement.

N.4 Automated transaction services

Software and hardware sales
Revenue is recognised when goods are delivered and ownership has passed.

Service revenues
Revenue is recognised on the accrual basis in accordance with the substance of the agreement.

N.5 Interconnect services

Interconnect services revenue is recognised when the service is rendered.

N.6 Bundled products

Post-paid and prepaid products with multiple deliverables are defined as multiple element arrangements.

Post-paid products typically include the sale of a handset, activation fee and a service contract; and prepaid products include a subscriber identification module (SIM) card and airtime.These arrangements are divided into separate units of accounting, and revenue is recognised through application of the residual value method. In applying the residual value method, an estimate of the stand-alone selling price of a good or service is made by reference to the total transaction price less the sum of the observable stand-alone selling prices of other goods or services promised in the contract (the residual value).

N.7 Other revenue

N.7.1 Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The Group does not provide any extended warranties or maintenance contracts to its customers.

N.7.2 Interest income and expense
For all financial instruments measured at amortized cost, interest-bearing financial assets classified as available- for-sale, and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest (EIR) method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

N REVENUE RECOGNITION (continued)

N.7 Other revenue (continued)

N.7.2 Interest income and expense (continued)

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and 'Interest expense' for financial liabilities. However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been written down due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

N.7.3 Banking fee and commission income

The bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- Fee income earned from services that are provided over a certain period of time; and
- Fees earned for the provision of services over a period of time are accrued over that period.

These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

Fee income from providing transactions services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

N.7.4 Medical aid income

Contribution income

Contribution income is recognised in the accounting period in which contributions are received and membership is granted.

Fees

Fees are recognised as revenue in the accounting period in which the services were rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

N.7.5 Insurance income

Premium income

Gross premiums comprise the premiums on contracts entered into during the year. Premiums written include adjustments to premiums written in prior periods. Premium income arising from funeral cover is recognised when paid.

O OTHER INCOME

O.1 Net trading income from financial instruments

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities 'held for trading'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

O OTHER INCOME (continued)

O.2 Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established (provided that it is probable that the economic benefits will flow to the Group), which is generally when shareholders approve the dividend.

O.3 Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

P TAXATION

P.1 Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

P.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re- assessed at each reporting date and are recognised to the extent that it has become probable that future taxable 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 in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

P TAXATION (continued)

P.2 Deferred tax (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Current and deferred tax for the period

Current and deferred tax are recognised as income or as an expense in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

P.3 Value Added Tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value Added Tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Q EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment.

The classification, recognition and measurement of these employee benefits is as follows;

a) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Group's short term employee benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset during the period in which the employee renders the related service. The Group recognizes the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

b) Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-employment benefits comprise retirement benefits that are provided for Group employees through an independently administered defined contribution fund and by the National Social Security Authority (NSSA), which is also a defined contribution fund from the Group's perspective. Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service. The Group has no liability for Post- employment Retirement Benefit Funds once the current contributions have been paid at the time the employees render service.

During the year the Group contributed to the Group defined contribution fund and to the NSSA scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

Q EMPLOYEE BENEFITS (continued)

c) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date (or contractual date) or an employee's decision to accept voluntary redundancy in exchange for those benefits. The Group recognizes termination benefits as a liability and an expense at the earlier of when the offer of termination cannot be withdrawn or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Termination benefits are measured according to the terms of the termination contract. Where termination benefits are due more than 12 months after the reporting period, the present value of the benefits shall be determined. The discount rate used to calculate the present value shall be determined by reference to market yields on high quality corporate bonds at the end of the reporting period.

Details regarding the termination benefits incurred by the Group during the year are set out in notes 4 and 24.5

R CURRENT AND NON CURRENT CLASSIFICATION

The Group presents assets and liabilities in statement of financial position based on current or non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets that do not meet the definition above as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle or;
- It is held primarily for the purpose of trading or;
- It is due to be settled within twelve months after the reporting period or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities that do not meet the definition above as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

S FAIR VALUE MEASUREMENT

The Group measures financial instruments such as available for sale financial assets and financial assets at fair value through profit or loss and non-financial assets such as investment properties, at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

Disclosures for valuation methods, significant estimates and assumptions Notes AB, 13, 19 and 20.
Quantitative disclosures of fair value measurement hierarchy Note 19.
Investment properties Note 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

S FAIR VALUE MEASUREMENT (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board of Directors through management determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for non-recurring measurement, such as assets held for sale, where applicable.

External values are involved for valuation of significant assets, such as investment properties. Involvement of external values is decided upon annually by the Board of Directors. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

T CASH DIVIDEND AND NON-CASH DISTRIBUTION TO EQUITY HOLDERS OF THE PARENT

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in Zimbabwe, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re- measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of comprehensive income.

U FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a Group entity becomes party to the contractual provisions of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

U FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (continued)

U.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available for sale financial assets.

U.1.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of comprehensive income.

U.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in profit or loss.

For more information on receivables, refer to Note 22 and 23.

U.1.3 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income.

U.1.4 Available for Sale financial assets

Available for Sale ("AFS") financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

U FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (continued)

U.1 Financial assets (continued)

U.1.4 Available for Sale financial assets (continued)

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognised in other operating income. If the investment is determined to be impaired, the cumulative loss is reclassified from the AFS reserve to profit or loss.

Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognised in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group 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
  - a) the Group has transferred substantially all the risks and rewards of the asset, or
  - b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

U.1.5 Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note AB
- Trade receivables Note 22
- Loans and advances Note 23

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

U FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (continued)

U.1 Financial assets (continued)

U.1.5 Impairment of financial assets (continued)

U.1.5.1 Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them 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 the collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income. Interest income (recorded as finance income in the statement of comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

U.1.5.2 AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. 'Significant' is evaluated against the original cost of the investment and prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from OCI and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

U FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (continued)

U.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

U.2.1 Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 30

U.2.2 Financial guarantee contracts

Financial guarantee contracts issued by the Group 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 a payment when due in accordance with the terms of a debt instrument. Financial guarantee 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 recognised less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

U.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

V CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short- term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

W TREASURY SHARES

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

X PROVISIONS

General

Provisions are recognised when the Group has a present obligation (legal or constructive) 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Y FIDUCIARY ASSETS

To the extent that the Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients, the assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of the Group.

Z OPERATING SEGMENT INFORMATION

The Group identifies segments as components of the Group that engage in business activities from which revenues are earned and expenses incurred (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The chief operating decision-maker has been identified as the Group Chief Executive Officer.

Measurement of segment information

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment information has been reconciled to the consolidated annual financial statements to take account of inter- segment transactions and transactions and balances that are not allocated to reporting segments.

AA SHARE-BASED PAYMENTS

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 24. That cost is recognised in employee benefits expense (Note 4), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

AA SHARE-BASED PAYMENTS (continued)

Equity-settled transactions (continued)

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 10).

AB SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 35
- Financial risk management and policies Note 35
- Sensitivity analysis disclosures Notes, 35.3 and 36.2

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Capitalization of borrowing costs

When capitalizing borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, the matter of determining whether an asset takes a substantial period of time to get ready for its intended use, normally one year, is deemed to be a significant area of judgment.

In particular, as there are multiple financing sources for both general and specific use, allocation of borrowing costs demands significant judgment.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

AB.1 Property, plant and equipment - IAS 16

Property, plant and equipment represent a significant proportion of the asset base of the Group, being 49% (58% in prior year) of the Group's total assets in the year under review.

Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

AB SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (continued)

AB.1 Property, plant and equipment - IAS 16 (continued)

Residual values of property, plant and equipment
During the year management assessed the residual values of property, plant and equipment. Residual values of each asset category have been assessed by considering the fair value of the assets after taking into account age, usage and obsolescence. These residual values are reassessed each year and adjustments are made where appropriate. The valuation methods adopted in this process involves significant judgment and estimation.

Useful lives of property, plant and equipment
A review of the estimated remaining lives of all network equipment was performed using the engineering expertise within the business with reference to published industry benchmarks.

This review considered the following factors, at a minimum; the age of the equipment, technological advancements, current use of the equipment, and planned network upgrade programs. The determination of the remaining estimated useful lives of the network equipment is deemed to be a significant area of judgment due to its highly specialized nature. Refer to Note I for the useful lives of property, plant and equipment.

Network modernization
The network cellular segment embarked on a network modernization project in prior year. The transaction involved the swap out of old equipment for new equipment.

Significant judgments are made by Directors in determining the extent to which the exchange transactions impact the future cash flows of the business, and thus if the transaction has commercial substance and the consequential accounting treatment.

In determining if the transaction has commercial substance Directors assess if:

a) The configuration (risk, timing and amount) of cash flows of the assets received differs from the configuration of the cash flows of the assets transferred;
b) The entity-specific value of the portion of the entity's operations affected by the transaction changes as a result of the exchange; and
c) The difference in (a) or (b) is significant relative to the fair value of the assets exchanged

The Directors therefore concluded that the swap had commercial substance, and thus the equipment acquired was recognised at fair value.

The fair value of the new equipment was ascertained as the cash consideration that would have been exchanged in an arm's length and orderly transaction between willing market participants, had the new equipment been acquired for a cash consideration only.

AB.2 Intangible assets - IAS 38

Intangible assets include licenses and development costs. These assets arise from both separate purchases and from acquisition as part of business combinations. On the acquisition of mobile network operators, the identifiable intangible assets may include licenses, customer bases and brands.

The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset, where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Estimation of useful life
The useful life used to amortize intangible assets relates to the future performance of the assets acquired and management's judgment of the period over which economic benefit will be derived from the asset.

The basis for determining the useful life for the most significant categories of intangible assets is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

AB SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (continued)

AB.2 Intangible assets - IAS 38 (continued)

AB.2.1 Licenses

The estimated useful life is, generally, the term of the license, unless there is a presumption of renewal at negligible cost. Using the license term reflects the period over which the Group will receive economic benefit. For technology specific licenses with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the license. The economic lives are periodically reviewed, taking into consideration such factors as changes in technology. Historically, any changes to economic lives have not been material following these reviews.

AB.2.2 Capitalized software

The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licenses, the useful life represents management's view of the period over which the Group will receive benefits from the software, but not exceeding the license term.

For unique software products controlled by the Group, the useful life is based on historical experience with similar products as well as anticipation of future events, which may impact their life, such as changes in technology. Historically, changes in useful lives have not resulted in material changes to the Group's amortization charge.

AB.3 Impairment reviews - IAS 36

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cashflow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance or the Cash Generating Unit (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 43.

AB.4 Provisions

Provision for impairment of accounts receivable

The provision for impairment is based on an estimate of the recoverability of accounts receivable and subject to estimation. Refer to Note 22 for the basis of determining impairment loss provisions.

Provision for long service awards

In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, a constructive obligation exists within the Group for the payment of long service awards. This obligation is derived from the past practice of paying out awards and has thus created a constructive obligation.

IAS 19 - Employee Benefits, outlines the accounting treatment of long service awards payable to qualifying employees. The standard provides guidance on the determination of provisions such as the long service awards. The provision is determined by discounting to net present value the future cash flows for long service awards. In computing the obligation, the Group management have made the following assumptions:

- Staff retention period – 15 years (This represents the expected period employees are likely to stay employed by the Group. It takes into consideration past behaviours and external market research on behaviours patterns of certain age groups and their employment trends); and
- Discount rate – 10% based on the computed weighted average cost of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

AB SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (continued)

AB.5 Syndicated loans

Certain cash flows used in the calculation of amortized cost of the syndicated loans are based on forecast future interest rates (LIBOR) which are subject to estimation. The interest is based on various interest arrangements on facilities with various lenders. The Syndicated loans are detailed on Note 30.

AB.6 Deferred revenue

Revenue for cellular network services is recognised when the airtime is utilized by the customer. The unused air time as at 28 February 2017 has been deferred from revenue until the airtime has been used by the customers. The deferred revenue portion is determined by both information technology related checks and arithmetical formulae to identify the portion of revenue to be deferred.

AB.7 Investment property - determination of fair value

Where the fair values of investment property cannot be derived from an active market, they are determined using a variety of valuation techniques. Determining the valuation technique to use and the inputs requires significant judgment. Refer Note 13 for more detail on valuation of investment property.

AB.8 Impairment losses on loans and advances to bank customers

The Group reviews its individually significant loans and advances to bank customers at each statement of financial position date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

AB.8.1 Impairment provision

a) Specific and portfolio provisions

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, etc.), and judgments on the effect of concentrations of risks and economic data. Refer to Note 23 for the carrying amount of loans and advances to customers and more information on the impairment of loans and advances to customers.

b) Regulatory provision

The Reserve Bank of Zimbabwe requires the Bank to provide provisions for impairments on loans. Where the regulatory provision is higher than the IAS 39, 'Financial Instruments: Recognition and Measurement' the excess is recognized as an appropriation of reserves.

c) Past due but not impaired loans

Loans and advances where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

AB.9 Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

These losses relate to subsidiaries that have a history of losses, and may not be used to offset taxable income elsewhere in the Group. Further details on taxes are disclosed in Note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

1 OPERATING SEGMENTS

The principal activities set out below are the basis on which the Group reports its primary segment information.

Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and is measured consistently with operating profit or loss in the consolidated financial statements.

For management purposes, the Group is organised into business units based on their products and services and has the following reportable segments:

Cellular Network Operations
Econet Wireless (Private) Limited provides cellular network services which form the main business of the Group.

Financial Services
Steward Bank Limited provides retail, corporate, and investment banking services in the key economic centres of Zimbabwe. EcoCash provides mobile money transfer services, while Transaction Payment Solutions (Private) Limited provides financial transaction switching, point of sale and value added services that exploit the convergence of banking, information technology and telecommunications.

Beverages
Mutare Bottling Company (Private) Limited provides beverages to both individual and corporate clients.

Investments and Administration
Included in this segment is Econet Wireless Capital Holdings (Private) Limited which is the investment vehicle and Econet Wireless Zimbabwe Limited, the Group's holding company.

Other Segments
Steward Health provides medical aid cover to corporates and individuals as well as administration services for closed medical schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

1 OPERATING SEGMENTS (continued)

Segment information for the year ended 28 February 2017

All figures in US$'000s	Cellular network operations	Financial services	Beverages	Investments and administration	Other segments	Segment total	Adjustments and eliminations	Group total
Segment information for the year ended 28 February 2017								
Revenue from external customers*	495 112	89 319	11 000	-	2 414	**597 845**	-	**597 845**
Revenue from transacting with other operating segments of the same entity	-	1 111	-	-	-	**1 111**	(1 111)	**-**
Interest income from banking operations	-	34 465	-	-	-	**34 465**	(10 605)	**23 860**
Total Revenue	**495 112**	**124 895**	**11 000**	**-**	**2 414**	**633 421**	**(11 716)**	**621 705**
Depreciation	110 010	4 532	1 820	-	11	**116 373**	-	**116 373**
Amortisation of intangible assets	8 681	490	-	-	-	**9 171**	-	**9 171**
Impairments of property, plant and equipment and assets held for sale	5 579	6 484	543	-	-	**12 606**	-	**12 606**
Finance income	3 516	3 201	30	573	-	**7 320**	(6 647)	**673**
Finance costs	31 345	1 453	1 072	573	-	**34 443**	(7 713)	**26 730**
Share of profit of associate	-	-	-	6 577	-	**6 577**	-	**6 577**
Income tax expense	11 055	12 775	(386)	114	-	**23 558**	-	**23 558**
Segment profit/(loss)	21 521	7 044	(2 243)	4 930	(315)	**30 937**	5 251	**36 188**
Acquisition of segment non-current assets***	(26 999)	(5 331)	(242)	-	(409)	**(32 981)**	-	**(32 981)**
Segment assets**	1 112 108	384 819	26 589	208 847	613	**1 732 976**	(508 252)	**1 224 724**
Segment liabilities	387 096	276 375	17 982	245 943	1 356	**928 752**	(401 352)	**527 400**

Notes

*Revenue for other segments comprises medical aid subscriptions.

**Included in segment assets is an amount of US$ 45.9 million pertaining to an investment in associate accounted for using the equity method.

*** The amount excludes acquisition of financial instruments and deferred tax assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

1 OPERATING SEGMENTS (continued)

Segment information for the year ended 29 February 2016

All figures in US$'000s	Cellular network operations	Financial services	Beverages	Investments and administra-tion	Other segments	Segment total	Adjustments and eliminations	Group total
Segment information for the year ended 29 February 2016								
Revenue from external customers*	530 398	84 149	15 453	-	1 939	**631 939**	-	**631 939**
Revenue from transacting with other operating segments of the same entity	-	407	-	-	-	**407**	(407)	**-**
Interest income from banking operations	-	9 049	-	-	-	**9 049**	-	**9 049**
Total Revenue	**530 398**	**93 605**	**15 453**	**-**	**1 939**	**641 395**	**(407)**	**640 988**
Depreciation	(117 474)	(3 787)	(1 541)	-	(14)	**(122 816)**	-	**(122 816)**
Amortisation of intangibles	(9 106)	(294)	-	-	-	**(9 400)**	-	**(9 400)**
Impairments of property, plant and equipment & intangible assets	(3 898)	(442)	-	-	-	**(4 340)**	-	**(4 340)**
Finance income	6 042	5 538	47	-	2	**11 629**	(8 803)	**2 826**
Finance costs	(44 708)	(78)	(1 140)	-	-	**(45 926)**	9 697	**(36 229)**
Share of profit of associate	-	-	-	9 515	-	**9 515**	-	**9 515**
Income tax expense	(23 104)	(5 966)	699	-	110	**(28 261)**	-	**(28 261)**
Segment profit/(loss)	16 653	16 372	(493)	7 704	(1 236)	**39 000**	1 200	**40 200**
Acquisition of segment non-current assets***	(75 678)	(12 565)	(625)	-	(821)	**(89 689)**	-	**(89 689)**
Segment assets**	1 207 705	293 444	30 002	193 637	2 329	**1 727 117**	(530 214)	**1 196 903**
Segment liabilities	480 675	203 506	19 173	238 650	3 969	**945 973**	(410 967)	**535 006**

Notes

*Revenue for other segments comprises medical aid subscriptions.

**Included in segment assets is an amount of US$ 39.3 million pertaining to an investment in associate accounted for using the equity method.

*** The amount excludes acquisition of financial instruments and deferred tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

1 OPERATING SEGMENTS (continued)

All figures in US$'000s	Note	2017	2016
Reconciliation of profit			
Segment profit		**30 937**	**39 000**
Adjustments		5 251	1 200
Revenue		(11 716)	(407)
Cost of sales		11 650	11 090
Expenses		6 072	2 505
Other income		(2 458)	(12 881)
Investment income		1 703	893
Group profit		**36 188**	**40 200**
Reconciliation of assets			
Segment operating assets		1 732 976	1 727 116
Investment in subsidiaries		(129 881)	(127 881)
Inter-company receivables and investments		(378 371)	(402 332)
Group operating assets		**1 224 724**	**1 196 903**
Reconciliation of liabilities			
Segment operating liabilities		928 752	945 973
Inter-company payables and bank deposits		(401 352)	(410 967)
Group operating liabilities		**527 400**	**535 006**

2 REVENUE

Revenue is made up of:

All figures in US$'000s	Note	2017	2016
Revenue from rendering of services:			
- Local airtime		251 715	268 360
- Interconnection fees and roaming		66 882	92 727
- Data and internet services		122 636	113 173
- Value added services and SMS		48 170	50 996
Other service revenue - mobile money, life premiums and connected car		102 569	77 231
Revenue from sale of goods - beverage sales, handset sales, accessories		22 060	29 453
Interest income from banking operations	3	7 673	9 049
		621 705	**640 989**

3 NET INTEREST INCOME FROM BANKING OPERATIONS

All figures in US$'000s	Note	2017	2016
3.1 Interest income from banking operations			
Loans and advances to customers		**7 673**	**9 049**
3.2 Interest expense from banking operations			
Interest on deposits due to banks and other customers		**(539)**	**(1 210)**
Net interest income from banking operations		**7 134**	**7 839**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

4 PROFIT FROM OPERATIONS BEFORE NET FINANCE COSTS

Profit from operations is arrived at after taking the following income/(expenditure) into account:

All figures in US$'000s	Note	2017	2016
Cost of inventories recognised as an expense	21	(23 105)	(24 337)
Provision for impairment (loss) / reversal on trade and other receivables	22	(22 920)	2 920
Impairment of loans and advances to customers	23.4	(4 922)	(2 249)
Impairment of investments		-	(450)
Office expenses		(20 275)	(13 622)
Computer expenses		(11 664)	(14 852)
Other expenses*		(22 276)	(26 093)
Net foreign exchange (losses)/gains		(1 662)	1 139
Operating lease charges		(8 999)	(6 329)
Auditors remuneration - Group		(1 003)	(1 023)
Depreciation and impairment of property, plant and equipment	11	(118 540)	(123 258)
Write off of property, plant and equipment		(9 978)	(3 898)
Write off as a result of the network modernisation	11.3	-	(82 856)
Fair value adjustment arising from network mordenisation	11.3	-	84 279
Other write off of property, plant and equipment	11.5	(9 978)	(5 321)
Impairment of assets held for sale	12	(461)	-
Amortisation of intangible assets	14	(9 171)	(9 400)
Profit on disposal of property, plant and equipment		303	13
Employee benefits		(64 344)	(64 292)
- short-term benefits		(61 795)	(56 709)
- termination benefits		-	(6 209)
- post-employment benefits		(2 549)	(1 374)
Compensation of directors and key management:		(9 245)	(7 755)
- For services as directors	33.3	(1 006)	(1 336)
- For management services - short term benefits	33.3	(8 132)	(6 335)
- For management services - post employment benefits	33.3	(107)	(84)

* Included in other expenses are courier charges, bank charges, social impact costs, repairs and maintenance, telephone charges, and travelling costs.

5 DISCLOSURE OF TAX EFFECTS RELATING TO EACH COMPONENT OF OTHER COMPREHENSIVE INCOME

All figures in US$'000s	Gross amount	Tax effect	Net amount
28 February 2017			
Items that may be reclassified subsequently to profit or loss			
Reclassification adjustment on disposal of available for sale financial assets	1 085	(21)	**1 064**
Other comprehensive income, net of tax	**1 085**	**(21)**	**1 064**
29 February 2016			
Items that may be reclassified subsequently to profit or loss			
Fair value loss on available for sale financial assets	(734)	10	**(724)**
Other comprehensive loss, net of tax	**(734)**	**10**	**(724)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

6 FINANCE INCOME

All figures in US$'000s	2017	2016
Interest earned from bank deposits	279	761
Interest earned from other receivables	-	1 753
Interest from investments	394	313
	673	**2 827**

7 FINANCE COSTS

Interest on loans and bank overdrafts	(26 730)	(36 229)

The interest rate applied is based on an effective interest rate calculated using the cashflow obligations arising under the terms of the loans.

8 OTHER INCOME

All figures in US$'000s	Note	2017	2016
Sundry income		2 779	1 136
Other bank income [1]		-	6 366
Fair value adjustment on investment properties	13	789	353
Foreign exchange gains		1 215	1 139
		4 783	**8 994**

[1] Other bank income mostly comprises of bank fees and commissions charged to customers for transacting. During the financial year ended 28 February 2017, the fees and commissions were reclassified to revenue, banking operations.

9 INCOME TAX EXPENSE

All figures in US$'000s	Note	2017	2016
Current income tax	32.3	(36 582)	(22 015)
Deferred tax		13 149	(415)
Withholding tax	32.3	(125)	(5 831)
Income tax expense		**(23 558)**	**(28 261)**
Tax rate reconciliation			
Profit before taxation		59 746	68 461
Reconciliation of tax charge:			
Normal tax at 25.75%		(15 385)	(17 629)
Effect of share of profit from associate		1 694	2 450
Net dis-allowable expenses		(9 742)	(7 251)
Tax from operations		**(23 433)**	**(22 430)**
Withholding tax		(125)	(5 831)
Income tax expense		**(23 558)**	**(28 261)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

10 EARNINGS PER SHARE

All figures in US$'000s	2017	2016
Profit for the year attributable to ordinary shareholders	36 978	40 363
Adjustment for capital items (gross of tax):		
Profit on disposal of property, plant and equipment	(303)	(13)
Write off of property, plant and equipment	10 439	3 898
Impairment of property, plant and equipment and intangible assets	2 167	460
Tax effect on adjustments	(3 168)	(1 119)
Headline earnings attributable to ordinary shareholders	46 113	43 589

Basic earnings basis

The calculation is based on the profit attributable to ordinary shareholders and the weighted average number of shares in issue for the year which participated in the profit of the Group.

Fully diluted earnings basis

The calculation is based on the profit attributable to ordinary shareholders and the weighted average number of shares in issue after adjusting for conversion of share options not yet exercised and convertible instruments (as applicable). There were no instruments with a dilutive effect at the end of the financial year.

Headline earnings

Headline earnings comprise basic earnings attributable to ordinary shareholders adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects.

Number of shares

	2017	2016
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1 416 219	1 551 432
Basic earnings per share (dollars)	0.03	0.03
Headline earnings per share (dollars)	0.03	0.03
Diluted basic earnings per share (dollars)	0.03	0.03
Diluted headline earnings per share (dollars)	0.03	0.03

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

11 PROPERTY, PLANT AND EQUIPMENT

All figures in US$'000s	Land and Buildings	Cellular Network Equipment	Office Equipment	Beverage Plant and Equipment	Vehicles	Work-in-Progress	Total
At Cost							
At 28 February 2015	**50 215**	**922 029**	**65 693**	**23 500**	**13 442**	**80 370**	**1 155 249**
Additions	479	2 128	2 989	1 272	134	79 080	86 082
Write off	-	(236 478)	(58)	-	-	(4 745)	(241 281)
Disposals	-	-	(1 904)	-	(513)	-	(2 417)
Reclassification	(5 360)	-	(51)	51	(164)	-	(5 524)
Fair value adjustment on property, plant and equipment	-	84 279	-	-	-	-	84 279
Revaluation of property, plant and equipment	(27)	-	-	-	-	-	(27)
Transfer from investment properties	1 200	-	-	-	-	-	1 200
Transfer from work in progress	1 192	87 933	5 959	191	-	(95 275)	-
Transfers from /(to) intangible assets	-	3 436	-	-	-	(1 632)	1 804
Transfers to assets held for sale	-	-	-	(1 182)	(72)	-	(1 254)
Transfers from inventory	-	-	-	1 600	-	-	1 600
Transfers from other receivables	-	-	-	-	-	188	188
At 29 February 2016	**47 699**	**863 327**	**72 628**	**25 432**	**12 827**	**57 986**	**1 079 899**
Additions	581	2 090	5 865	257	1 522	22 096	32 411
Write off	(433)	(11 886)	(3)	(83)	(155)	(6 438)	(18 998)
Disposals	(220)	(87)	(685)	-	(273)	(360)	(1 625)
Reclassification	(3 594)	2 805	(5 017)	-	-	(1 184)	(6 990)
Impairment	(184)	-	(46)	(1 694)	(25)	-	(1 949)
Transfer to investment properties	(485)	-	-	-	-	-	(485)
Transfer from work in progress	231	61 266	3 731	-	-	(65 228)	-
Transfers to intangible assets	-	-	-	-	-	(425)	(425)
At 28 February 2017	**43 595**	**917 515**	**76 473**	**23 912**	**13 896**	**6 447**	**1 081 838**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

11 PROPERTY, PLANT AND EQUIPMENT(continued)

All figures in US$'000s	Land and Buildings	Cellular Network Equipment	Office Equipment	Beverage Plant and Equipment	Vehicles	Work-in-Progress	Total
Accumulated depreciation and impairment							
At 28 February 2015	**(10 199)**	**(368 134)**	**(28 918)**	**(5 003)**	**(6 675)**	**-**	**(418 929)**
Charge for the period	(1 511)	(106 352)	(12 602)	(1 082)	(1 269)	-	(122 816)
Write off	-	153 057	47	-	-	-	153 104
Reclassification	3 982	-	-	-	6	-	3 988
Disposals	-	-	1 821	-	283	-	2 104
Transfer from intangible assets	-	(2 145)	-	-	-	-	(2 145)
Transfers to assets held for sale	-	-	-	755	37	-	792
Impairment	(45)	-	(397)	-	-	-	(442)
At 29 February 2016	**(7 773)**	**(323 574)**	**(40 049)**	**(5 330)**	**(7 618)**	**-**	**(384 344)**
Charge for the period	(1 200)	(101 009)	(11 776)	(1 099)	(1 289)	-	(116 373)
Write off	433	8 481	3	-	103	-	9 020
Reclassification	3 594	169	3 227	-	-	-	6 990
Disposals	-	14	591	-	198	-	803
Impairment	32	-	(250)	-	-	-	(218)
At 28 February 2017	**(4 914)**	**(415 919)**	**(48 254)**	**(6 429)**	**(8 606)**	**-**	**(484 122)**
NET BOOK AMOUNT							
At 28 February 2017	**38 681**	**501 596**	**28 219**	**17 483**	**5 290**	**6 447**	**597 716**
At 29 February 2016	**39 926**	**539 753**	**32 579**	**20 102**	**5 209**	**57 986**	**695 555**

11.1 Network Equipment & Software

Included in cellular network equipment additions is an amount of US$ 14.1 million (2016: US$ 27.2 million) relating to network software that is classified as part of property, plant and equipment as it is integral to the network equipment.

11.2 Debt collaterisation and borrowing costs

Debt is collateralised over network equipment. The carrying amount of the related debt is US$ 127.8 million (2016: US$ 223.1 million). Refer to note 30 for the breakdown of loan facilities with collateralised debt.

As stated in note 30, the respective borrowings have since been repaid utilising the proceeds of the rights issue of shares.

The amount of borrowing costs capitalised during the year ended 28 February 2017 is US$ Nil (2016: US$ 3.7 million). The rate used to determine the amount of borrowing costs eligible for capitalisation in 2016 was 15% which is the effective rate of the specific borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

11 PROPERTY, PLANT AND EQUIPMENT (continued)

11.3 Network modernisation

The Cellular network operations segment carried out a network modernisation exercise during the year ended 29 February 2016. This resulted in a write off of network equipment amounting to U$82.9 million and a fair value gain of US$84.3 million in the prior year (current year nil) on the new equipment as a result of exchange of equipment which had commercial substance.

11.4 Change in estimate

IAS 16 - Property, Plant and Equipment requires the review of the residual value and the useful life of an asset at least at each financial year end. The Group revised the estimated useful life of computer equipment with effect from 1 June 2015. The revisions were accounted for prospectively as a change in accounting estimate and as a result, the depreciation charges of the Group for the prior financial year end increased by US$2.5 million which resulted in a subsequent decrease in future depreciation expense by the same amount.

11.5 Impairment of assets

During the financial year ended 29 February 2016, the financial services segment closed some of its branches and, as a result, certain leasehold improvements such as partitioning and furniture and fittings became unusable. The recoverable amount of the assets was therefore determined to be nil and hence an impairment of US$0.4 million in prior year. was recorded, being the difference between the carrying amount of these assets and their recoverable amounts. The recoverable amount was based on fair value less costs to sell. Other equipment with a value of US$10.0 million was also written off during the year ended 28 February 2017 (2016: US$5.3 million).

12 ASSETS CLASSIFIED AS HELD FOR SALE

During the financial year ended 29 February 2016, the group reclassified some assets as held for sale. At that date, no impairment was identified as the fair value less costs to distribute exceeded the carrying amount. During the year ended 28 February 2017, an impairment of $459,742 has been recognised as the fair value less costs to distribute had lowered below carrying amount. This was recognised in the statement of comprehensive income.

All figures in US$'000s	Old bottling plant	Motor vehicles	Total
28 February 2015			
Assets classified as held for sale	426	36	462
29 February 2016	**426**	**36**	**462**
Impairment	(426)	(35)	(461)
28 February 2017	**-**	**1**	**1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

13 INVESTMENT PROPERTIES

All figures in US$'000s	2017	2016
Opening balance	**5 420**	**4 167**
Transfer from loans and advances	-	2 100
Transfer from property, plant and equipment	485	-
Gain on fair value of investment property	789	353
Transfer to property, plant and equipment	-	(1 200)
Closing balance	**6 694**	**5 420**

Investment property pertains to commercial and residential properties leased to third parties. The Group's investment properties were valued by an independent professional valuer at 28 February 2017 on the basis of open market value. Rental income pertaining to the investment property recognised in profit and loss for the year amounted to US$46,304 (2016: US$45,253) and costs amounted to $10,267 (2016: US$7,843).

Description of valuation techniques used and key inputs to valuation on investment property:

	Valuation technique	Significant observable inputs	Range (weighted average)
Office property	Implicit investment approach (Refer below)	Comparable rentals per month, per sqm	$5 - $9
Residential stands	Market value of similar properties (Refer below)	Comparable rate per sqm	$20- $26

In arriving at the market value for property, the implicit investment approach was applied based on the capitalisation of income. This method is based on the principle that rentals and capital values are inter-related. Hence given the income produced by a property, its capital value can therefore be estimated. Comparable rentals inferred from properties within the locality of the property based on use, location, size and quality of finishes were used. The rentals were then adjusted per square meter to the lettable areas, being rentals achieved for comparable properties as at 28 February 2017. The rentals are then annualised and a capitalisation factor was applied to arrive at a market value of the property, also inferring on comparable premises which are in the same category as regards the building elements.

In assessing the market value of the residential stands, values of various properties that had been recently sold or which are currently on sale and situated in comparable residential areas were used. Market evidence from other estate agents and local press was also taken into consideration.

A change in the significant observable inputs will result in a corresponding direct impact of the fair values of investment property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

14 INTANGIBLE ASSETS

All figures in US$'000s	Operating licence	Computer software and other	Total
COST			
At 28 February 2015:	137 500	23 362	160 862
Additions	-	1 507	1 507
Reclassification from work in progress	-	1 632	1 632
Transfer to property, plant and equipment	-	(3 436)	(3 436)
At 29 February 2016:	**137 500**	**23 065**	**160 565**
Additions	-	518	518
Transfer from property, plant and equipment	-	425	425
At 28 February 2017:	**137 500**	**24 008**	**161 508**
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 28 February 2015:	(11 458)	(8 628)	(20 086)
Amortisation	(6 875)	(2 525)	(9 400)
Transfer to property, plant and equipment	-	2 145	2 145
At 29 February 2016	**(18 333)**	**(9 008)**	**(27 341)**
Amortisation	(6 875)	(2 296)	(9 171)
At 28 February 2017	**(25 208)**	**(11 304)**	**(36 512)**
CARRYING AMOUNT			
At 29 February 2017:	**112 292**	**12 704**	**124 996**
At 28 February 2016:	**119 167**	**14 057**	**133 224**

Intangible assets pertain to licences and computer software held by Econet Wireless (Private) Limited, Transaction Payment Solutions (Private) Limited and Steward Bank Limited. The Group uses the expected usage of the asset to determine the useful life of intangible assets. At 28 February 2017 the computer software had an average remaining useful life of two and a half years. The cellular segment holds a cellular operating licence with a carrying amount of US$ 112.3 million (2016: US$ 119.2 million) which will be fully amortised in sixteen years (2016: seventeen years). Software integral to an item of hardware equipment is classified as property, plant and equipment (refer to note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

15 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon.

All figures in US$'000s	Assessed losses	Property, plant and equipment	Deferred revenue	Provisions and other	Total
15.1 Deferred tax asset					
At 28 February 2015	**7 028**	**(1 982)**	**7 313**	**6 641**	**19 000**
Credit to profit for the year	3 906	1 356	(7 313)	(6 053)	(8 104)
At 29 February 2016	**10 934**	**(626)**	**-**	**588**	**10 896**
Credit to profit for the year	(2 266)	92	-	(82)	(2 256)
At 28 February 2017	**8 668**	**(534)**	**-**	**506**	**8 640**

The Group has accounted for a deferred tax asset pertaining to deferred revenue since the temporary difference is expected to reverse in the foreseeable future. Further, the Group has also accounted for a deferred tax asset arising from losses incurred by Steward Bank Limited in anticipation of the bank's return to profitability. The unrecognised deferred tax assets arising from unused tax losses for subsidiaries of the Group amount to US$ 1.3 million (2016: - US$ 0.9 million).

All figures in US$'000s	Assessed losses	Property, plant and equipment	Deferred revenue	Provisions and other	Total
15.2 Deferred tax liability					
At 28 February 2015	**-**	**121 855**	**-**	**(1 397)**	**120 458**
Charge to profit for the year	-	(8 228)	-	(10)	(8 238)
At 29 February 2016	**-**	**113 627**	**-**	**(1 407)**	**112 220**
Charge to profit for the year	-	(15 405)	-	-	(15 405)
Charge to other comprehensive income	-	-	-	(21)	(21)
At 28 February 2017	**-**	**98 222**	**-**	**(1 428)**	**96 794**

The deferred tax liability arises mainly from the difference between accounting and tax treatment of depreciation.

All figures in US$'000s	Assessed losses	Property, plant and equipment	Deferred revenue	Provisions and other	Total
15.3 Net deferred tax asset / (liability)					
At 28 February 2015	**7 028**	**(123 837)**	**7 313**	**8 038**	**(101 458)**
Credit /(charge) to profit for the year	3 906	9 584	(7 313)	(6 053)	124
Charge to other comprehensive income	-	-	-	10	10
At 29 February 2016	**10 934**	**(114 253)**	**-**	**1 995**	**(101 324)**
Credit / (charge) to profit for the year	(2 266)	15 497	-	(82)	13 149
Charge to other comprehensive income	-	-	-	21	21
At 28 February 2017	**8 668**	**(98 756)**	**-**	**1 934**	**(88 154)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

16 HELD-TO-MATURITY INVESTMENTS

All figures in US$'000s	2017	2016
Opening balance	**54 093**	**40 178**
Additions	28 334	27 100
Repayments received on maturity	(1 654)	(16 089)
Transfer to held for trading investments	(83)	-
Interest accrued	646	2 904
Closing balance	**81 336**	**54 093**
Long-term held-to-maturity investments	30 136	19 232
Short-term held-to-maturity investments	51 200	34 861
Total	**81 336**	**54 093**

Held-to-maturity investments include treasury bills with a carrying amount of US$54.5 million (2016: US$47.4 million) and investments with local financial institutions amounting to US$26.8 million (2016: US$6.7 million). The Group holds treasury bills yielding interest at a rate of 3%-3.5% per annum with a tenor of 181 days.

17 INVESTMENT IN ASSOCIATES

17.1 The Group has a 51% interest in Data Control & Systems (1996) (Private) Limited T/A Liquid Telecommunications Zimbabwe, which is involved in the provision of internet related services. Data Control & Systems (1996) (Private) Limited is a private entity that is not listed on any public exchange. The Group's interest in Data Control & Systems (1996) (Private) Limited is accounted for using the equity method in the consolidated financial statements.

Although the Group holds more than 50% of the equity shares of Data Control & Systems (1996) (Private) Limited, the Group does not control the associate by virtue of the shareholders' agreement.

The following table illustrates the summarised financial information of the Group's investment in Data Control & Systems (1996) (Private) Limited:

All figures in US$'000s	2017	2016
Liquid Telecommunications Zimbabwe's statement of financial position:		
Non-current assets	195 546	183 968
Current assets	70 472	36 926
Current liabilities	(78 115)	(50 494)
Non-current liabilities	(100 828)	(96 220)
Equity	87 075	74 180
Proportion of the Group's ownership	**51%**	**51%**
Group's ownership	44 409	37 832
Fair value adjustment	1 500	1 500
Carrying amount of the investment	**45 909**	**39 332**
Revenue	93 076	84 130
Cost of sales	(37 460)	(21 409)
Administrative expenses	(32 506)	(31 011)
Finance costs	(5 242)	(5 505)
Profit before tax	17 868	26 205
Tax expense	(4 973)	(7 548)
Profit for the year (continuing operations)	**12 895**	**18 657**
Group's share of profit for the year	6 577	9 515
Reconciliation of carrying amount of investment in associate		
Opening balance	39 332	29 817
-Share of profit of associate - Liquid Telecommunications Zimbabwe	6 577	9 515
Closing balance	**45 909**	**39 332**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

17 INVESTMENT IN ASSOCIATES (continued)

17.2 During the year, the Group acquired a 51% investment in Cumii Zimbabwe (Private) Limited which is involved in investment in innovative connective technology in Zimbabwe. The Company seeks to enable and promote connected lifestyles throughout Zimbabwe by drawing on the growing trend of the Internet of Things. The services enable both the domestic and commercial clients to achieve greater connectivity through three primary business units: Cumii Car, Cumii Home and Cumii Health.

Although the Group holds more than 50% of the equity shares of Cumii Zimbabwe (Private) Limited, the Group does not control the associate by virtue of the shareholders' agreement.

The following table illustrates the summarised financial information of the Group's investment in Cumii Zimbabwe (Private) Limited:

All figures in US$'000s	2017	2016
Cumii Zimbabwe's statement of financial position		
Non-current assets	81	-
Current assets	920	-
Current liabilities	(2 554)	-
Equity	(1 553)	-
Proportion of the Group's ownership	**51%**	**-**
Group's ownership	(792)	-
Unrecognised share of loss of associate	(792)	-
Carrying amount of the investment	**-**	**-**
Cumii Zimbabwe's revenue and profit:		
Revenue	606	-
Cost of sales	(132)	-
Administrative expenses	(2 027)	-
Loss before tax	(1 553)	-
Tax expense	-	-
Loss for the year (continuing operations)	**(1 553)**	**-**
Group's attributable share of loss for the year	(792)	-
Group's share of loss for the year	-	-
Unrecognised share of loss	(792)	-
17.3 Total associates' revenue and profit:		
Revenue	93 682	84 130
Cost of sales	(37 592)	(21 409)
Administrative expenses	(34 533)	(31 011)
Finance costs	(5 242)	(5 505)
Profit before tax	16 315	26 205
Tax expense	(4 973)	(7 548)
Profit for the year (continuing operations)	**11 342**	**18 657**
Group's attributable share of profit for the year	5 785	9 515
Unrecognised share of loss	792	-
Group's share of profit for the year	6 577	9 515
Reconciliation of carrying amount of investment in associates		
Opening balance	39 332	29 817
Share of profit of associates	6 577	9 515
Closing balance	**45 909**	**39 332**
17.4 Share of profit of associates	**6 577**	**9 515**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

18 AVAILABLE-FOR-SALE INVESTMENTS

All figures in US$'000s	2017	2016
Opening balance	2 440	3 174
Available-for-sale reserve recycled to profit or loss	1 085	(734)
Profit on disposal	399	-
Disposals	(3 924)	-
Closing balance	**-**	**2 440**

The available for sale instruments comprised investments in listed entities.

18.1 Gain on disposal of available for sale investments

Consideration received	3 924	-
Fair value of investments disposed	(2 440)	-
	1 484	-
Available-for-sale reserve recycled to profit or loss	(1 085)	-
Profit on disposal of available for sale investments	**399**	**-**

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments as disclosed in the statement of financial position approximate their fair values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique;
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All figures in US$'000s	Total	Level 1	Level 2	Level 3
At 28 February 2017				
Investment Property	6 694	-	-	6 694
Financial assets at fair value through profit or loss	4 139	103	4 036	-
	10 833	**103**	**4 036**	**6 694**

During the reporting period ended 28 February 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

All figures in US$'000s	Total	Level 1	Level 2	Level 3
At 29 February 2016				
Investment Property	5 420	-	-	5 420
Financial assets at fair value through profit or loss	1 026	54	972	-
Available-for-sale financial assets	2 440	2 440	-	-
	8 886	**2 494**	**972**	**5 420**

During the reporting period ended 28 February 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All figures in US$'000s	2017	2016
Opening balance	1 026	409
Net acquisition of financial assets	3 021	626
Fair value gain/(loss)	9	(9)
Transfer from held to maturity	83	-
Closing balance	**4 139**	**1 026**

Investments held at fair value through profit or loss comprise equity investments as well as money market investments. The fair value of the equity investments is based on the Zimbabwe Stock Exchange published share prices.

21 INVENTORIES

All figures in US$'000s	2017	2016
Merchandise at net realisable value	6 704	8 181
Spares, stationery and other	2 025	3 722
	8 729	**11 903**

The directors are of the opinion that the inventory amounts are recorded at values that are not in excess of their recoverable amounts. All inventories are expected to be recovered within twelve (12) months.

The cost of inventories recognised as an expense during the year amounted to US$23.1 million (2016: US$24.3 million).

During 2017, the reduction in the allowance for inventories in excess of net realisable value that was recognised was US$2.3 million (2016: increase in provision - US$1.2 million). This is recognised in cost of sales.

Inventories written off during the course of the year amounted to US$2.5 million (2016: US$2.1 million).

22 FINANCIAL INSTRUMENTS: TRADE AND OTHER RECEIVABLES

All figures in US$'000s	2017	2016
Trade receivables and other receivables	95 862	53 079
Interconnect debtors	30 861	30 774
Related party receivables	12 184	9 971
Impairment recognised	(37 879)	(14 959)
	101 028	**78 865**
There is a concentration of credit risk associated with Interconnect debtors.		
Interconnect debt is split between current and non-current as follows:		
Payable within 1 year	30 861	30 774
	30 861	**30 774**
Impairment recognised		
Pertaining to prior year balances	(14 959)	(17 879)
Provision for (impairment)/reversal recognised in current year	(22 920)	2 920
	(37 879)	**(14 959)**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

22 FINANCIAL INSTRUMENTS: TRADE AND OTHER RECEIVABLES(continued)

In determining the impairment losses disclosed above, the Group considers any change in the credit quality of a trade receivable from the date the credit was initially granted up to the end of the reporting period. At the end of the year, all the impaired trade receivables were aged as follows:

All figures in US$'000s	2017	2016
Ageing of impaired trade receivables		
60 days	1 369	496
90+ days	36 510	14 463
	37 879	**14 959**
Ageing of trade and other receivables that are past due but not impaired		
30 days	2 752	3 380
60-90 days	9 322	3 257
90+	97	20 161
Total	**12 171**	**26 798**

Before accepting any new individual customer, the Group conducts trade reference checks to establish the credit history of the applicant. The Group also conducts due diligence assessments on individuals, companies and their directors.

The Group considers the trade and other receivables past due to be recoverable and thus has not impaired these amounts.

The key assumptions applied in the determination of the provision for impairment losses comprise the following:

- An average recovery rate determined based on historical loss experience is applied on balances receivable from counterparties considered to be historical slow paying debtors and whose payment patterns are not consistent; and
- 100% provision for impairment on balances receivable from counterparties that have not demonstrated a commitment to pay the outstanding balance and for which engagements held with management have not yielded result;

23 LOANS AND ADVANCES TO BANK CUSTOMERS

All figures in US$'000s	2017	2016
23.1 Corporate loans		
Corporate loans	35 350	38 846
Small-to-medium Enterprise lending	1 183	2 492
Consumer lending	20 470	19 235
	57 003	60 573
Less: Allowance for impairment losses	(3 060)	(2 285)
Less: Suspended interest	(1 355)	(2 030)
	52 588	56 258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

23 LOANS AND ADVANCES TO BANK CUSTOMERS (continued)

All figures in US$'000s	2017	2016
23.2 Corporate loans		
Due within 1 year		
Less than one month	11 305	2 297
Over a month to 3 months	1 438	1 360
Over 3 months to 6 months	914	1 699
Over 6 months to 1 year	1 755	11 265
Gross loans and advances due within 1 year	**15 412**	**16 621**
Allowance for impairment losses	(3 060)	(2 285)
Less: Suspended interest	(1 355)	(2 030)
Total due within 1 year	**10 997**	**12 306**
Due after 1 year		
Over 1 year to 5 years	39 918	42 151
Over 5 years	1 673	1 801
Gross loans and advances due after 1 year	**41 591**	**43 952**
Total gross loans	**57 003**	**60 573**
Total loans net of impairment losses	**52 588**	**56 258**

23.3 Sectorial analysis of utilisations

	2017		2016	
All figures in US$'000s		%		%
Mining	11	0.0%	332	0.5%
Manufacturing	23 110	40.5%	28 927	47.8%
Agriculture	1 318	2.3%	2 823	4.7%
Distribution	1 299	2.3%	829	1.4%
Services	13 252	23.3%	7 660	12.6%
Individuals	18 013	31.6%	20 002	33.0%
	57 003	100%	60 573	100%

There is a material concentration of loans and advances in the Manufacturing category constituting 40.5% (2016: 47.8%) of gross loans and advances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

23 LOANS AND ADVANCES TO BANK CUSTOMERS (continued)

23.4 Allowance for impairment on loans and advances

A reconciliation of the allowance for impairment losses for loans and advances, by class, is as follows:

All figures in US$'000s	Furniture book lending	Corporate lending	SME lending	Consumer lending	Total
At 28 February 2015	**15 460**	**3 811**	**1 477**	**2 568**	**23 316**
Net impairment charge/ (reversal) for the year	477	(420)	(421)	2 613	2 249
Loans and advances written off	(15 937)	(3 276)	(667)	(3 400)	(23 280)
At 29 February 2016	**-**	**115**	**389**	**1 781**	**2 285**
Net impairment charge for the year	-	3 877	448	597	4 922
Loans and advances written off	-	(1 695)	(426)	(2 026)	(4 147)
At 28 February 2017	**-**	**2 297**	**411**	**352**	**3 060**

A portfolio provision is recognised against loans and advances in respect of macroeconomic factors expected to negatively impact expected future cash flows.

All figures in US$'000s	Note	2017	2016
23.5 Loans and advances relating to furniture			
Gross furniture loans		1 075	1 623
Allowance for credit losses		(81)	-
Net furniture loans		994	1 623
23.6 Total loans and advances			
Total loans and advances to bank customers	23.1	52 588	56 258
Loans and advances relating to furniture	23.5	994	1 623
		53 582	**57 881**
The amount above is broken down into current and non-current as follows:			
Non-current portion		41 591	43 953
Current		11 991	13 928
		53 582	**57 881**

24 SHARE CAPITAL

	2017	2016
Group and company		
Authorised		
3 000,000,000 (2016 - 3 000,000,000) Shares consisting of:		
- 2 000,000,000 (2016 - 2 000,000,000) Ordinary shares of $0.001 each	2 000 000	2 000 000
- 1 000,000,000 (2016 - 1 000,000,000) Class "A" ordinary shares of $0.001 each	1 000 000	1 000 000
	3 000 000	**3 000 000**

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For the year ended 28 February 2017

24 SHARE CAPITAL (continued)

24.1 Issued and fully paid

All figures in US$'000s	2017	2016
1 640 021 430 (2016 - 1 640 021 430) Shares consisting of: 909 325 280 (2016 - 909 325 280) Ordinary shares of $0.001 each	909	909
-730 696 150 (2016 - 730 696 150) Class "A" ordinary shares of $0.001 each (Note 24.3)	731	731
	1 640	**1 640**

Unissued shares are under the control of directors, subject to the Companies Act (24:03) and the Memorandum & Articles of Association.

24.2 Movement in share capital and share premium

All figures in US$'000s	Number of shares	Share capital	Share premium	Total
Balance at 28 February 2015	1 640 021 430	**1 640**	**39 124**	**40 764**
Balance at 29 February 2016	1 640 021 430	**1 640**	**39 124**	**40 764**
Balance at 28 February 2017	1 640 021 430	**1 640**	**39 124**	**40 764**

24.3 Class "A" shares

On 1 July 2003, Econet Wireless Zimbabwe Limited ("EWZL") entered into an arrangement with Dunstone (Private) Limited, to acquire its 100% owned subsidiary Econet Wireless Capital Holdings (Private) Limited ("EWCH"). Under the arrangement, EWZL issued 73,984,368 (739,843,680 after share split) Class "A" ordinary shares in exchange for 999,000 EWCH shares. These shares rank parri passu in all respects with the existing issued ordinary shares with the exception that, in the event of EWZL becoming the owner of Econet Wireless Limited ("EWL") shares, and deciding to distribute the shares to its members, the Class "A" ordinary shares will not participate in the distribution of the EWL shares.

24.4 Share buy-backs

Under the authority granted at the Annual General Meeting of 3 February 2017 the directors were authorised to re-purchase the Company's own shares on the market. The company, as duly authorized by Article 10 of its Articles of Association, may undertake the purchase of its own ordinary shares in such manner or on such terms as the directors may from time to time determine, provided that the repurchases are not made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase and also provided that the maximum number of shares authorized to be acquired shall not exceed 10% (ten percent) of the Company's issued ordinary share capital. This authority shall expire at the next Annual General Meeting, and shall not extend beyond 15 months from the date of this resolution.

No treasury shares were bought back from the market and from the holding company, Econet Global Limited (EGL) during the year under review (2016: $40.1 million). The cost of the 2016 share buy-backs (treasury stock) was debited to capital and reserves.

24.5 Issue of shares

During the year ended 29 February 2016, the Group utilised 7,863,088 shares from treasury stock as an offer to about 100 staff retrenched under the Group restructuring exercise. The value of the retrenchment benefit was on the basis of the share price as at 30 September 2015. The total effect of the transaction on profit or loss for the prior period was $2.2 million and an equivalent amount affected the equity of the Group. The employees are not entitled to deal in the shares until after the expiry of 24 months from 31 October 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

25 DIRECTORS' SHAREHOLDING

28 February 2017	Ordinary shares
S.T. Masiyiwa*	13 277
D. Mboweni	7 014 684
T.P. Mpofu	10 380 580
K. Chirairo	4 080
J. Myers	20 851
S. Shereni	2 200
Total	**17 435 672**

29 February 2016	Ordinary shares
S.T. Masiyiwa*	13 277
C. Fitzgerald	10 699 010
D. Mboweni	7 014 684
T.P. Mpofu	10 380 580
K. Chirairo	4 080
J. Myers	20 851
S. Shereni	2 200
Total	**28 134 682**

*Mr. S.T. Masiyiwa is a beneficial shareholder of Econet Global Limited. Econet Global Limited holds directly or indirectly 630 673 303 shares (2016: 630 673 303 shares) in Econet Wireless Zimbabwe Limited.

26 OTHER RESERVES

All figures in US$'000s	Other	Available-for sale	Total
Balance at 28 February 2015	**5 228**	**667**	**5 895**
Transfer from regulatory reserves	(1 618)	-	(1 618)
Reclassification	(980)	-	(980)
Fair value loss on available-for-sale investments	(27)	(734)	(761)
Deferred tax arising out of reserves	-	10	10
Balance at 29 February 2016	**2 603**	**(57)**	**2 546**
Transfer to regulatory reserves	317	-	317
Reclassification	5	(5)	-
Other movements	10 995	-	10 995
Fair value gain on available-for-sale investments	-	1 085	1 085
Deferred tax arising out of reserves	-	(21)	(21)
Balance at 28 February 2017	**13 920**	**1 002**	**14 922**

Available-for-sale reserve

This reserve records fair value changes on available-for-sale financial assets.

Other reserves relate to Steward Bank Regulatory Reserve which caters for excess credit loss provisions that result from calculation of impairments on loans and receivables according to the expected loss model as required per Reserve Bank of Zimbabwe regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

27 TRADE AND OTHER PAYABLES

All figures in US$'000s	2017	2016
Local trade accounts payable	16 174	18 151
Foreign trade accounts payable	12 767	4 253
Short term inter-group payables	17 484	18 069
Other payables	54 084	46 338
	100 509	**86 811**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs together with credit granted on equipment purchases. The average credit period on purchases is between 7 and 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the agreed credit timeframe.

Other payables comprise the accruals of certain operational expenses.

28 PROVISIONS

Provisions comprise the following:

All figures in US$'000s	Provision for dismantling cost (i)	Employee benefits (ii)	Total
Balance at 28 February 2015	**1 386**	**3 690**	**5 076**
Unwinding of interest	139	-	139
Additional provision	160	2 101	2 261
Reduction as a result of payments / settlements	-	(1 488)	(1 488)
Balance at 29 February 2016	**1 685**	**4 303**	**5 988**
Unwinding of interest	320	-	320
Reduction as a result of payments / settlements	-	(832)	(832)
Additional provision raised	24	2 111	2 135
Balance at 28 February 2017	**2 029**	**5 582**	**7 611**
Split between current and non-current			
As at 28 February 2017			
Current	-	2 898	2 898
Non-current	2 029	2 684	4 713
	2 029	**5 582**	**7 611**
As at 29 February 2016			
Current	-	2 500	2 500
Non-current	1 685	1 802	3 487
	1 685	**4 302**	**5 987**

(i) The provision for dismantling costs represents the present value of the Directors' best estimate of the future cash outflow of economic benefit that will be required under the Group's obligation to restore the environment in which the Group's network equipment is located to its original state after its useful lives. It is an environmental requirement that after decommissioning of the network equipment, the land be restored to its original state as much as possible.

(ii) The provision for employee benefits represents annual leave and vested long service award entitlements accrued. The vested long service award entitlement amount represents the present value of the Directors' best estimate of the future cash outflow of economic benefit that will be required under the Group's obligation to pay for the loyalty of its employees in service in line with the Group's policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

29 DEFERRED REVENUE

All figures in US$'000s	2017	2016
Deferred prepaid airtime	**15 394**	**17 834**

The deferred revenue arises from the unused prepaid airtime. The directors are of the opinion that the carrying amounts approximate the fair values of the services to be provided. Deferred revenue will be recognised within the next 12 months.

30 FINANCIAL INSTRUMENTS: INTEREST-BEARING DEBT

All figures in US$'000s	2017	2016
Opening balance	223 078	263 933
Additions during the year	27 404	45 268
Net repayments	(126 899)	(81 334)
Accrued Interest	4 181	(4 789)
Closing balance	**127 764**	**223 078**
Long-term portion	55 137	112 343
Short-term portion	72 627	110 735
	127 764	**223 078**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

30 FINANCIAL INSTRUMENTS: INTEREST-BEARING DEBT (continued)

Loan repayment structure

All figures in US$'000s	Effective date	Initial facility Limit	Value at acquisition date	Amounts paid to date	Finance cost accrued	Total loan obligation	Short term portion	Long-term portion	Effective borrowing rate as at 28 Feb 2017	Security terms
Financier										
African Export and Import Bank/ Econet Global Limited	24-May-12	75 000	64 742	64 742	-	-	-	-	13.2%	Guarantee by Econet Global Limited (EGL)
China Development Bank	11-May-12	135 000	125 172	127 024	9 745	7 893	7 893	-	6.4%	Guarantee by EGL
Industrial Development Corporation	28-Sep-12	20 000	17 151	16 071	2 752	3 832	3 832	-	6.4%	Guarantee by EGL
PTA	04-Apr-13	8 800	8 190	4 211	1 337	5 316	1 342	3 974	10.0%	Equipment purchased
African Export and Import Bank/ Econet Global Limited	05-Jul-16	28 000	27 044	16 333	817	11 528	11 528	-	9.0%	Guarantee by EGL
Ericsson Credit AB	30-Jun-14	14 764	14 764	14 764	-	-	-	-	7.4%	Guarantee by EGL
Ericsson Credit AB	30-Jun-14	50 562	49 389	26 559	1 392	24 222	16 011	8 211	4.4%	Guarantee by EGL
China Development Bank	30-Jun-14	93 000	90 712	21 455	1 962	71 219	28 267	42 952	5.7%	Guarantee by EGL
Coca-Cola International	22-Aug-15	360	360	360	-	-	-	-	3.3%	Unsecured
Coca-Cola International	17-Nov-16	360	360	-	5	365	365	-	3.3%	Unsecured
Sub Total		**425 846**	**397 884**	**291 519**	**18 010**	**124 375**	**69 238**	**55 137**	**6.2%**	
Bank working capital facility	22-Jul-13	21 500	3 389	-	-	3 389	3 389	-	8.0%	Unsecured
Total		**447 346**	**401 273**	**291 519**	**18 010**	**127 764**	**72 627**	**55 137**		

The weighted average interest rate on long-term borrowings for the Group as at 28 February 2017 was 6.2% (2016: 7.1%). In addition to the all-inclusive rate of borrowing of 6.2% the Group pays guarantee fees of 6% per annum to Econet Global Limited (EGL) for the guarantee provided on the multi-creditor loan facilities.

The borrowing powers of the directors are as disclosed in Note 40.

Summary of borrowing covenants

African Export and Import Bank (Afrexim Bank) / Econet Global Limited

Econet Wireless (Private) Limited and Econet Global Limited signed an agreement with Afrexim on 24 November 2011 for a facility of US$130 million. US$75 million of this loan facility was applied to Econet Wireless (Private) Ltd to refinance an existing bridging facility of US$63 million from the same Bank and at the same time increase the loan facility by a further US$ 12 million. This loan is part of the multi-creditor loan facilities detailed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

30 FINANCIAL INSTRUMENTS: INTEREST-BEARING DEBT (continued)

CDB

The facilities in the schedule above have been applied to the expansion of the cellular network. In May 2012, US$135 million of the facilities was refinanced through a loan from the China Development Bank, as part of the multi-creditor loan facilities detailed below.

Multi-creditor loan facilities

The company secured multi-creditor loan facilities of US$307 million prior to 28 February 2014 and US$158.3 million in the 2014 financial year, from a group of financial institutions namely; Industrial Development Corporation of South Africa (IDC), Eastern and Southern African Trade and Development Bank (PTA Bank), China Development Bank (CDB) and Ericsson Credit AB (Ericsson)and a syndicate led by African Export Import Bank (Afrexim Bank), which also includes DEG, PROPARCO, FMO, Steward Bank and CBZ Bank. The terms of the security package are detailed in an Inter-creditor Security Sharing Agreement, which provides for the sharing of security between the financial institutions. The multi-creditor loan facilities were used to refinance the existing loans and for further network expansion. The loans are at various interest rates and maturity periods of up to five years. The multi-creditor loan facilities contain a number of covenants, representations, and events of default typical of a credit facility arrangements of this size and nature, including financial covenants relating to consolidated debt (as defined) including:

1. Debt Service Coverage Ratio (DSCR) of greater than or equal to 1.5
2. Net Interest Bearing Indebtedness (NIBFI) to EBITDA ratio of less than or equal to 1.5
3. Total liabilities / Total assets ratio less than or equal to 0.67
4. Shareholders' funds / Total assets ratio greater than or equal to 0.4

Debt service means in respect of a relevant period, the short term portion of long term borrowings (as defined under IFRS) plus interest paid for that relevant period (as defined under IFRS). The DSCR is therefore the ratio of cash generated from operations for the relevant period, to debt service for that period.

Net Interest Bearing Financial Indebtedness means in respect of any relevant period, all short term interest bearing debt and long term interest bearing debt for that relevant period less cash and cash equivalents.

As a result of the critical shortage of foreign currency in the overseas nostro accounts of Zimbabwe's banks, repayments for the Ericsson and CDB loans for $1.5 million and $12.4 million respectively were funded from the DSRA as foreign currency could not be availed within the repayment deadlines. Both lenders were advised in advance of the DSRA utilisation with a clear articulation of the remediation plan in each of the communications. Also stated in note 44, as a result of the foreign payments challenges, the Company then embarked on a foreign capital raising exercise through the rights offer in order to discharge its liabilities. The rights offer timetable was also communicated to the lenders as soon as this was approved by the shareholders. Following the successful closure of the rights offer, the IDC and Ericsson facilities have since been fully paid, while the CDB instalments are up to date as at the reporting date.

Inter-creditor and Security Sharing Agreement

In terms of the agreements for the multi-creditor loan facility between Econet Wireless Group companies and the lenders listed above - ZTE, Industrial Development Corporation of South Africa, China Development Bank, Ericsson Credit AB, Afrexim Bank - the lenders have agreed to a pool arrangement for security of their facilities. The Security Pool arrangement is contained in the Inter-creditor and Security Sharing Agreement.

Afrexim Bank was appointed the "Security Agent" in terms of the Inter-creditor and Security Sharing Agreement to hold in trust security on behalf of the syndicated creditors. The role of the Security Agent being, inter alia, to mobilize the syndicate lenders, holding security on behalf of the lenders, managing the collection of debt service payments on behalf of the lenders and enforcing securities while under instruction of the lenders. Barclays Bank of Zimbabwe Limited, Steward Bank Limited and Ecobank Burundi SA are the "Local Administrative Agents" to assist the Security Agent.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

30 FINANCIAL INSTRUMENTS: INTEREST-BEARING DEBT (continued)

The security pool includes the following:

- An Econet Wireless (Private) Limited (EWPL) Notarial General Covering Bond (NGCB)
- The Security Agent to be the loss payee on proceeds of All-Risk Insurance policy covering the EWPL assets, and
- A charge over escrow accounts established as part of the facility agreements with Econet Global Limited and Mr. S.T. Masiyiwa (in his personal capacity) have provided irrevocable guarantees to the lenders participating in the inter-creditor and security sharing agreement.

31 DEPOSITS DUE TO BANKS AND CUSTOMERS

All figures in US$'000s	2017	2016
31.1 Due to customers		
Current accounts	165 225	57 753
Term deposits	4 979	20 825
	170 204	**78 578**
31.2 Maturity analysis of deposits		
Less than 1 month	170 088	64 057
1 to 3 months	116	14 521
	170 204	**78 578**

31.3 Sectorial analysis of deposits

All figures in US$'000s	2017	%	2016	%
Financial	21 183	12.4%	353	0.4%
Transport and telecommunications	1 915	1.1%	12 275	15.6%
Mining	16	0.0%	49	0.1%
Manufacturing	2 007	1.2%	203	0.3%
Agriculture	436	0.3%	85	0.1%
Distribution	25 008	14.7%	4 169	5.3%
Services	15 367	9.0%	3 897	5.0%
Government and parastatals	898	0.5%	2 466	3.1%
Individuals	84 704	49.8%	51 853	66.0%
Other	18 670	11.0%	3 230	4.1%
	170 204	**100%**	**78 580**	**100%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

32 CASH FLOW INFORMATION

	All figures in US$'000s	Note	2017	2016
32.1	**Cash generated from operations**			
	Profit before tax		**59 746**	**68 461**
	Adjustments for:			
	Depreciation of property, plant and equipment		116 373	123 258
	Impairment of property, plant and equipment		2 167	-
	Write off of property, plant and equipment		9 978	3 898
	Amortisation of intangible assets		9 171	9 400
	Bad debts written off		1 343	10 193
	Profit on disposal of property, plant and equipment		(303)	(13)
	Profit on disposal of available for sale investments		(399)	-
	Fair value losses on financial assets		451	459
	Increase / (decrease) in provision for impairment on trade receivables		22 920	(1 807)
	Pension fund recapitalisation		8 748	-
	Share based payments		-	2 202
	Share of profit of associate		(6 577)	(9 515)
	Gain on fair value of investment properties		(789)	(353)
	Net finance costs		26 057	33 403
	Decrease in deferred revenue		(2 440)	(548)
	Inventory write-off		2 486	3 380
	(Decrease) / increase in provision for inventory write-off		(2 313)	805
	Dividends received		(65)	-
	Cash generated from operations before working capital changes		**246 554**	**243 223**
32.2	**Adjustments for working capital changes**			
	Decrease in inventories		3 001	845
	Increase in trade and other receivables		(51 290)	(825)
	Increase / (decrease) in trade and other payables		11 855	(19 678)
	Increase in provisions		1 624	911
			(34 810)	**(18 747)**
	Cash generated from operations		**211 744**	**224 476**
32.3	**Income tax paid**			
	Opening balance of liability		10 498	8 218
	Add: current taxation charge for the year	9	36 582	22 015
	Add: withholding taxes paid	9	125	5 831
	Less: closing balance of liability		(9 124)	(10 498)
	Tax paid		**38 081**	**25 566**
32.4	**Cash and cash equivalents**			
	Short term investments		-	520
	Bank balances and cash		185 863	99 195
			185 863	**99 715**
	Included in cash and cash equivalents is the following:			
	Reserved and restricted cash balances		103 173	75 154

Restricted and reserved cash balances represent debt service reserve amounts which are secured to lenders and amounts held in trust for the EcoCash customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

33 RELATED PARTY TRANSACTIONS

All figures in US$'000s	2017	2016
33.1 Transactions		
Transactions with Members of Econet Global Limited Group		
Purchase of goods and services from the parent	(30 697)	(39 843)
Sales of goods and services to fellow subsidiaries	32 654	45 460
Sales of goods and services to associates	1 269	1 152
Purchases of goods and services from associates	(38 278)	(40 952)
Purchases of goods and services from fellow subsidiaries	(25 833)	(52 538)
Other related parties		
Transactions with Econet Wireless Zimbabwe Group Pension Fund	(8 748)	-
33.2 Balances		
Amounts owed to the parent	(1 777)	(10 853)
Amounts receivable from the parent	800	800
Amounts owed to fellow subsidiaries	(4 027)	(5 258)
Amounts receivable from fellow subsidiaries	8 557	14 371
Amounts owed to associates	(10 635)	(1 997)
Amounts receivable from associates	2 827	3 580
Bank balances due to associates	(11 351)	(18)
Bank balances due to parent	(167)	(168)
Amounts owed by Econet Wireless Zimbabwe Group Pension Fund	-	4 145
Net amounts (payable) / receivable	**(15 773)**	**4 602**
33.3 Compensation of key management personnel		
The remuneration of directors and other members of key management during the year was as follows:		
Short-term-benefits - for management services	8 132	6 335
Short-term-benefits - post employment benefits	107	84
For services as directors	1 006	1 336
	9 245	**7 755**

Terms of balances with fellow subsidiaries

Included in amounts receivable from members of the Econet Global Limited Group are balances accruing interest at 10-12%.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in an arm's length transactions. For the year ended 28 February 2017, the Group did not record any impairment of receivables relating to amounts owed by related parties (2016: US$ Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

Guarantees by Econet Global Limited

Details of guarantees provided by the parent company are disclosed in note 30.
Included in amounts receivable from fellow subsidiaries are receivables which are guaranteed by EGL.

34 GROUP EMPLOYEE BENEFITS

Econet Wireless Group Pension Fund

Contributions are made to the defined contribution scheme through monthly deduction by the Group on members' salaries and remitted to the Fund.

During the year ended 28 February 2017, the Group contributed to the pension fund through US$8.7 million capital injection (2016: US$nil).

National Social Security Authority Scheme

This is a defined contribution scheme promulgated under the National Social Security Act of 1989. The Group's obligation under the scheme are limited to specific contributions legislated from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

35 FINANCIAL RISK MANAGEMENT

35.1 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt.

The debt-to-adjusted capital ratios were as follows:

All figures in US$'000s	2017	2016
Total debt (i)	127 764	223 078
Less: cash and cash equivalents	(185 863)	(99 715)
Net debt	**(58 099)**	**123 363**
Total equity (ii)	**703 406**	**661 897**
Adjusted debt-to-capital ratio	**(8%)**	**19%**

(i) Debt is defined as long and short-term borrowings, as detailed in note 30.
(ii) Equity includes all capital and reserves of the Group.

35.2 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's Audit Committee, consisting of executive and non-executive directors, meet on a regular basis to analyse, amongst other matters, currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Compliance with Group policies and exposure limits is reviewed at quarterly Board meetings.

The Group has a dedicated committee of the Board which reviews the loan exposures on a regular basis and monitors repayment plans. The Group has been able to meet its obligations in the current financial period and the Directors believe that appropriate measures have been implemented to ensure that the Group has the ongoing capacity to meet its obligations arising from these exposures.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

35 FINANCIAL RISK MANAGEMENT (continued)

35.3 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group invests in money market instruments which are subject to changes in interest rates on the local money markets. The Group's policy is to adopt a non-speculative approach to managing interest rate risk. Approved funding instruments include; bankers acceptances, call loans, overdrafts, foreign loans and where appropriate, long-term loans.

The Group has borrowings that are subject to both fixed interest rates and floating interest rates. Details of the Group's borrowings are described in note 30. The Board of Directors has a committee that is dedicated to reviewing the loan exposures and repayment plans for the Group's external borrowings. The Committee that reviews the loan exposures meets on a regular basis and uses various models to project the Group's risk exposures and proposes methods to deal with the risk arising in an appropriate manner. This committee also approves the term sheets for such borrowings, and ensures that the interest rate exposure of the Group is appropriately managed.

The sensitivity of the Group's statement of comprehensive income to the changes in interest rates on its material exposures is disclosed in note 35.3.1 below. The Directors, at the reporting date, were not aware of any information or events that may have a significant impact on the reported profit and loss of the Group or that would result in material changes in the structure of the Group's statement of comprehensive income.

35.3.1 Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on interest bearing debt. The interest rate sensitivity is applied on an effective interest rate of 6.2% (2016: 7.1%).

All figures in US$'000s	Adjusted interest	Future interest payable at current rate	Impact on profit or loss: gain / (loss)	Tax effect	Impact on equity: gain / (loss)
2017					
If interest rate goes up by 2% to 8.2%	9 931	7 372	(2 559)	(659)	(1 900)
If interest rate goes down by 2% to 4.2%	4 815	7 372	2 559	659	1 900
2016					
If interest rate goes up by 2% to 9.1%	25 044	18 248	(6 796)	(1 750)	(5 046)
If interest rate goes down by 2% to 5.1%	11 452	18 248	6 796	1 750	5 046

35.4 Other price risks

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk) whether those changes are caused by factors specific to the individual financial instrument or to its issuer or factors affecting all similar financial instruments traded in that market.

35.5 Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the credit exposure is controlled by counterparty limits that are reviewed and approved regularly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

35 FINANCIAL RISK MANAGEMENT (continued)

35.5 Credit risk management (continued)

Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash, short-term deposits, trade receivables and intercarrier receivables. The Group's cash equivalents are placed with high quality financial institutions. Trade receivables are presented net of the allowance for impairment losses. Credit risk with respect to debtors is limited due to the widespread customer base and ongoing credit evaluations to maintain credit worthiness of the customers.

Where appropriate, trade receivables are converted onto the prepaid service. Intercarrier receivables and payables are regulated by interconnect contracts. Intercarrier receivables and payables for foreign cellular traffic are managed through a reputable foreign finance house which ensures the net monthly outstanding amounts are collected from the foreign interconnect partners.

At the reporting date, there was significant concentration of credit risk on the interconnect balances owing to the Group. Refer to note 22.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the statement of financial position.

35.6 Foreign currency risk management

The schedule below shows the composition of the monetary assets, by currency at the respective year end in United States dollars at the reporting date.

Bank and cash balances

All figures in US$'000s	BWP	Euro	Rand	USD	GBP	Total
2017						
Bank and cash balances	2	278	3 820	181 733	30	185 863
Closing balance	**2**	**278**	**3 820**	**181 733**	**30**	**185 863**
2016						
Bank and cash balances	8	595	1 426	97 163	3	99 195
Short term deposits	-	-	-	520	-	520
Closing balance	**8**	**595**	**1 426**	**97 683**	**3**	**99 715**

Foreign currency risk is the risk that the Group may be affected adversely as a result of foreign currency fluctuations on the various currencies that the entity holds. The Group maintains cash and bank balances in various currencies so that payments can be made in the currency of the respective invoices. This covers the entity against short-term foreign currency fluctuations. In addition to this, the bulk of the Group's bank and other monetary balances are United States Dollar denominated thereby minimising this risk.

As at year end, the converted values of the non USD denominated bank and other monetary balances were minimal and insignificant to the Group hence a sensitivity analysis has not been performed for foreign currency fluctuations.

35.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

35 FINANCIAL RISK MANAGEMENT (continued)

35.7 Liquidity risk management (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

All figures in US$'000s	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Year ended 28 February 2017					
Interest-bearing debt	3 391	(3 263)	-	-	128
Trade and other payables	-	101	-	-	101
Deposits due to banks and other customers	170	-	-	-	170
	3 561	**(3 162)**	**-**	**-**	**399**
Year ended 29 February 2016					
Interest-bearing debt	16 141	22 842	71 751	112 343	223 077
Trade and other payables	-	134 167	-	-	134 167
Deposits due to banks and other customers	16 701	14 521	-	-	31 222
	32 842	**171 530**	**71 751**	**112 343**	**388 466**

The disclosed financial instruments in the above table are the gross undiscounted cash flows.

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY

36.1 Statement of financial position for Steward Bank Limited

All figures in US$'000s	2017	2016
ASSETS		
Cash and cash equivalents	63 955	24 553
Financial assets at fair value through profit or loss	174	280
Loans and advances to customers	52 587	56 258
Loans and advances relating to furniture loans	994	1 623
Financial assets held to maturity	54 505	45 834
Other receivables	27 355	13 512
Investment properties	5 437	4 648
Property and equipment	6 347	4 867
Intangible assets	6 064	6 222
Deferred tax asset	8 640	10 896
	226 058	**168 693**
EQUITY AND LIABILITIES		
Deposits due to banks and customers	144 632	92 650
Loans and borrowings	280	3 565
Provisions	257	223
Other liabilities	5 843	3 363
Equity	75 046	68 892
	226 058	**168 693**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk, strategic risk, reputational risk and market risk. It is also subject to country risk and various operating risks.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies, policies and principles. The Board has established the Assets and Liabilities Management Committee (ALCO) and other governance committees which have the responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Bank also has fully embedded the Bank wide Risk Management Framework with all significant risk types allocated to the risk control owners.

Risk measurement and reporting systems

Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis.The Board receives a comprehensive risk report once a quarter which is designed to provide all the necessary information in order for them to exercise their oversight role.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the credit worthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Impairment assessments

For accounting purposes, the Bank uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include the following:

– Significant financial difficulty of the customer
– A breach of contract such as a default of payment
– Where the bank grants the customer a concession due to the customer experiencing financial difficulty
– It becomes probable that the customer will enter bankruptcy or other financial reorganisation
– Observable data that suggests that there is a decrease in the estimated future cash flows from the loans

This approach differs from the expected loss model used for regulatory capital purposes in accordance with Basel II.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management (continued)

Individually assessed allowances:

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis, including any overdue payments of interest, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected pay-out should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances:

Allowances are assessed collectively for losses on loans and advances and for held-to-maturity debt investments that are not individually significant (including residential mortgages, government debt and unsecured consumer lending) and for individually significant loans and advances that have been assessed individually and found not to be impaired.

The Bank generally bases its analysis on historical experience. However, when there are significant market developments, regional and/or global, the Bank would include macroeconomic factors within its assessments. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debts, changes in laws, changes in regulations, bankruptcy trends, and other consumer data. The Bank may use the aforementioned factors as appropriate to adjust the impairment allowances.

Allowances are evaluated separately at each reporting date with each portfolio.

The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilisation, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry–specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration. Local management is responsible for deciding the length of this period, which can extend for as long as one year. The impairment allowance is then reviewed by credit management to ensure alignment with the Bank's overall policy.

Financial guarantees and letters of credit are assessed in a similar manner as for loans.

Credit related commitments risks:

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the bank to make payments on behalf of customers in the event of a specific act. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management (continued)

All figures in US$'000s	Maximum Exposure to Credit Risk	Fair value of collateral and credit enhancements held: Listed Securities	Letters of credit / Guarantees	Property	Other	Total	Net Exposure to Credit Risk
At 28 February 2017:							
Financial assets:							
Cash and cash equivalents	59 900	-	-	-	-	-	59 900
Financial assets at fair value through profit or loss	174	-	-	-	-	-	174
Loans and advances to customers	58 077	-	-	(1 064)	(4 390)	(5 454)	52 623
Financial assets held to maturity	54 505	-	-	-	-	-	54 505
Other receivables	27 355	-	-	-	-	-	27 355
Total credit risk exposure	**200 011**	**-**	**-**	**(1 064)**	**(4 390)**	**(5 454)**	**194 557**
At 29 February 2016:							
Financial assets:							
Cash and cash equivalents	21 866	-	-	-	-	-	21 866
Financial assets at fair value through profit or loss	280	-	-	-	-	-	280
Loans and advances to customers	62 196	-	-	(4 250)	(485)	(4 735)	57 461
Financial assets held to maturity	45 834	-	-	-	-	-	45 834
Other receivables	13 512	-	-	-	-	-	13 512
Total credit risk exposure	**143 688**	**-**	**-**	**(4 250)**	**(485)**	**(4 735)**	**138 953**

All figures in US$'000s	Neither past due nor impaired: Grade A High grade	Grade B Standard grade	Grade C Sub-standard	Past due but not impaired	Individually impaired	Total
At 28 February 2017:						
Individuals	9 437	-	3 567	3 049	1 960	18 013
Mining	6	-	5	-	-	11
Manufacturing	76	-	11 976	9 213	1 845	23 110
Agriculture	-	-	229	183	905	1 317
Distribution	13	-	104	206	976	1 299
Services	4 756	700	2 573	4 899	324	13 252
	14 288	**700**	**18 454**	**17 550**	**6 010**	**57 002**
At 29 February 2016:						
Individuals	14 580	963	788	1 888	1 783	20 002
Mining	249	15	-	68	-	332
Manufacturing	-	-	28 832	-	95	28 927
Agriculture	2 116	228	-	91	388	2 823
Distribution	532	96	-	186	15	829
Services	3 914	-	544	3 198	4	7 660
	21 391	**1 302**	**30 164**	**5 431**	**2 285**	**60 573**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management (continued)

Commitments and guarantee

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. The maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

All figures in US$'000s	2017	2016
Commitments to lend	47	232

Liquidity Risk and Funding Management

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank places emphasis on lines of credit that it can access to meet liquidity needs. In accordance with the Bank's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, to reflect market conditions.

The key ratios during the year were, as follows:

	2017			2016		
	At 28 February	Maximum during priod	Minimum during priod	At 29 February	Maximum during priod	Minimum during priod
Advances to deposits ratio	37%	67%	37%	67%	105%	62%
Net liquid assets to customer liabilities ratio	81%	83%	71%	80%	80%	55%

The Bank stresses the importance of current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of core customer current and savings accounts, together with term funding with a remaining term to maturity in excess of one year. Loans to customers that are part of reverse repurchase arrangements, and where the Bank receives securities which are deemed to be liquid, are excluded from the advances to deposits ratio.

The Bank defines liquid assets for the purposes of the liquidity ratio as cash balances, short–term interbank deposits and highly-rated debt securities available for immediate sale and for which a liquid market exists.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management (continued)

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

All figures in US$'000s	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
At 28 February 2017:						
Financial assets:						
Cash and cash equivalents	63 955	-	-	-	-	63 955
Financial assets at fair value through profit or loss	174	-	-	-	-	174
Loans and advances to customers	11 305	1 438	2 669	39 918	1 673	57 003
Loans and advances relating to furniture loans	994	-	-	-	-	994
Financial assets held to maturity	8 267	25 541	17 057	3 640	-	54 505
Other receivables	27 355	-	-	-	-	27 355
Total undiscounted financial assets	**112 050**	**26 979**	**19 726**	**43 558**	**1 673**	**203 986**
Financial liabilities:						
Deposits due to banks and customers	144 516	116	-	-	-	144 632
Loans and borrowings	-	-	280	-	-	280
Total undiscounted financial liabilities	**144 516**	**116**	**280**	**-**	**-**	**144 912**
Net undiscounted financial (liabilities)/assets	**(32 466)**	**26 863**	**19 446**	**43 558**	**1 673**	**59 074**
At 29 February 2016:						
Financial assets:						
Cash and cash equivalents	24 553	-	-	-	-	24 553
Financial assets at fair value through profit or loss	280	-	-	-	-	280
Loans and advances to customers	2 297	1 360	12 964	42 151	1 801	60 573
Loans and advances relating to furniture loans	1 623	-	-	-	-	1 623
Financial assets held to maturity	3 305	10 589	27 562	4 378	-	45 834
Other receivables	13 512	-	-	-	-	13 512
Total undiscounted financial assets	**45 570**	**11 949**	**40 526**	**46 529**	**1 801**	**146 375**
Financial liabilities:						
Deposits due to banks and customers	71 825	20 825	-	-	-	92 650
Loans and borrowings	1 500	683	1 203	180	-	3 566
Total undiscounted financial liabilities	**73 325**	**21 508**	**1 203**	**180**	**-**	**96 216**
Net undiscounted financial (liabilities)/assets	**(27 755)**	**(9 559)**	**39 323**	**46 349**	**1 801**	**50 159**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management (continued)

The table below shows the contractual expiry by maturity of the bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

All figures in US$'000s	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
At 28 February 2017:						
Commitments to lend	47	-	-	-	-	47
At 29 February 2016:						
Commitments to lend	232	-	-	-	-	232

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the non–trading interest rate gaps for stipulated periods. The Bank's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank's statement of comprehensive income.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the variable and fixed rate financial assets and financial liabilities held.

	At 28 February 2017		At 29 February 2016	
	Change in interest rate %	Sensitivity of profit or loss US$'000	Change in interest rate %	Sensitivity of profit or loss US$'000
Currency:				
USD	+6	1 249	+6	2 389
USD	+4	832	+4	1 593
USD	+2	416	+2	796
USD	-2	(416)	-2	(796)
USD	-4	(832)	-4	(1 593)
USD	-6	(1 249)	-6	(2 389)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management (continued)

Interest rate repricing and gap analysis

The table below analyses the Bank's interest rate risk exposure on assets and liabilities. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

All figures in US$'000s	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Non-interest bearing	Total
TOTAL POSITION						
At 28 February 2017						
Assets:						
Cash and cash equivalents	-	-	-	-	63 955	**63 955**
Financial assets at fair value through profit or loss	-	-	-	-	174	**174**
Loans and advances to customers	9 950	1 438	2 669	36 858	1 673	**52 588**
Loans and advances relating to furniture loans	994	-	-	-	-	**994**
Financial assets held to maturity	8 267	25 541	17 057	3 640	-	**54 505**
Other receivables	-	-	-	-	27 355	**27 355**
Investment properties	-	-	-	-	6 347	**6 347**
Property and equipment	-	-	-	-	5 437	**5 437**
Intangible assets	-	-	-	-	6 064	**6 064**
Deferred tax asset	-	-	-	-	8 640	**8 640**
	19 211	**26 979**	**19 726**	**40 498**	**119 645**	**226 059**
Liabilities and equity:						
Deposits due to banks and customers	144 516	116	-	-	-	**144 632**
Loans and borrowings	-	-	280	-	-	**280**
Provisions	-	-	-	-	257	**257**
Other liabilities	-	-	-	-	5 843	**5 843**
Equity	-	-	-	-	75 047	**75 047**
	144 516	**116**	**280**	**-**	**81 147**	**226 059**
Interest rate repricing gap	(125 305)	26 863	19 446	40 498	38 498	**-**
Cumulative gap	**(125 305)**	**(98 442)**	**(78 996)**	**(38 498)**	**-**	**-**

ECONET Wireless

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management (continued)

All figures in US$'000s	On demand	Less than 3 months	3 months to 1 year	1 to 5 years	Non-interest bearing	Total
TOTAL POSITION						
At 29 February 2016						
Assets:						
Cash and cash equivalents	-	-	-	-	24 553	**24 553**
Financial assets at fair value through profit or loss	-	-	-	-	280	**280**
Loans and advances to customers	2 297	1 360	12 964	37 836	1 801	**56 258**
Loans and advances relating to furniture loans	1 623	-	-	-	-	**1 623**
Financial assets held to maturity	3 305	10 589	27 562	4 378	-	**45 834**
Other receivables	-	-	-	-	13 512	**13 512**
Investment properties	-	-	-	-	4 867	**4 867**
Property and equipment	-	-	-	-	4 648	**4 648**
Intangible assets	-	-	-	-	6 222	**6 222**
Deferred tax asset	-	-	-	-	10 896	**10 896**
	7 225	**11 949**	**40 526**	**42 214**	**66 779**	**168 693**
Liabilities and equity:						
Deposits due to banks and customers	71 825	20 825	-	-	-	**92 650**
Loans and borrowings	1 500	683	1 203	180	-	**3 566**
Provisions	-	-	-	-	223	**223**
Other liabilities	-	-	-	-	3 363	**3 363**
Equity	-	-	-	-	68 891	**68 891**
	73 325	**21 508**	**1 203**	**180**	**72 477**	**168 693**
Interest rate repricing gap	(66 100)	(9 559)	39 323	42 034	(5 698)	**-**
Cumulative gap	**(66 100)**	**(75 659)**	**(36 336)**	**5 698**	**-**	**-**

Foreign currency exchange rate risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In accordance with the Bank's policy, positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits. In view of the Bank's minimal exposures to other currencies in the financial periods presented, the impact of currency fluctuations with the United States Dollar are not anticipated to have a significant impact on the Bank's profit or loss and capital.

Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

36 DISCLOSURES IN RESPECT OF BANKING SUBSIDIARY (continued)

36.2 Risk Management (continued)

Compliance Risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with law, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the institution to fines and payment of damages. Compliance risk can lead to diminished reputation, limited business opportunities, reduced expansion potential, and an inability to enforce contracts. The Internal Audit and the Risk Department ensure that the Bank fully complies with all relevant laws and regulations.

Reputational Risk

Reputational risk is the current and prospective impact on earnings and capital arising from negative public opinion. This affects the institution's ability to establish new relationships or services or continue servicing existing relationships. This risk may expose the institution to litigation, financial loss, or a decline in its customer base. The Bank has a Business Development department whose mandate is to manage this risk.

37 CAPITAL MANAGEMENT - IN RESPECT OF BANKING OPERATIONS

The objective of the Bank's capital management is to ensure that it complies with the Reserve Bank of Zimbabwe (RBZ) requirements. In implementing the current capital requirements, the RBZ requires the Bank to maintain a prescribed ratio of total capital to total risk weighted assets. Risk weighted assets are arrived at by applying the appropriate risk factor as determined by the RBZ to the monetary value of the various assets as they appear on the Bank's statement of financial position.

Regulatory capital consists of:

- Tier 1 Capital ("the core capital"), which comprises of share capital, share premium, retained earnings (including the current year profit or loss), the statutory reserve and other equity reserves.

- Tier 2 Capital ("supplementary capital"), which includes subordinated term debt, revaluation reserves and portfolio provisions.

The core capital shall comprise not less than 50% of the capital base and portfolio provisions are limited to 1.25% of total risk weighted assets.

- Tier 3 Capital ("tertiary capital") relates to an allocation of capital to meet market and operational risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

37 CAPITAL MANAGEMENT - IN RESPECT OF BANKING OPERATIONS (continued)

The Bank's regulatory capital position was as follows:

All figures in US$'000s	2017	2016
Share capital	4	4
Share premium	106 318	106 318
Retained earnings	(35 174)	(42 380)
Deferred tax asset	(8 640)	(10 897)
	62 508	**53 045**
Less: Capital allocated for market and operational risk	(2 327)	(2 399)
Advances to insiders	(13 370)	(12 070)
Tier 1 capital	**46 811**	**38 576**
Tier 2 capital	**3 899**	**4 950**
Non-distributable reserve	-	-
Portfolio provisions	3 899	4 950
Total Tier 1 and 2 capital	**50 710**	**43 526**
Tier 3 capital (sum of market and operational risk capital)	2 327	2 399
Total Capital Base	**53 037**	**45 925**
Total risk weighted assets	**116 596**	**124 996**
Tier 1 ratio	40%	31%
Tier 2 ratio	3%	4%
Tier 3 ratio	2%	2%
Total capital adequacy ratio	**45%**	**37%**
RBZ minimum requirement	12%	12%

38 OPERATING LEASE ARRANGEMENTS

38.1 Leasing arrangements

Operating leases include leases of certain buildings and sites where the Group's base stations are located. The remaining lease terms vary between 4 months and 8 years. Various options exist for the Group to renew the leasing arrangements on expiry.

All figures in US$'000s	2017	2016
38.2 Payments recognised as an expense		
Minimum lease payments	**8 999**	**6 329**
38.3 Non-cancellable lease commitments		
Not later than one year	8 689	5 632
Later than one year and not later than five years	35 434	10 524
Later than five years	-	776
	44 123	**16 932**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

39 GOING CONCERN

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

40 BORROWING POWERS

In terms of the Company's Articles of Association, the directors may exercise the powers of the Company to borrow up to 200% of the aggregate of:

- the issued share capital and share premium or stated capital of the Company and:
- the distributable and non-distributable reserves, including unappropriated profits of the Company reduced by any adverse amount reflected in the statement of comprehensive income, excluding:
- goodwill
- revaluation reserves arising prior to 28 February of each year
- provision for taxation, deferred tax, and any balance standing to the credit of the tax equalisation account.

The current borrowings are within the limit.

41 CAPITAL COMMITMENTS

All figures in US$'000s	2017	2016
Authorised and contracted for	40 822	18 577
Authorised and not contracted for	33 382	1 500
	74 204	**20 077**

The capital expenditure is to be financed from internal cash generation, extended supplier credits and bank credit.

42 CONTINGENT LIABILITIES

The Group is regularly subject to an evaluation by tax authorities on its direct and indirect tax filings. The consequence of such reviews is that disagreements can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. Such disagreements may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group.

43 GOODWILL

All figures in US$'000s	2017	2016
Goodwill	6 091	6 091

Impairment testing of goodwill

The goodwill relates to the investment in Steward Bank.

The Group performed its annual impairment test as at 28 February 2017. The Group considers the relationship between the investment in subsidiary and its net book value, among other factors, when reviewing for indicators of impairment. The pre-tax discount rate applied to cash flow projections is 10.6% (2016: 10.6%). As a result of this analysis, management did not identify an impairment of goodwill.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to changes in discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

43 GOODWILL (continued)

Discount rate

Discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in pre-tax discount rate to 12.6% (i.e. +2%) would not result in an impairment.

44 EVENTS AFTER THE REPORTING DATE

On 3 February 2017, the Company's shareholders authorized a rights offer of 1 345 139 558 shares and 1 345 139 558 linked debentures. The rights offer was to raise foreign currency for purposes of settling the Company's financial obligations to lenders.

The rights issue was concluded on the 31st of March 2017 and a total of $112 million was raised from the proceeds. The detailed results of the rights issue were as follows:

	Shares	Debentures
Rights offered net of treasury shares	1 166 906 618	1 166 906 618
Rights offered inclusive of treasury shares	1 345 139 558	1 345 139 558
Percentage Subscriptions	74.6%	74.6%
Underwritters' allocation	296 218 828	296 218 828

The rights offer shares were issued and listed on the Zimbabwe Stock Exchange with effect from Friday the 21st of April 2017.

Subsequent to successful conclusion of the Rights Offer, the 6% guarantee fees payable to Econet Global Limited (EGL) under the multi-creditor loan facilities ceases.

45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

46 COMPANY STATEMENT OF FINANCIAL POSITION

All figures in US$'000s	Note	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment		403	623
Investment in subsidiaries	**47.1**	129 881	127 881
Investment in associate	**17.1**	45 909	39 332
Long term intercompany receivable	**47.2**	1 886	1 886
Total non-current assets		**178 079**	**169 722**
Current assets			
Other receivables		-	4 296
Cash and cash equivalents		3 714	567
Total intra-group receivables		8 907	-
Total currents assets		**12 621**	**4 863**
Total assets		**190 700**	**174 585**
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves		54 757	(52 452)
LIABILITIES			
Non-current liabilities			
Intercompany payables	**47.3**	124 576	226 207
Current liabilities			
Other payables		2 460	830
Short term portion of long term borrowings		8 907	-
Total current liabilities		11 367	830
Total equity and liabilities		**190 700**	**174 585**

Note

Amounts advanced to the Company by Econet Wireless (Private) Limited, its subsidiary, for the purposes of funding payments are accounted for as intercompany loans. This has resulted in the Company reporting a negative equity position

DIRECTORS

D. Mboweni
CHIEF EXECUTIVE OFFICER

R. Chimanikire
FINANCE DIRECTOR

30 May 2017

ECONET Wireless

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2017

47 INVESTMENTS AND LOANS IN SUBSIDIARIES COMPANY

All figures in US$'000s	Percentage	2017	2016
47.1 Cost of investments			
Econet Wireless (Private) Limited (Cellular network operator in Zimbabwe)	100%	3 134	3 134
Transaction Payment Solutions (Private) Limited (Computer data processing service provider)	100%	26	26
E. W. Capital Holdings (Private) Limited (Investment company in Zimbabwe)	100%	17 797	17 797
Pentamed Investments (Private) Limited (Investment company in Zimbabwe)	100%	6 221	6 221
Steward Bank Limited (Banking operations in Zimbabwe)	100%	97 318	97 318
Econet Life (Private) Limited (Funeral assurance company in Zimbabwe)	85%	5 385	2 885
Steward Health (Private) Limited (Medical aid company in Zimbabwe)	100%	-	500
Total investments in subsidiaries		**129 881**	**127 881**
47.2 Inter-company receivables			
Pentamed Investments (Private) Limited		1 886	1 886
47.3 Inter-company payables			
Econet Wireless (Private) Limited		(107 964)	(209 595)
Econet Wireless Capital Holdings Limited		(16 612)	(16 612)
		(124 576)	(226 207)
Net investments and loans in group companies		**7 191**	**(96 440)**

47.4 Parties related to the company

Parent
The parent company of Econet Wireless Zimbabwe Limited is Econet Global Limited which is based in Mauritius.

Fellow subsidiaries
Liquid Telecommunications Operations Limited
Worldstream (Private) Limited
Batoka Hospitality (Private) Limited
Econet Renewable Energy Systems
Econet Services International

Associates
Liquid Telecommunications Zimbabwe (Private) Limited
Cumii Zimbabwe (Private) Limited

STRATEGIC BUSINESS PARTNERSHIPS

Networks

ERICSSON · ZTE中兴 · LIQUID TELECOM

Finance

AFREXIMBANK · CBZ BANK LIMITED · 国家开发银行 China Development Bank · MasterCard · DEG KFW BANKENGRUPPE · FMO Entrepreneurial Development Bank · PROPARCO SOCIETE DE PROMOTION ET DE PARTICIPATION POUR LA COOPERATION ECONOMIQUE · IDC Industrial Development Corporation · PTA BANK BANQUE DE LA ZEP · BancABC AFRICAN BANKING CORPORATION · BARCLAYS · Stanbic Bank A member of Standard Bank Group · ZIMSWITCH READY

Systems & Software

HUAWEI · ORACLE · SUBEX Systems · IBM · JETHRO · Microsoft · Mahindra COMVIVA · LEMCON Likusasa · AVAYA · TEMENOS

Fuel

PUMA ENERGY · ZX·FUELS

The opportunities in the market have made it imperative to broaden our relationship with key partners. This has enabled the business to deliver value to stakeholders and promote accelerated growth.

ECONET Wireless

SHAREHOLDER ANALYSIS

For the year ended 28 February 2017

Consolidated Top 10

Rank	Account Name	Shares	% of Total
1	ECONET WIRELESS GLOBAL LIMITED	492,325,748	30.02%
2	STANBIC NOMINEES (PRIVATE) LIMITED (NNR)	282,586,083	17.23%
3	ECONET WIRELESS ZIMBABWE LIMITED	216,344,376	13.19%
4	STANBIC NOMINEES (PRIVATE) LIMITED	94,040,619	5.73%
5	AUSTIN ECO HOLDINGS LIMITED - NNR	89,872,460	5.48%
6	OLD MUTUAL LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED	88,926,892	5.42%
7	ECONET WIRELESS ZIMBABWE SPV LIMITED	48,475,095	2.96%
8	STANDARD CHARTERED NOMINEES (PRIVATE) LIMITED	24,918,938	1.52%
9	NORTHUNDERLAND INVESTMENTS (PRIVATE) LIMITED	22,020,090	1.34%
10	STANDARD CHARTERED NOMINEES (PRIVATE) LIMITED - NNR	20,038,646	1.22%
	TOTAL TOP 10	1,379,548,947	84.11%
	OTHERS	**260,465,643**	**15.89%**
	TOTAL ISSUED SHARES	**1,640,014,590**	**100.00%**

Range	Holders	% of Holders	Shares	% of Shares
0 - 100	2 491	27.10	99,340	0.01
101 - 200	737	8.02	121,421	0.01
201 - 500	992	10.79	340,204	0.02
501 - 1,000	1 009	10.98	694,517	0.04
1,001 - 5,000	2 325	25.29	4,780,464	0.29
5,001 - 10,000	520	5.66	3,610,433	0.22
10,001 - 50,000	593	6.45	13,040,579	0.80
50,001 - 100,000	148	1.61	10,715,390	0.65
100,001 - 500,000	206	2.24	46,716,929	2.85
500,001 - 1,000,000	70	0.76	48,764,632	2.97
1,000,001 - 10,000,000	83	0.90	235,417,172	14.35
10,000,001 -	18	0.20	1,275,713,509	77.79
Total	**9,192**	**100.00**	**1,640,014,590**	**100.00**

Note:
The shareholders analysis above is pre-rights offer. Consequently, the analysis will change following the rights issue.

CORPORATE AND ADVISORY INFORMATION

Registered Office

Incorporated in the Republic of Zimbabwe
Company registration number 7548/98
Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe

Telephone: +263-486124-5, +263-772 793 700, Fax:+263- 4-486183
E-mail: info@econet.co.zw, website: www.econet.co.zw

Group Company Secretary

Charles Alfred Banda
Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe

Independent Auditors

Deloitte & Touche (Zimbabwe)
Registered Public Auditors
West Block, Borrowdale Office Park, Borrowdale Road, Borrowdale, P.O. Box 267, Harare, Zimbabwe

Principal Bankers

African Export-Import Bank Limited
72 (B) EL Maahad EL-Eshleraky Street, Opposite Merryland Park, Roxy, Heliopolis, Cairo 11341, Egypt

Barclays Bank
Kurima House, Nelson Mandela Avenue, P.O Box CY 881 Causeway, Harare

Stanbic Bank
Stanbic Centre, 59 Samora Machel Avenue, Harare, Zimbabwe

Steward Bank Limited
2nd Floor, 101 Union Avenue Building,101 Kwame Nkrumah Avenue, Harare, Zimbabwe

CBZ Bank Limited
Union House, 60 Kwame Nkrumah Avenue, Harare, Zimbabwe

Principal legal advisors

Mtetwa and Nyambirai
Legal Practitioners
2 Meredith Drive, Eastlea, Harare, Zimbabwe

Registrars and transfer secretaries

First Transfer Secretaries (Private) Limited
1 Armagh Avenue, Eastlea, Harare, Zimbabwe

FINANCIAL DIARY

For the year ended 28 February 2017

31 August 2017	**Nineteenth Annual General Meeting of Shareholders, Econet Park, Harare**
October 2017	**Interim results**
28 February 2018	**Financial year end**
April 2018	**Financial results**
July 2018	**Annual Report 2018 publication**
August 2018	**Twentieth Annual General Meeting of Shareholders, Econet Park, Harare**

ECONET Wireless

NOTICE TO MEMBERS

Notice is hereby given that the Nineteenth Annual General Meeting of the members of Econet Wireless Zimbabwe Limited will be held in the staff canteen, at the registered office of the Company at Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe on Thursday 31 August 2017 at 10.00am for the following purposes:

ORDINARY BUSINESS

1. Financial Statements
To receive, consider and adopt the financial statements for the year ended 28 February 2017 together with the reports of the directors and auditors thereof.

2. Dividend
To confirm a dividend of 0.467 United States Cents per share, as recommended by the Board, for the year ended 28 February 2017.

3. Election of Directors
3.1. To re-elect Mrs S Shereni, Mr M Edge and Ms B Mtetwa as directors of the Company, who, in accordance with Article 81 of the Company's Articles of Association, retire by rotation at the Company's Annual General Meeting and, being eligible, offer themselves for re-election. Each of the directors shall be separately elected.

3.2. To elect Mr M Bennett as a Director of the Company. Mr M Bennet was appointed by the Directors in between General Meetings. In terms of Article 89.2, he retires and offers himself for election by the members. Mr Bennett has a BA LLB degree from Rhodes University in South Africa and was a partner at Scanlen & Holderness, Zimbabwe. He qualified as a solicitor in England and Wales in 2001 and is currently a partner at Hill Dickinson LLP. Mr Bennett has significant international experience across a variety of sectors in mergers and acquisitions acting for both companies and entrepreneurs.

4. Directors Remuneration
To approve the fees paid to the directors for the year ended 28 February 2017.

5. Auditors
5.1. To approve the auditors' remuneration for the previous year.

5.2. To consider re-appointment of Deloitte & Touche as auditors of the Company until the next Annual General Meeting.

6. Special Business
To consider, and if thought fit, to adopt, with or without amendment, the following resolutions:

6.1 AS AN ORDINARY RESOLUTION:
"That the Company, is duly authorized by Article 10 of its Articles of Association, may undertake the purchase of its own ordinary shares in such manner or on such terms as the directors may from time to time determine, provided that the repurchases are not made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase and also provided that in accordance with the Zimbabwe Stock Exchange Listing Rule 5.100, the maximum number of shares authorized to be acquired shall not exceed 20% (twenty percent) of the Company's issued ordinary share capital.

That this authority shall expire at the next Annual General Meeting and shall not exceed beyond 15 months from the date of this resolution".

Due to the uncertain economic environment, the Directors will consider the effect of the repurchase of the shares on the Company's financial position, before executing any share transactions, under this resolution, to confirm that:

a) The Company will be able to pay its debts for a period of 12 months after the date of the Annual General Meeting.
b) The assets of the Company will be in excess of liabilities.
c) The share capital and reserves of the Company are adequate for a period of 12 months after the date of the notice of the Annual General Meeting.
d) The Company will have adequate working capital for a period of 12 months after the date of the notice of the Annual General Meeting.

By order of the Board

C.A. Banda
GROUP COMPANY SECRETARY

30 May 2017

Registered Office:
Econet Park,
2 Old Mutare Road, Msasa, Harare, Zimbabwe.
E-mail: info@econet.co.zw
Website: www.econet.co.zw

Registrars and Transfer Secretaries:
First Transfer Secretaries (Private) Limited,
1 Armagh Avenue, Eastlea,
Harare,
Zimbabwe

ECONET WIRELESS ZIMBABWE LIMITED

To be delivered by hand to:

First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea
HARARE
ZIMBABWE

The Group Company Secretary
Econet Wireless Zimbabwe Limited
Econet Park
2 Old Mutare Road

HARARE
ZIMBABWE

or by post to:
First Transfer Secretaries (Private) Limited
P O Box 11
HARARE
ZIMBABWE

ECONET WIRELESS ZIMBABWE LIMITED

PROXY FORM
ANNUAL GENERAL MEETING

Proxy form for the Nineteenth Annual General Meeting of the members of Econet Wireless Zimbabwe Limited will be held in the staff canteen, at the registered office of the Company at Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe on Thursday 31 August 2017 at 10:00am.

I/We ____

Being the registered holder/s of ____

Ordinary shares in Econet Wireless Zimbabwe Limited, do hereby appoint:

1 ____ or failing him/her

2 ____ or failing him/her the Chairman of the Annual General Meeting as my/our proxy to act for me/us at the Nineteenth Annual General Meeting of the Company which will be held at Econet Park, 2 Old Mutare Road, Msasa, Harare to vote for me/us on my/our behalf or to abstain from voting.

		IN FAVOUR	AGAINST	ABSTAIN
1.	Adoption of the 2017 Annual Financial Statements together with the reports of the Directors and the Auditors			
2.	Approval of dividend			
3.	Election of Directors			
4.	Approval of Directors' remuneration			
5.	Approval of Auditors' remuneration for the past year and Re-appointment of Auditors for the coming year			
6.	Special Business: Renewal of share buy-back authority			

(Kindly tick where appropriate)

Explanatory notes to resolutions for Annual General Meeting

1. Shareholders may insert the name of a proxy or the name of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting", but such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.

2. The authority of the person signing a proxy or representing an institutional shareholder should be attached to the proxy form in the form of a Board resolution confirming that the proxy has been appointed to represent the shareholder at the Company's annual general meeting .

3. Forms of proxy must be lodged at or posted to be received at the registered office of the Company Secretary, Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe, not less than 24 hours before the time of the meeting.

4. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms therefor should the shareholder wish to do so.

5. The Chairman of the Annual General Meeting may accept a proxy form which is completed and /or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

6. Any alteration or correction to this form must be initialled by the signatory/signatories.

Signature of Shareholder ______________________________ Date ______________________________

PLEASE NOTE
If the address on the envelope of this letter is incorrect, please fill in the correct details below and return to the Secretary.

Name ____

Address ____

FOR OFFICIAL USE
No. of Shares held
....

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