WE ARE A COMPANY ABOUT PEOPLE

SUSTAINABILITY REPORT

For the year ended 31 December 2017

TelOne
Bringing You Together

Contents

INTRODUCTION

Over the years, TelOne has made considerable progress in redefining the business to be centered on people. We have taken active and systematic responsibility to our Customers, Shareholder, Economy, Community and the Environment and our Employees. Our strategy has been driven by the realisation that the business is about people and our relevance in their lives.

For us, being about people means:

- **We care about our customers, creating memorable experiences and giving value for their money.**
- **We care about creating value for our shareholder who remains committed to investing and supporting our programmes.**
- **We care about our impact on the economy of Zimbabwe and we seek to contribute positively at all times.**
- **We are concerned about the community to which we belong as a corporate citizen and we shall continue to play our role in its development.**
- **We care about the impact of our operations on the environment and we continuously seek to improve our role in environment awareness.**
- **We are concerned about the wellbeing of our employees and their families and we seek to uplift them in every sphere of their lives.**

ABOUT THIS REPORT

We are pleased to present the TelOne (Private) Limited Sustainability Report for the year ended 31 December 2017.

At TelOne, we are committed to adapt to the ever changing business environment driven by market needs and those of the communities around us. We continue to evolve, transforming our capabilities to becoming a converged multimedia communication services provider.

This report covers all of TelOne operations in Zimbabwe.

Reporting frameworks

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act (Chapter 24:03). In reporting on non-financial information, the Company is mainly guided by the following:

- The Global Reporting Initiatives (GRI) Guidelines on Sustainability Reporting
- The Code of Corporate Governance in Zimbabwe (ZIMCODE)
- The Public Finance Management Act (Chapter 22:19)

Assurance on financial and non-financial information

Our financial statements were audited by the Office of the Auditor General of Zimbabwe in accordance with International Standards of Auditing (ISA). The independent auditors' report on the financial statements is contained on Page 56 of the Sustainability Report. Selected sustainability performance indicators were independently assured by TelOne's internal audit department through an internal audit review to provide reasonable assurance on our non-financial information disclosed to our stakeholders.

OUR VISION

Connectivity for everyone, everywhere in Zimbabwe by 2020

OUR MISSION

To provide multi-media and telecommunication services

OUR VALUES

Client focus

Our clients are the center of our existence and we deliver superior customer service at all times

Innovation

We promote a culture of creativity and innovation to continuously improve our product and service offering

Commitment

We are dedicated to delivering value to all stakeholders

Accountability

We are accountable for our actions which will remain compliant, professional and reliable

Teamwork

We complement each other's efforts in delivering superior customer service

Excellence

We strive to continuously improve ourselves in line with changing developments in the sector

We have three customer facing lines of business namely TelOne Infrastructure and Wholesale, TelOne Retail and the TelOne Centre for Learning. These divisions were created in 2016 to allow the business to increase efficiencies between our technical and customer facing staff as well as introducing commercial drive throughout the business. The Infrastructure and Wholesale division has allowed increased focus on the development of our network while driving wholesale revenues derived from internet service providers and other telecommunication companies in Zimbabwe. The Retail division is responsible for last mile connectivity service to all customers across the country covering all enterprises and households. The Centre for Learning has become a hub for the development of technical and commercial skills for the industry in Zimbabwe.

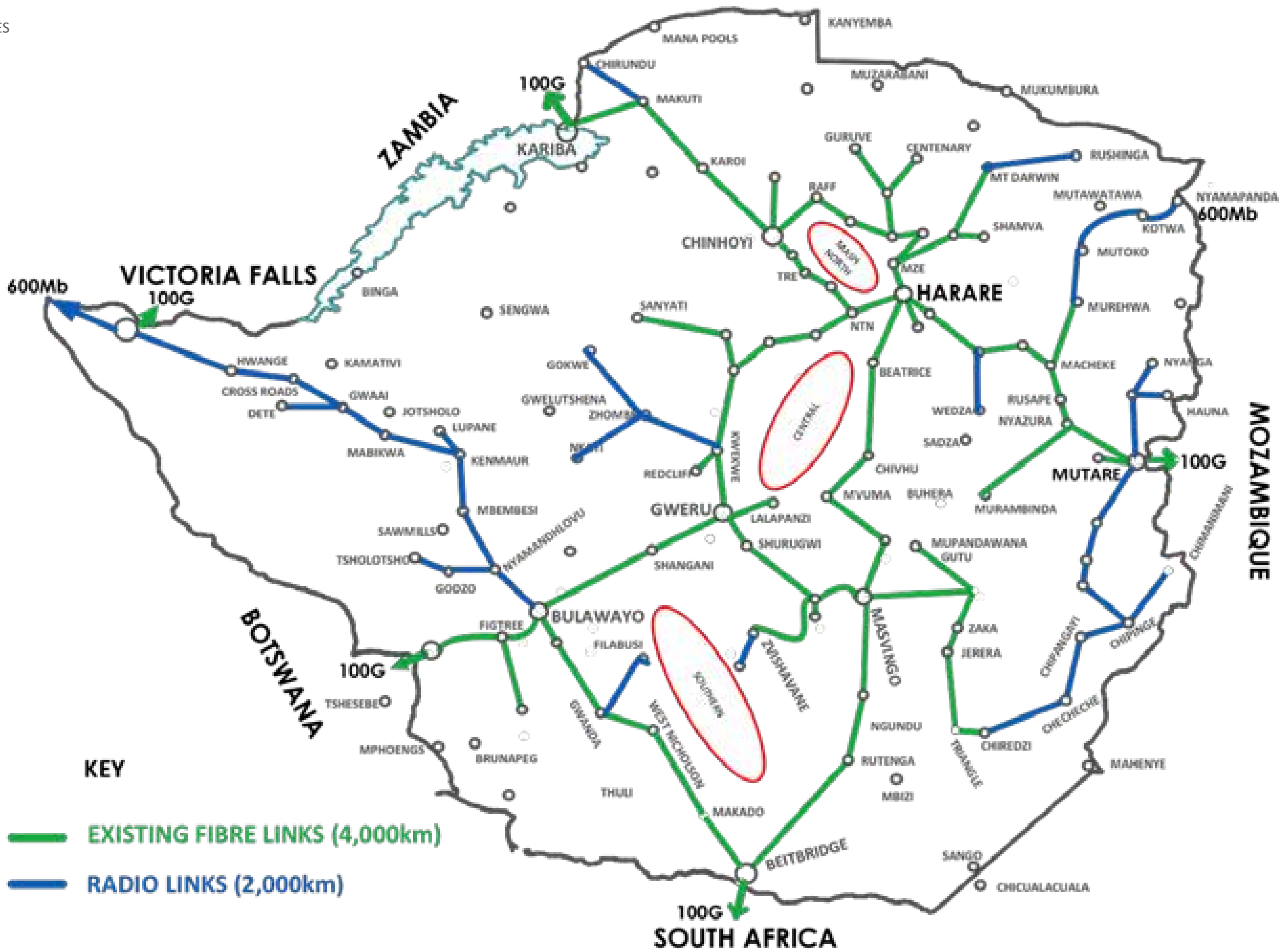
TelOne Infrastructure and Wholesale Division

TelOne's Infrastructure and Wholesale Division is Zimbabwe's largest provider of bulk Internet; an Internet Access Provider (IAP) offering services to telecommunications operators and internet service providers (ISPs).

TelOne Wholesale offers the most affordable and reliable voice, broadband and data transfer service leveraging on partnerships with regional and international operators. It is able to deliver high speed Internet bandwidth with sufficient capacity to cater for Zimbabwe's requirements at the lowest prices in the country. The shareholding in the West Indian Ocean Cable Company (WIOCC) has resulted in TelOne being the only Zimbabwean operator with direct ownership of an undersea cable. WIOCC also has a majority stake in the major submarine communications cable company, East African Submarine System (EASSy) cable and an interest in West Africa Cable System (WACS). These cable companies operate from both sides of the continent and link Africa to the rest of the world. The division has deployed backbone optic fibre across the country with fibre coverage increasing to 3,700 kilometres from 2,600 kilometres in 2016.

The TelOne Infrastructure and Wholesale Division unveiled a tier 3 Data Centre in March 2017. The Data Centre caters for Corporates, Government and SMEs for data storage and back-up services. Another similar facility is nearing completion in Zimbabwe's second largest city of Bulawayo.

Existing Backbone Network



TelOne Retail Division

The Retail division services the enterprise market and also offers several consumer products.

Enterprise solutions

Voice

TelOne offers the most affordable and reliable voice service with tariffs as low as $0.05 per minute. TelOne Retail is now offering VoIP services for corporate clients which has helped to further reduce their operating costs. With TelOne VoIP, corporates have been able to enjoy free on network minutes with reliable connectivity. The National Backbone Project (NBB) which was largely implemented in 2017, has ushered in new system capabilities that include the introduction of prepaid billing to give clients control over their bills while also increasing the company's collections.

Voice over Internet Protocol (VoIP) is a technology that allows you to make voice calls using a broadband Internet connection instead of a regular copper phone line. A VoIP phone system connects to your Local Area Network (LAN) and uses it as the backbone of your system. VoIP services enables one to make calls and connect through Internet. The service can allow you to make a call directly from a computer, a special VoIP phone, or a traditional phone connected to a special adapter. It enables calling to any telephone number - including local, long distance, mobile and international numbers.

What's unique about TelOne VoIP

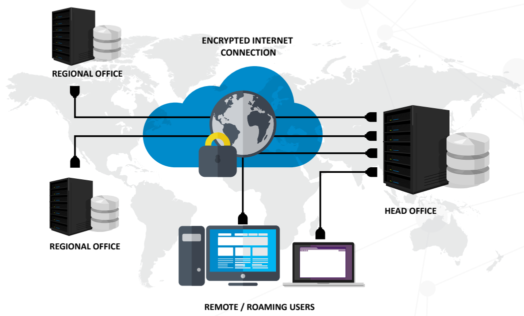
- Unlike other service providers who use unsecure internet connections and cannot guarantee quality of service to transmit VoIP traffic, TelOne utilises secure VPN to connect between remote sites at no cost.
- The charges for this VPN is fixed monthly and does not fluctuate while with other providers, subscribers are charged for data traffic consumed together with the actual voice usage, hence they are billed for both Data and Voice for a single call.
- TelOne VPN connections are encrypted hence even if voice traffic is intercepted, it cannot be interpreted guaranteeing maximum security to subscribers.

Virtual Private Network

Virtual Private Network (VPN) is a technology that creates an encrypted connection over a less secure network and ensures the appropriate level of security to the connected systems when the underlying network infrastructure alone cannot provide it.

TelOne offers data transfer services that enable real-time information transfer at high speeds and uses various media including fibre optics and VSAT.

Virtual Private Network Setup



IP PBX

TelOne also offers end-to-end solutions including providing Customer Premise Equipment like handsets, IP PBX, PABX as well as Local Area Networking (LAN). Corporates can now take advantage of this service offering to reduce their communication expenditure in the face of constrained resources. An IP PBX is a private branch exchange (telephone switching system within an enterprise) that switches calls between VoIP. Multiple IP PBX can be deployed at multiple sites and connected via VPN. An IP PBX can also switch calls between a VoIP user and a traditional telephone user, or between two traditional telephone users in the same way that a conventional PBX does. An additional advantage is that IP PBX has the ability to define usage limits based on user roles with a simple administration interface. It offers real time monitoring of calls including a detailed report of voice usage by extension. It also comes with value added services.

Conferencing Facilities

TelOne offers conferencing facilities for voice, video and data services.

Video Conferencing

Utilising telecommunications of audio and video to bring people at different sites together for a meeting. This can be as simple as a conversation between two people in private offices (point-to-point) or involve several sites (multi-point) with more than one person in large rooms at different sites. The customer requires Video Terminal equipment which will be registered to the IMS Video Conference Bridge. The bridge allows multi point video conferencing.

Data Conferencing

Also known as e-Conferencing, this is a solution that integrates multiple conference methods like audio, video and data collaboration. It is mainly used to convene and manage remote conferences. It can be further extended to areas such as training and remote presentation.

Webmail Hosting

TelOne hosts Microsoft Exchange email mainly for corporate use. This allows customers to have domain names. Key features for this service include:

- Robust anti-virus and firewalls
- Reliable backup servers and bandwidth routes
- Customised services and highly skilled specialised cloud services experts.
- Improved uptime and availability
- Optimum network performance with our 24/7 Call Centre Customer Support

TelOne SATELLITE

Our Satellite service mainly caters for clients who are in areas that cannot be accessed by our Fixed Broadband services especially rural and farming areas. TelOne Satellite has been providing connectivity especially to Non-Governmental Organisations operating in areas with no copper or fibre network, rural schools and clinics and hospitals. Some rural schools have benefited from the availability of this service under the Government Connected Schools programme where special tariffs are being offered. The Ka Band broadband service has gained popularity among schools and prices have been reviewed to cater for this market.

A new package has been unveiled to the market and this offers double the speeds which customers were getting on the old packages. The download caps have also been increased in order to promote more bundle renewals and out of bundle top ups during a month period.

Consumer Products

TelOne offers consumer products under three broad categories namely:

- Broadband - offered through a variety of technologies which include fibre to the home, ADSL, Satellite and Public Wifi
- Voice - offered through Voice over Internet Protocol (VoIP) and traditional voice lines.

TelOne contributes 20% of the Broadband access in Zimbabwe. Of the 3,2million households in Zimbabwe our infrastructure has covered over 260,000.

TelOne BROADBAND

TelOne Retail introduced new home broadband packages that are technology neutral, allowing customers to enjoy seamless home broadband solutions. The Division has enjoyed an upsurge in broadband revenues recording a 61% increase over the last 4 years. There is room for more growth as Retail has increased its capacity to offer broadband solutions to over 300,000 residential customers.

TelOne VOICE

TelOne offers largely traditional voice to its consumer clients while the offer for enterprise has now been enhanced through offering Voice over Internet Protocol (VoIP).

Public Wi-Fi

The telecommunications landscape in Zimbabwe has significantly changed over the years from just the basic telephone to the multimedia Internet based world we are now living in. In Zimbabwe, TelOne has contributed to this revolution through the launch of Public Wi-Fi which is accessible to anyone with a Wi-Fi compatible device. TelOne launched the Public Wi-Fi service in May 2015 with only 10 hotspots in Harare, now the service is available countrywide with over 200 hotspots with growth projections of over 600 hotspots by 2019.

The TelOne Public Wi-Fi has caused a significant shift in the way the public consumes Internet taking advantage of the endless possibility of the Internet. Customers are now able to enjoy the internet on the go using their home bundle or on site recharges. Wi-Fi Home and Away is one key feature that was added to the TelOne broadband offering making the Wi-Fi service more convenient while adapting to the needs of our clients.

TelOne's Public Wi-Fi, pegged at only $1 for 1 gig, continues to gain more acceptance in the market and has now extended to cater for higher learning institutions, stadia, fast food outlets as well as leisure spots like Sports clubs.

Looking into the future, the TelOne Public Wi-Fi has boundless potential to drive economic growth and improve people's lives in Zimbabwe and beyond. Wi-Fi technology will be fundamental to the realisation of the Internet of Everything, with TelOne leading the pack in making this a reality in Zimbabwe.

HOW WE ARE ORGANISED (continued)

TelOne Centre for Learning (TCFL) is a technology school offering ICT and business courses as well as conferencing facilities to Zimbabwe, SADC and beyond. TCFL, a SADC Certified Centre of Excellence, seeks to develop relevant skills that are relevant to the digital economy through various long and short courses including a degree, five diplomas and an array of short courses. TCFL also plays a pivotal role in updating Zimbabwe on technology trends through hosting one or two-day seminars/conferences. The following are flagship TCFL programmes:

i. Bachelor of Engineering Honours Degree in Telecommunications
ii. Diploma in Telecommunications
iii. Diploma in Data Science
iv. Diploma in Software Engineering
v. Diploma in Computer Networking
vi. Diploma in Digital Marketing

TelOne CENTRE FOR LEARNING

TCFL also delivers internationally-recognised certification courses in Networking, Mobile Communications, Cybersecurity and Soft Skills through accreditation and partnerships with international technology partners. These partners include Huawei, Cisco Systems, Informa Telecoms, Bitcrack Security and City & Guilds of London, among others.

TCFL seeks to offer international qualifications while meeting international training standards through partnering with strong international brands. Some of the partnerships in place are Cisco (USA), Telecoms Academy (UK), City & Guilds (UK) and Huawei (China). TCFL is a registered Cisco Academy and offers globally-recognised networking certifications (Cisco Certified Network Associate, Cisco Certified Network Professional and Cisco Cyber Security). The college has a long-standing accreditation with City & Guids for telecommunications training. TCFL also provides a Telecoms Mini MBA designed for telecoms/ICT executives. Through its partnership with Huawei, TCFL offers certification courses in the latest technologies which include LTE, Cloud Computing, Cloud Storage, Access Network and Network Security.

Student Participation

TCFL has established a Research and Innovation Club in order to harness and guide student creativity. This club is led by lecturers and has been allocated a Research Lab where students can work on ideas outside of their college time table.

HUAWEI
Telecoms Academy
TRAINING EXCELLENCE
CISCO
City & Guilds
APPROVED CENTRE

NATIONAL DIPLOMA

DIGITAL MARKETING

The course is designed to prepare students for today's business world by developing a Digital Marketing Officer with knowledge, skills and attitude required to satisfy the needs of all economic sectors.

Entry Requirements:

5 Ordinary Level passes including Mathematics, Science and English

Technical | Business | Facilities

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P.O. Box CY1001, Causeway | Belvedere, Harare
Tel: 04-780 126/9, 780 131-3, 793 232, 780 134-5
Email: tcfl.marketing@telone.co.zw

TelOne
CENTRE FOR LEARNING

CORPORATE GOVERNANCE REPORT

- Chairman's statement
- Managing Director's report
- Corporate Governance report

CHAIRMAN'S STATEMENT

CHAIRMAN: MRS J. MACHOBA

DEAR STAKEHOLDER

It is my pleasure to present our Sustainability Report for the year ended 31 December 2017.

OPERATING ENVIRONMENT

Economic Environment

Building on the issues obtaining and covered in our previous report, we note the growth of the country's Gross Domestic Product by an estimated 3.5%. We are pleased to report a 3% increase in revenue in-line with this growth in GDP. However, the economy continued to reel under acute liquidity constraints. Foreign currency shortages over the period also led to a parallel market which has seen premium pricing and rapid increases in the prices for most goods particularly those with an import content.

Telecommunications Sector

The Telecommunications Sector recorded an 11.2% growth in revenue to $1.1 billion in 2017 from $998million in 2016. This growth was largely dominated by one major player. Revenues for the Internet Service Providers (ISP) grew by 18% to $187million. The growth in ISP revenues was supported by an improvement in the internet penetration rate from 50% in 2016 to 51% in 2017.

There was a 6% decline in voice traffic. This evidently depicts saturation in the voice segment for the Telecommunications sector in preference for Broadband Internet and Over The Top Services (OTTs).

COMPANY FINANCIAL PERFORMANCE

In 2017, TelOne recorded a 3% telecommunications revenue growth to $117million spurred by increased uptake of our broadband services by the market. Broadband revenues increased by 36% while voice revenues remained sluggish recording a 9% decline. The implementation of the National Broadband Project (NBB) had a positive impact on revenue as broadband subscribers increased by 8.8% from 80,745 subscribers to 87,851 subscribers.

On the whole, it is notable that the increase in revenue coupled with a 1% decline in operating expenses led to a 43% improvement in Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) to $20million compared to $14million EBITDA achieved in 2016.

Unfortunately, the improved operating performance was weighed down by high depreciation charges of $27million and legacy loan charges of $29million. Consequently, the company recorded a net loss before tax of $39million compared to $33million in 2016.

Going forward, we expect depreciation expenses to be offset by forecast revenue growth. This is also expected to spur the company back to operating profitability. Further, the company will continue to seek for conclusion on the conversion of the legacy loans into a capital contribution by the shareholder so as to strengthen the company's balance sheet.

COMPANY BALANCE SHEET

Three major factors affecting the TelOne Balance Sheet are the legacy loan book, Government & Parastatal Debtors and foreign and local creditors.

The company's balance sheet has been strengthened by asset additions valued at $70.3million from the implementation of the NBB Project. However, the legacy loan book, now valued at $377million, remains an albatross to the financial status of the company. Our external auditors have issued an emphasis of matter on TelOne's going concern status due to the legacy loans which put the company in a technical insolvency position. The legacy loans require urgent resolution by the shareholder as this is affecting both the profitability of the company and the balance sheet.

Further to this, the company is saddled by a high trade debtors' book of $149million of which $88million is owed by the Government and State Owned Enterprises. This has resulted in a debt trap whereby the company is also not able to service its local obligations properly. These obligations include interconnection services, licence and spectrum fees as well as pension fund and ZIMRA tax payables. While mindful of the economic challenges being experienced by Government and State Owned Enterprises, we continue to implore on the authorities to address this matter conclusively to allow ease of business by TelOne.

Availability of foreign currency remains a major constraint to the business with foreign obligations rising to unsustainable levels. TelOne operations, including bandwidth importation remain largely dependent on foreign partners. We again continue to call for the prioritisation of foreign currency allocations to settle obligations to these business partners to avoid disruption of service to our clients and strategic national operations.

CLIENT EXPERIENCE MANAGEMENT

In 2017, enhancing client experience remained a key priority within the company's strategy and operations. Key interventions on backbone network roll-out, upgrading of the exchanges to Multi Service Access Nodes (MSAN) and increasing distribution channels are some of the precise developments.

On the other hand, network vandalism continues to threaten the company's efforts to improve its service delivery. Efforts to manage the scourge are on course.

NETWORK DEVELOPMENTS

The company has positioned itself to be the preferred backbone access provider linking the country with the rest of the world. Under the NBB Project, more than 50% of the $98.6 million investment was to expand the backbone optic fiber network while the other 50% was for modernising the existing Core and Access Network.

SUSTAINABILITY REPORTING

In line with the Global Reporting Initiative (GRI) which promotes the use of Sustainability Reporting, TelOne successfully aligned its reporting to the GRI standards. The company continues to evaluate its reporting requirements with a view to achieve a sustainable operation. Adopting Sustainability Reporting is a key milestone consistent with our quest to enhance transparency and accountability which fosters trust and collaboration between the business and all our stakeholders.

CORPORATE SOCIAL INVESTMENT

Our Corporate Social Investment Policy outlines the core focus areas for social investments as Health, Education, Environment and Social Welfare. Over the period, the company invested 1% of its revenue towards social responsibilities.

BOARD CHANGES

The tenure of the Board of Directors led by Engineer Charles Shamu came to an end in August 2017. A new Board of Directors was appointed effective 1 March 2018 comprising 4 new members and 2 members from the previous board to allow for institutional memory and continuity. On behalf of the incoming Board of Directors, I wish to thank all outgoing board members for their earnest contribution and the solid foundation laid to transform the business. I also thank the Shareholder for the mandate and confidence shown to us, the new board to usher TelOne to profitability and I welcome the new and continuing board members. I also wish to express gratitude to management for a seamless induction process.

COMMITMENT TO GOOD CORPORATE GOVERNANCE

The board recognises and subscribes to the principles of good corporate governance and strict adherence thereof. The board is committed to the principle of openness, integrity and accountability as required by good corporate governance guidelines stipulated in the Zimbabwe Code of Corporate Governance. The company has reviewed its practices to ensure compliance with new and upcoming legislation.

GOING FORWARD

Positive economic growth is expected in 2018, driven by increased investor confidence and continued growth in the agricultural, mining and tourism sectors. The recent announcement by Government on the part privatisation of TelOne will bring new opportunities for growth and partnerships. At the same time, the company will continue with its drive to expand and modernise the network and bring in new revenue streams. This, together with the successful conclusion of the legacy loan rearrangement, will usher the company to profitability and long term sustainability.

APPRECIATION

We are indebted to our shareholder, business partners and the regulator for their unwavering support. To our valuable clients, we thank you for standing with us. We will continue to prioritise and work on improving our delivery of innovative, reliable and affordable services.

I also wish to acknowledge the hard work by the whole TelOne team comprising the Board of Directors, management and all staff who continue to demonstrate commitment to transform the business.

J. MACHOBA (MRS)

BOARD CHAIRMAN

4 June 2018

MANAGING DIRECTOR'S REPORT

MANAGING DIRECTOR: MRS C. MTASA

PERFORMANCE HIGHLIGHTS

	2017	2016	% Change
Revenue	$117 million	$114 million	3% ▲
- Voice revenue	$72 million	$79 million	9% ▼
- Broadband revenue	$45 million	$33 million	36% ▲
Monthly Blended ARPU	$27	$25	8% ▲
Operating Expenses	$84 million	$85 million	1% ▲
EBITDA	$20 million	$14 million	43% ▲
CAPEX	$68 million	$25 million	44% ▲
Employee Engagement Index	49.6%	36.8%	35% ▲
Backbone coverage	3,700 kilometres	2,600 kilometres	42% ▲
Broadband subscribers	87,851	80,745	9% ▲
Customer Satisfaction Index	73%	60%	22% ▲

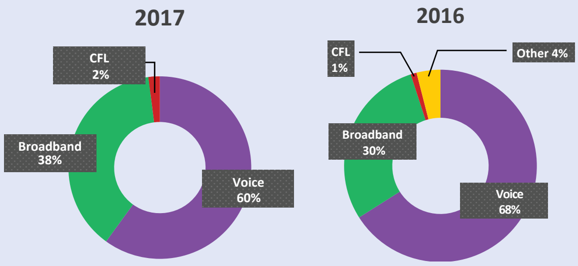
THE TRANSFORMATION: BECOMING A BROADBAND COMPANY

The company witnessed an eventful 2017 with the implementation of the National Broadband Project (NBB) which is now more than 90% complete. The project has seen an improvement in the company's broadband service offering through an increase in the backbone and core network capacity. This has spurred growth in our broadband revenues which increased by 36% from $33million in 2016 to $45million in 2017. The growth in broadband revenue has contributed to the overall improved revenue performance which has grown by 3% from $114million in 2016 to $117million in 2017 despite the decline in voice revenues.

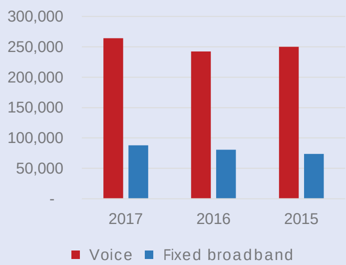
TelOne witnessed a decline in voice revenues in line with worldwide trends. Voice revenues continue to decline as customer preferences continue to shift towards Internet Protocol (IP) based services. In 2017, the 9% decline in company voice revenue was fully offset by growth in broadband services revenue. As at 31 December 2017, voice revenue contributed 60% of total revenues compared to 68% in 2016. This shift in revenue contribution is in line with plans to refocus the business from a traditional voice to a broadband service centric business. The company targets to have voice contribution to revenue going down to less than 40% and broadband contribution to revenue increasing up to 50% by 2019.

FINANCIAL PERFORMANCE

Revenue contribution by product



Subscriber base



Profitability

The company's profitability at EBITDA level improved by 43% growing from $14million to $20million. The improved performance was achieved through growth in overall revenue performance and a reduction in operating costs. Depreciation and amortisation expenses increased by 7% from $25.5million to $27.3million in line with current investment efforts to modernise our network. Operating losses (EBIT) reduced from $12million in 2016 to $7million in 2017.

The business incurred a Loss Before Tax of $39million due to legacy loan expenditure of $29million made up of legacy loan finance costs and foreign exchange losses. Loans classified as legacy loans were incurred in the Posts and Telecommunications Corporation (PTC) era prior to its unbundling in 2001. Legacy loan expenses which continue to reverse efforts to achieve profitability increased from $19million in 2016 to $29milllion in 2017.

BALANCE SHEET

The TelOne balance sheet is technically insolvent as a result of the legacy loans. However, there is a significant uplift in assets from $489.7million in 2016 to $548million due to network investments made as part of the National Broadband Project. Without legacy loans, the net asset position would be a positive $232million. Liquidity challenges in the economy resulted in the growth of debtors and this also affected the company's ability to service creditors.

Accounts receivables

TelOne's net account receivables grew to $149million from $145million in 2016. The amount is made up of balances due from Government Ministries, Parastatals, Corporates and Household clients. Government and Parastatal debtors of $88million constitute 59% of the net accounts receivables. Delayed settlement by debtors continue to have a negative impact on the company's ability to settle critical statutory and contractual accounts payables.

As part of the National Broadband Project, the business introduced prepaid billing to residential customers and defaulting corporates as part of efforts to manage accounts receivables. Further, during the year, the business resorted to charging interest on defaulting debtors to encourage early settlement of amounts due.

Accounts payables

Accounts payables increased by 17% during the year from $128million in 2016 to $150million in 2017. This increase is due to challenges faced by the business in securing foreign currency to settle foreign obligations amounting to $25 million. Settlement of critical local creditors of $98 million has been affected by late settlement of accounts receivables. Local creditors, namely Postal and Telecommunications Regulatory Authority of Zimbabwe, Zimbabwe Revenue Authority, local interconnection partners and Pension Fund are collectively owed $90million.

Timely settlement of creditors is hinged upon the company's ability to recover the debtor's book, therefore management will continue to be focussed on collection of amounts due from debtors.

Impact of Legacy Loans on TelOne's Financial Status

The company's balance sheet continues to carry legacy loans of $377 million as at 31 December 2017. These loans have a negative impact on the company's financial performance as shown below.

Summary statement of profit or loss	**2017**		**2016**	
	Without legacy loans US$	**With legacy loans US$**	**Without legacy loans US$**	**With legacy loans US$**
Revenue	116,701,488	116,701,488	114,042,935	114,042,935
Earnings before interest, tax, depreciation & armotization (EBITDA)	**20,399,562**	**20,399,562**	**13,898,199**	**13,898,199**
Depreciation & armotization	(27,316,392)	(27,316,392)	(25,525,563)	(25,525,563)
Special excise duty on airtime	(1,270,826)	(1,270,826)	-	-
Finance costs	(2,043,928)	(2,043,928)	(1,807,460)	(1,807,460)
Legacy loan expenses: finance costs and exchange losses	-	(29,224,868)	-	(19,274,082)
Loss before tax	**(10,231,584)**	**(39,456,452)**	**(13,434,824)**	**(32,708,906)**
Summary statement of financial position				
ASSETS				
Non current assets	365,397,861	365,397,861	329,496,152	329,496,152
Current assets	182,976,561	182,976,561	160,248,385	160,248,385
TOTAL ASSETS	**548,374,422**	**548,374,422**	**489,744,537**	**489,744,537**
EQUITY AND LIABILITIES				
Capital and reserves	(114,982,165)	(144,207,033)	(111,194,861)	(111,194,861)
Legacy loans converted to equity	347,402,062	-	350,987,582	-
	232,419,897	**(144,207,033)**	**239,792,721**	**(111,194,861)**
Liabilities				
Foreign legacy loans	-	376,626,930	-	350,987,582
Long term payable	4,517,258	4,517,258	17,365,361	17,365,361
Other liabilities	311,437,267	311,437,267	232,586,455	232,586,455
	315,954,525	**692,581,455**	**249,951,816**	**600,939,398**
TOTAL EQUITY AND LIABILITIES	**548,374,422**	**548,374,422**	**489,744,537**	**489,744,537**
Net asset/(liability) position	**232,419,897**	**(144,207,033)**	**239,792,721**	**(111,194,861)**

Without these loans, the company would have posted a **narrowed Loss Before Tax of $10.2 million** in 2017 an improvement compared to a Loss Before Tax of $39.5million with the legacy loans.

The company is in a technical insolvency position due to the legacy loans. These loans place a limitation on the company's ability to attract funding to modernise and expand the network with focus on the access network to complement the improved core network. The company continues to pursue debt assumption by shareholder as a way of recapitalising the business.

SERVICE TO OUR CUSTOMERS

Various initiatives were undertaken during the year to improve customer experience as outlined below;

Client Experience

In 2017, a fully-fledged Client Experience department was introduced with a mandate of upholding service standards across all TelOne touch points. Further initiatives will be deployed in this area to achieve continuous improvement in our service delivery. Customer experience has been affected by the high occurrence of copper cable theft from our network. A total of 133 cases of theft of copper cables from the network were witnessed in 2017. Various efforts are being made to protect the network and reduce the occurrence of cases of theft of copper cables.

The deliberate focus in customer experience management has however resulted in an improvement of the company's customer satisfaction index from 60% in 2016 to 73% in 2017.

Distribution Channels

To enhance accessibility and improved client experience, the company has transformed all of the 115 exchanges country-wide into customer service centres to allow ease of access by our clients. Over the year 2017, a total of 7 customer service centres were relaunched with an improved and modernised look and feel. For further customer convenience, the company's distribution network was increased to incorporate major retail chain stores with a collective network of over 210 branches. Online merchants and mobile payment platforms have also been enlisted as partners.

Know Your Customer (KYC) Campaign

To allow us to communicate better with our clients and develop relevant products, the company launched an exercise to review and update client data records. A KYC Campaign dubbed 'Update and Win' was launched during the year allowing us to update records for 70% of our clients. Efforts will continue to update our client records targeting to update 100% of our client records by December 2018 with the core objective of improving client service and the ultimate experience.

COMMUNITIES AND SOCIAL RESPONSIBILITY

TelOne continued to conduct itself responsibly as a corporate citizen both through its daily operations and in its social investments. Specific Corporate Social responsibility programmes were run throughout the year focussing on environmental sustainability, community health, education, mentorship and social welfare. A total of $204,000 was spent in support of these programmes with at least 3,000 families benefiting from the health programme, 5,000 trees being planted and more than 1,000 litter bins being distributed in different cities and towns across the country in major clean-up campaigns.

Connectivity for all remained a focus area that influenced investment in the network to reach and improve communication across the country. In this regard, the company donated communications equipment and bandwidth to 30 rural schools.

OUR EMPLOYEES

The contributions that the company continues to receive from its employees cannot be underestimated. Staff engagement surveys continued as a strategy to have a more in-depth understanding of employees' needs. As a result, the company adopted a humane leadership model to improve trust levels between management and staff.

The company also pursued various welfare initiatives which included cancer, HIV, diabetes and hypertension screening during wellness fares which are convened throughout the regions. The company also promotes a healthy lifestyle through structured wellness programs that include sporting competitions in the following disciplines; football, netball, athletics, volleyball and chess.

The strategic business unit model introduced in 2016 has improved a culture of accountability and entrepreneurship as all levels of staff are now focussed on improving client experience, revenues and collections. The new business model has been complemented by an improved performance management system where each employee has a performance contract.

As a result of the above initiatives, the TelOne 2017 Employee Engagement Survey results revealed an upward improvement in the Employee Engagement Score from 36.8% in 2016 to 49.6% in 2017.

NETWORK AND SYSTEMS UPGRADES

The business continues on a network modernisation and expansion drive with capital expenditure of $68million in 2017. Major projects completed in 2017 include the following;

- Bulawayo - Beitbridge Optic fibre backbone link.
- Harare - Masvingo backbone optic fibre link .
- Mashonaland North Ring node upgrade.
- Mutare - Harare-Bulawayo - Plumtree node upgrade.
- Gweru - Masvingo Optic Fibre upgrade.
- Bulawayo - Victoria Falls backbone link upgrade.
- Nyanga - Mutare - Chiredzi IP radio backbone link upgrade.
- Various fibre to the home projects connecting more than 10,000 homes.

The above projects have the following benefits to the business and the country at large:

- Increased capacity for broadband services for local and regional clients with links upgraded up to 100 Gigabytes for major routes
- Reduced bandwidth landing cost
- Improved service uptime as our network is now more resilient with redundancy to ensure uninterrupted customer service in the event of disruptions on any link.

DATA CENTRE SERVICES

During the year, the company launched a tier 3 data centre to become the only telecommunications operator offering data centre services in the country. Demand for data centre service has been significant with 60% capacity utilisation for installed capacity as at 31 December 2017 for the Harare Data Centre. The company is making further investments in data centres which will be launched in 2018 and will provide customers an opportunity to reduce ICT costs.

CHANGES TO THE BOARD OF DIRECTORS

A new Board was appointed in the first quarter of 2018 to oversee transformation of the company into profitability. On behalf of management and TelOne staff, I wish to thank outgoing board members for their mentorship and support and welcome new directors to the Board. Various initiatives have been pursued to induct the new board members on the company strategic direction and operations.

OUTLOOK

We are excited about our future as we are looking forward to introducing new products and improved services to our customers. Our optimism is premised on the success we have built in 2017 in improving our broadband network and the apparent increase in broadband revenue. The following will be our strategic focus areas going forward:

- Conclusion of legacy loan restructuring
- Recovery of our accounts receivables to allow settlement of accounts payables
- Strengthening of research and development capability
- Further revenue growth for enhanced profitability
- Improvements in our access network to connect more businesses and communities
- Continued improvement in our response rate to customer queries to ensure a unique customer experience
- Effective collaboration with other State Owned Entities

APPRECIATION

It is my pleasure to extend appreciation to our valued clients, our shareholder, our Board of Directors and the regulator for their continued support and guidance. I also wish to express my gratitude to TelOne staff for their dedication to meeting client expectations in the face of a challenging operating environment.

We continue to move forward in bringing people together.

C. MTASA (MRS)

MANAGING DIRECTOR

4 June 2018

DIRECTORATE

New independent directors were appointed to the TelOne Board of directors with effect from March 2018 following expiry of the tenure of the previous board in August 2017. The current board of directors is constituted as follows:

Mrs. Juliet Machoba
Non-Executive Chairman

- Master of Business Leadership (UNISA)
- Postgraduate Certificate in Corruption Studies (University of Hong Kong)
- BA Honours Sociology and Social Anthropology with Development Studies (The University of Hull, United Kingdom)
- Diploma in Social Studies (Fircroft College, United Kingdom)
- Diploma in Public Relations, Zimbabwe Institute of Public Relations (ILSA College, Zimbabwe)

Ms. Belinda Muswaka
Non-Executive Director
Chairman - Board Finance and Audit Committee
Member - Board Business Development, Marketing and Technical Committee (BMT)

- Chartered Accountant (Zimbabwe)
- Zimbabwe Certificate of Theory in Accounting (ZCTA)
- Honours Bachelor of Accounting Science (UNISA)
- Bachelor of Commerce (Honours) degree in Accounting (NUST)

Mr. Edward Dube
Non-Executive Director
Chairman - Board Business Development, Marketing and Technical Committee (BMT)
Member - Board Human Resources Committee

- Licensed Aircraft Maintenance Engineer Category "X" (Civil Aviation Authority of Zimbabwe)
- Diploma in Aircraft Radio & Telecommunications (Zimbabwe Aviation TRG Centre)
- HND- Electronics – Airforce Institute of Technology (Kaduna, Nigeria)
- Part III- Telecommunications- City & Guilds, London

Mr. George Manyumwa
Non-Executive Director
Chairman- Board Human Resources Committee
Member - Board Finance and Audit Committee

- Master's in Business Administration (ZOU)
- Food and Beverage Management Certificate (AHMA)
- Sales and Marketing Management Certificate (AHMA)
- American Hotel and Motel Association Certificate (AHMA)
- HND In Hotel Management (Bulawayo Polytechnic)

Mrs. Viola M. Chasi

Non-Executive Director
Member - Board Finance and Audit Committee
Member - Board Human Resources Committee

- Management Advancement Programme Plus (Henley Business School Africa)
- Bachelor of Laws Honours (LLB Hons) (UZ))
- Bachelor of Law Honours, (BL Hons) (UZ)
- Graduate of the Institute of Chartered Secretaries and Administrators of Zimbabwe

Mr. Simon C. Chigwamba

Non-Executive Director
Member - Board Human Resources Committee
Member - Board Business Development, Marketing and Technical Committee (BMT)

- Certified Accelerated SAP (ASAP) Consultant
- Master's in Business Administration (UZ)
- Honours Diploma in Computer Programming, Canada
- IPMZ Certificate (IPMZ)
- Master of Education- (UZ)
- Bachelor of Education (Science) (UZ)
- T1 Certificate in Education- Gweru Teachers College

Mrs. Chipo Mtasa

Managing Director
Ex-officio Board member

- Chartered Accountant (Zimbabwe)
- Bachelor of Accountancy Honours (UZ)
- Executive Management Development Certificate (University of Pennsylvania)

OUR APPROACH TO CORPORATE GOVERNANCE

TelOne endeavours to ensure the legality, soundness and transparency of business operations as well as responding to the ever changing economic, social and legislative operating environment. The company places importance on organisational efficiency and transparency while maintaining an appropriate level of control for the fulfilment of the company's mandate. The company has clear delineation of activities, with the Board providing an oversight role and management defining the approach to achieve the broader goals of the business.

Our turnaround programme is hinged on observance of standards of ethics and professional conduct. We are building a culture that should entrench a strong value system from shop floor to the highest level of decision making. The company manages this transformation through the benefit of our experienced and skilled Board members.

Governance structure

Our Board executes its mandate through committees comprising the Finance and Audit; Human Resources; and the Business Development, Marketing and Technical ("BMT") Committees.

Board member	Designation	Committees
Mrs. J. Machoba	Board Chairperson Non-Executive Director	N/A
Ms. B. Muswaka	Non-Executive Director	▪ Finance and Audit - Chairman ▪ BMT
Mr. E. Dube	Non-Executive Director	▪ BMT - Chairman ▪ Human Resources
Mr. G. Manyumwa	Non-Executive Director	▪ Human Resources - Chairman ▪ Finance and Audit
Mrs. V. M. Chasi	Non-Executive Director	▪ Human Resources ▪ Finance and Audit
Mr. S. C. Chigwamba	Non-Executive Director	▪ Human Resources ▪ BMT
Mrs. C. Mtasa	Managing Director Ex officio member of the board	▪ All

Finance and Audit Committee

The Finance and Audit Committee provides oversight to management's financial reporting, internal control systems, risk management and the internal and external audit functions. To improve transparency and adherence to best practice, our external auditors are invited to attend all Committee meetings. Matters reported to the Board by the Finance and Audit committee covers a wide range including;

- Financial strategic plans
- Audit plans and budget
- Corporate governance
- Operating budgets
- Capital expenditure programme funding
- Financial reporting
- Internal audit matters and internal control environment
- Enterprise risk management
- External audit matters
- Company financial policies and procedures

Human Resources Committee

The Human Resources Committee oversees the human resources function within the company including oversight over the human resource strategy, human resource policies, human capital development, compensation and talent development.

The committee provides oversight, evaluates and considers for approval matters pertaining to:

- Human resource strategy plan
- Human resource policies
- Performance management
- Executive compensation
- Staff training and development
- Health, safety and environmental issues; and
- Other matters that the board may refer to the committee from time to time in connection to the company's human resources

Business Development, Marketing and Technical Committee (BMT)

The role of the business development, marketing and technical development committee is to support and advise the board in exercising its authority in relation to business development, market performance and technical projects.

The committee is responsible for approval and on-going oversight matters pertaining to:

- The company strategy and board business objectives;
- Business development issues;
- Marketing strategy;
- Technology strategy;
- Capital projects planning and implementation; and
- Other matters that the board may refer to the committee from time to time in connection with the company's strategy and business performance

Board induction programme

Following appointment of the Board in March 2018, all Board Members were taken through a designed induction programme covering the local and international telecommunications industry, company performance, strategy and an overview of operations.

Annual board evaluation

An annual Board Self Evaluation System is in place for the evaluation of the performance of individual Board Members and the Board's Effectiveness on an annual basis. The last such evaluation was carried out in 2016 and the next evaluation will be carried out in 2018.

Director tenure and meeting attendance

We take pride in the commitment exhibited by our Directors reflected by the meeting attendance of above 80% as shown below:

NAME	YEAR OF FIRST APPOINTMENT TO BOARD	MAIN BOARD (2 MEETINGS)	HUMAN RESOURCES (2 MEETINGS)	FINANCE & AUDIT (3 MEETINGS)	BMT (2 MEETINGS)	AGM (1 MEETING)
Members Of Current Board						
J. MACHOBA	2018	N/A	N/A	N/A	N/A	N/A
B. MUSWAKA	2018	N/A	N/A	N/A	N/A	N/A
E. DUBE	2018	N/A	N/A	N/A	N/A	N/A
G. MANYUMWA	2018	N/A	N/A	N/A	N/A	N/A
V. M. CHASI	2012	1	2	2	N/A	1
S. C. CHIGWAMBA	2014	2	2	N/A	2	1
C. MTASA	2013	2	2	3	2	1
Retired Board Members						
C.S. SHAMU	2012	2	N/A	N/A	N/A	1
J.C. WEKWETE	2007	2	N/A	3	2	1
S.E. SIBANDA	2012	2	2	3	N/A	1
S.Z. GATA	2014	2	N/A	3	2	1
W. MUSUNGWA	2014	2	2	N/A	2	1

SENIOR MANAGEMENT

Mrs. Chipo Mtasa
Managing Director

- Chartered Accountant (Zimbabwe)
- Bachelor of Accountancy Honours (UZ)
- Executive Management Development Certificate (University of Pennsylvania)

Mr. Joseph Machiva
Divisional Director Retail

- Masters of Business Administration (University of Gloucestershire UK)
- Bachelor of Commerce Honours Degree in Marketing (NUST)
- Fellow Marketing Association of Zimbabwe (MAZ)

Mr. Hopewell Zinyau
Corporate Services Director

- Masters of Business Administration (UZ)
- Bachelor of English and Communication (UZ)
- Diploma in Personnel Management (IPMZ)
- Diploma in Training Management (IPMZ)

Eng. Lawrence Nkala
Divisional Director Infrastructure and Wholesale

- Chartered Engineer (CEng)
- Member of the Zimbabwe Institution of Engineers (MZweIE)
- Member of the Institution of Engineering and Technology (MIET) of United Kingdom.
- Registered with the Engineering Council of Zimbabwe Pr(Eng) & Engineering Council of United Kingdom
- Masters of Business Administration (UZ)
- BSc Honours Electrical Engineering (UZ)

Mr. Kudakwashe Musundire
Audit & Risk Executive

- Chartered Accountant (Zimbabwe)
- Certified Information Systems Auditor (ISACA)
- Honours Bachelor of Accounting Science (UNISA)
- Bachelor of Commerce (Honours) Degree in Accounting (NUST)

Eng. Jeremiah T. Munembe
Innovation Executive

- Masters of Business Administration (UZ)
- BSc Electrical Engineering (UZ)
- Member of the Zimbabwe Institution of Engineers (MZweIE)
- Black Belt - Six Sigma

Mrs. Caroline Sandura
Company Secretary & Legal Advisor

- Joint Honours in Law and Politics (UK)
- Barrister at Law

Mr. Christopher Maunganidze
Acting Finance Director

- An Associate of the Institute of Chartered Secretaries and Administrators.
- Bachelor of Accounting Sciences (UNISA)
- Advanced Diploma in Management Accounting (CIMA)
- Masters of Business Administration (University of Gloucestershire) (Current)

Management committees

Management has put in place committees to assist in managing business operations as follows;

Executive committee

The executive committee has the responsibility to manage the affairs of the company. The Executive Committee reviews significant functions of the Company and recommends appropriate action to the Board. The Executive Committee is tasked with implementation of the company's strategy, ensuring that there are sound policies and procedures in place to guide operations. It also ensures that there are adequate systems of internal control to safeguard company assets and resources.

Risk and compliance management committee

This committee meets monthly to review the company's risk profile and monitor implementation of appropriate actions to mitigate identified risks.

Membership of the committee is as follows:

- Engineer L. Nkala- Divisional Director Infrastructure and Wholesale (Chairman)
- Mr. K. Musundire- Audit & Risk Executive
- Mr. H. Zinyau- Corporate Services Director
- Mr. J. Machiva- Divisional Director Retail Director
- Engineer J. Munembe- Innovation Executive
- Mr. C. Maunganidze- Acting Director Finance and Administration
- Mrs. C. Sandura - Company Secretary and Legal Advisor
- Mrs. A. Ushe - Enterprise Risk Analyst

Internal audit

The company has in place an independent risk internal audit function which reports functionally to the Finance and Audit Committee of the Board. The Internal Audit function is governed by an internal audit charter which is reviewed regularly. Internal Audit's scope of work is reviewed and approved by the Finance and Audit Committee annually. The Finance and Audit Committee also receives quarterly reports on Internal Audit's work.

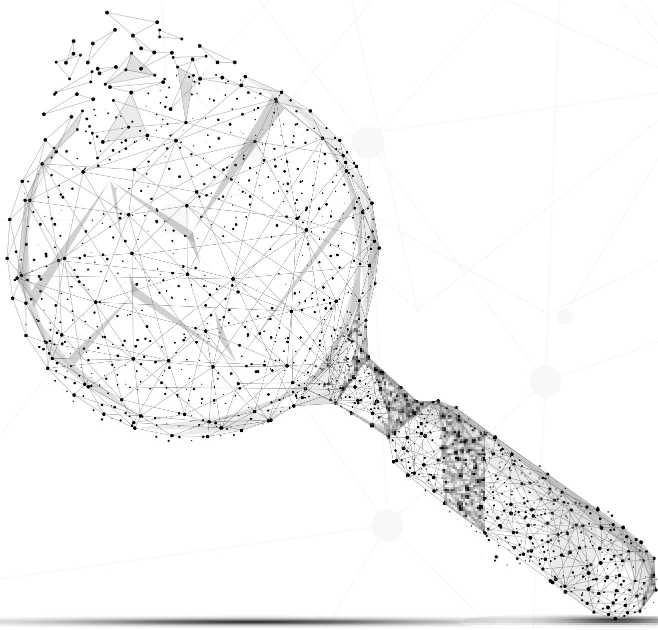
Performance management

We have in place a performance management system which was developed from the results based management system. The performance management system evolves from the company strategy whereby departmental targets and strategic initiatives are first determined at company level. Following the determination of departmental strategies, individual employee performance contracts are signed off for every employee. These contracts form the basis of performance reviews which are done formally on a quarterly basis.

Business ethics, integrity and transparency

TelOne is committed to upholding high standards of integrity and corporate governance in all operations. TelOne will conduct itself in an open, honest, ethical and transparent manner. The company recognises the importance of protecting its human, financial, physical, informational, social, environmental and reputational assets. To facilitate the investigation of any instance which goes against the company's values, the company has for the last 5 years operated an independent and anonymous fraud reporting hotline, Tip Offs Anonymous, offered through Deloitte and Touche.

Deloitte.
TIP-OFFS
ANONYMOUS



SUSTAINABILITY

- Our strategy
- Responsibility to our customers
- Responsibility to our shareholder
- Responsibility to our economy
- Responsibility to our community and environment
- Responsibility to our employees
- Our performance summary as a sustainable and responsible business
- Risk report

OUR STRATEGY

The company's strategy is based on the following key pillars

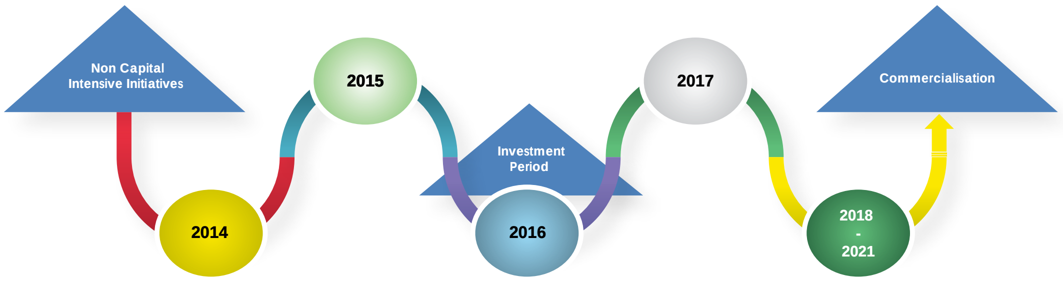
- Sustainability and Governance
- Client Experience Management
- Technology and Innovation
- Human Capital Development

Sustainability and Governance: Becoming a broadband company

TelOne continued with its Transformation Strategy in 2017 with special emphasis to transform the company from being technology centric into a customer service centric company. To achieve this, the company has gone through the following milestone changes over the last 3 years:

- Invested $103million into our network to replace outdated equipment with digital exchanges
- Increased our broadband service offering from 73,000 subscribers to 87,000
- Increased our fibre footprint to pass more than 24,000 homes in 2017
- Increased focus on our service delivery resulting in an improved customer satisfaction index of 73%
- Increased our customer touch points with 7 customer service centres upgraded during the year
- Reduced our operating costs by 19% from $129million in 2015 to $104million in 2017
- Improved visibility of our brand in the market place

The Transformational Strategy is a 5 year plan implemented for the period 2014 to 2018 as illustrated below;



Human Capital Transformation

To reinforce the Human Capital Transformation, the company has over the year sought to increase employee engagement through:

- Engaging all employee levels in the strategic planning process to achieve ownership and acceptance of the company's strategic direction
- Engaging in open discussions about the company's performance
- Regular tracking of the employee engagement index and implementing deliberate leadership style changes to allow increased dialogue between all levels of staff

The company has also made significant progress in upgrading its skills base with 320 engineers and technicians having been trained in the domains of information technology, information security, construction and maintenance of Internet Protocol (IP) networks among others.

Technology and innovation transformation pillars

The company has a network and technology transformation roadmap which is aimed at enhancing client experience and implementing innovative business solutions for our corporate customers. This transformation roadmap commenced in 2016 and is anchored by the National Broadband project at a cost of $98million covering:

- Backbone transmission network upgrade and expansion
- Data Centre and Cloud Facilities in Harare and Bulawayo
- Upgrade in business support systems
- Access network modernisation

Business Process Transformation

The company has adopted Lean Management as a philosophy to achieve efficiencies in operations and increase the rate at which customer requests are addressed. Lean Management has been adopted as a journey through which company processes will add value to our customers.

Going forward, the company plans to continue with a countrywide roll out and implementation of lean management principles in 2018.

Sustaining Transformation through Sustainability Reporting

The company adopted Sustainability Reporting as governed by GRI Standards in 2016. Sustainability reporting was adopted so as to attain transparency in reporting on both financial and non-financial matters involving the company with an impact on our economy, our customers and communities, the environment and Corporate Governance aspects of the company.

Aligning to these pillars is key to delivering value to our Shareholder, Customers, Communities and Employees.

RESPONSIBILITY TO OUR CUSTOMERS

Our customers are the heart of our business. We have put in place mechanisms that ensure we deliver value to our customers.

Client Experience Management

The company recognises that Client Experience is the game changer in the service space. A deliberate effort was therefore taken during the year to establish a fully-fledged Client Experience Department whose key mandate was to define and uphold service standards across all TelOne touch points as well as managing the experience of all TelOne clients as they interact with our products, services and staff. Several initiatives to enhance client convenience have been implemented. These initiatives include the introduction of 13 new third party agents who include retail chain stores coming on board to complement our 32 outlets countrywide. Four online payment platforms also went live during the year.

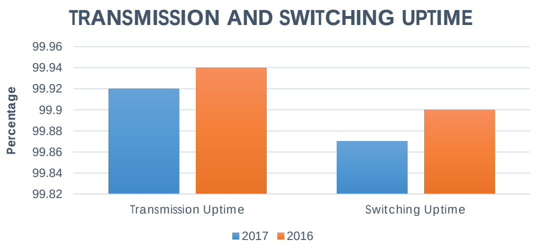
The company has connected a total of 1,375 rural schools and clinics across the country. This initiative has allowed pupils and teachers to access a wider library of educational resources at affordable tariffs.

Our service uptime promise

TelOne is constantly reviewing its operations to enhance the quality of its products to the market.

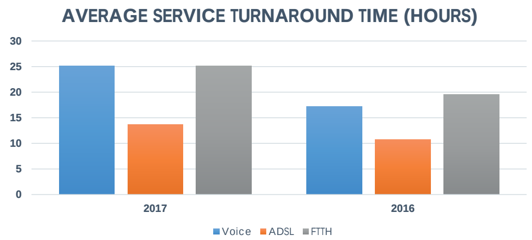
To allow an acceptable service uptime, the company continuously monitors uptime of its transmission and switching network. There was an improved service uptime from 99.90% in 2016 to 99.94% in 2017. The company targets to achieve an uptime of 99.95%. Our performance was impacted largely by power outages and cable cuts which affected our redundancy links. To minimise the impact of these factors, in 2017 the company invested in upgrading and increasing its primary and redundancy links to ensure resilience and an improved service uptime.

Plans are in place to explore the feasibility of solar power to manage both costs and carbon emissions to the environment.



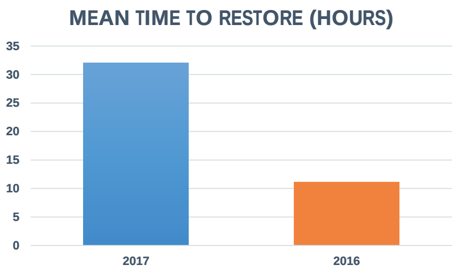
Average Service Turnaround Time (ASTT)

The company strives to ensure all new service requests are attended to within 24 hours. Measures have been implemented to ensure our performance management systems place emphasis on speed of service delivery. During the year, we managed to provide services to customers within a 25 hour turn-around period. We are continuously monitoring our processes to ensure we operate within the targeted 24 hour turn-around time for all our products.



Mean Time to Restore (MTTR)

During the year, the company's network was affected by theft of copper from its network. This has had a negative impact on our mean time to repair faults as demonstrated below. Plans have been put in place to curb network vandalism while also educating our customers and the public on the impact of thefts of cables from our network.



Our increasing distribution network

The company strives to ensure convenience to all our customers in accessing our services 24 hours every day of the year. To achieve this, we have taken steps to increase our distribution network as follows.

Channel	2017 Status
Client Service Centres	▪ Increased our service centres from 32 centres in 2016 to 39 centres in 2017.
Online and mobile platforms	▪ Services are now available online through our website and mobile money platforms.
Retail	▪ Our services are now available in all major retail outlets including OK Zimbabwe, TM Pick 'n' Pay, Spar and Choppies Supermarkets.

WHAT THE CLIENTS SAID

We are currently using TelOne Virtual Private Network (VPN) services. We have 33 branches connected through TelOne VPN. TelOne is a solid and reliable ICT services provider. Their services are cost effective, and reliable. We are impressed with their after sales support and absolutely happy with their service.

Tobacco Sales Floor: Client experience management

Tiny Tots Junior School

This is to formally record our gratitude to you and the entire TelOne team for expeditiously resolving the nagging problems that we were facing at Tiny Tots Junior School in Msasa Park. We appreciate the speed with which you got the team on the ground and the satisfactory resolution of the issues. The quality of signal is excellent.

We can tell you that as the leaders of that school, our staff, students and parents, we are extremely delighted by being “live” at all times – it’s a real breath of fresh air, Sir. To borrow from the President of Zimbabwe “Tiny Tots is now also open for business”, and we look for enhanced enrolments for the growth of our country.

Never Dabuka Mhlanga

Executive Director

It’s all credit to you and your wonderful organisation. It was such a breath of fresh air going into TelOne. It was phenomenal and your team was phenomenal. The positive reviews and comments by most Bulawayo people about your upgraded services and ADSL shows how well received it has all been. Congratulations and thank you for making us proud.

Mr. Matthew Smith

The public wi-fi hotspot offers the cheapest data because we only get 300mb from our mobile service providers. The $1 for 1gig data allows me to download all the videos I want without worrying. It has also allowed me to make my university applications with ease.

Ropa Chirere, Harare

One of the new look client service outlets launched in 2017

TelOne members of staff during Blue Friday fun day to mark the beginning of customer service month

To improve customer convenience and access to products, TelOne in 2017 increased its distribution channels to include major chain stores and several banks.

Clients enjoying after a customer engagement event and launch of the TelOne ZITF Outlet.

TelOne client engagement on the network modernisation project and new services being offered.

RESPONSIBILITY TO OUR SHAREHOLDER

TelOne is determined to create value for the Shareholder through the implementation of a sustainable business strategy. Since 2016, the company has embarked on a capital intensive programme aimed at modernising the telecommunications network starting with backbone links under the National Broadband Project (NBB).

The company's strategy is underpinned on the availability of broadband services to everyone in Zimbabwe by 2020. The NBB project has increased our fibre footprint to allow us to link all major cities and towns in the country. This is in line with the Government's 100 day plans and ZIMASSET blue print. We are committed to expanding our network and services to provide reliable broadband and communication solutions to rural and peri-urban communities.

TelOne is pursuing financial and non-financial targets which include contributing to the development of our communities, economy and customers' ease of doing business. The company is targeting to pay a dividend at 3 times cover by 2021.

The company, led by its board, management and staff is committed to upholding standards of good corporate governance in all aspects of the business.






2017 ANNUAL GENERAL MEETING IN PICTURES

TelOne endeavours to contribute to the country's economic development through responsible business practices which include timely payment of tax and other statutory obligations. Over the year 2017, TelOne contributed a total of $29million in taxes. Several initiatives to support entrepreneurship and job opportunities for communities were undertaken. Through the National Broadband Project, TelOne also supported the ease of doing business by reducing bandwidth landing costs which translate to cheaper commucation solutions for businesses and individuals.

Day offices for start-up business

In October 2017, the company launched rented day offices to provide office space to entrepreneurs in need of low cost office space. This initiative was launched in Harare with plans to expand to other cities in which TelOne has office space. The day office in Harare houses 78 start-up businesses with a 100% space occupancy.

Partnering to support start-up businesses

The company took deliberate efforts to support young entrepreneurs and start up businesses through partnering and sponsoring internet connectivity worth over $50,000 to 3 start-up hubs in Harare and Bulawayo. The partnership with Udugu saw at least 600 start-ups benefitting with at least 20 maturing to become fully fledged businesses in 2017.

EMPLOYMENT CREATION

The company created more than 1,000 jobs for young people across the country. The opportunities availed included Brand Ambassador roles which gave youths an opportunity to learn and contribute to the development of the economy.

Young people employed as brand ambassadors going through orientation

Some of the members from Esigodini community contracted during the implementation of the Bulawayo - Beitbridge Backbone project

TELONE CORPORATE SOCIAL INVESTMENT PROGRAMMES

RESPONSIBILITY TO COMMUNITY AND ENVIRONMENT

In 2017, TelOne committed to invest 1% of its revenue towards social investment programmes through which it supports various community development initiatives. The 1% is in accordance with Government's Corporate Governance framework. It is to this end that all programmes launched in 2016 were carried forward into 2017 with a few more additional initiatives which will run until the end of the current strategic period in 2019.

To further assert the company's responsibility to the community we serve, TelOne has also transformed its operations to ensure that it complies with best practices around pollution prevention, biodiversity and resource conservation – concepts which have been effectively integrated into all-round business decision making and the operation. The CSI drive has also deliberately focused on addressing the need for TelOne to gain market share and derive revenues from the communities which are being targeted.

Programme Summary

Intervention	Details	Impact to Community
Provide-a-Bin	• 1,000 bins donated • Total cost $38,000	• 2 million residents impacted • 4 local authorities benefitting
Add-a-Brick	• $23,000 donated for Africa University Library project	• 7,500 students benefitting
Environmental Rehabilitation Programme	• 56,000 trees procured • Total cost of $12,500	• 25 districts benefitting
Community Health	• Bende Community Clinic constructed • Total project cost $40,000 • 10 wheel chairs donated to Nyanga Hospital at a cost of $2,000	• 10,000 people from 4 wards to benefit
Girls Mentorship	• 100 young girls were taken through a job shadowing and mentorship programme.	• 100 girls from less privileged backgrounds benefitted
Employement creation and youth empowerment	• 500 youths employed as brand ambassadors • 3,000 contract workers from communities engaged during implementation of the NBB project	• 3,500 jobs created

Provide-A-Bin

This programme runs under the environmental responsibility theme, where the company is on a drive to support cleaning of Zimbabwe's towns and cities through the provision of litter bins. In 2017, a total of 1,000 bins valued at $38,000 were donated to Beitbridge, Victoria Falls, Esigodini, Chinhoyi and Kariba local authorities.

The programme is driven through the recycling of materials recovered from TelOne operations and some sourced from other corporate partners. The bins are manufactured using in-house skill at our factory in Msasa and Topyard in Bulawayo. Beyond being useful to the community, the programme has also ensured the environmental sustainability of our operation where recycling has been employed to manage our waste disposal.

Add-A-Brick

University education is key to the country's development and has witnessed a tremendous growth in the past decade. This growth coupled with the development in technology has seen an increase in the sector's demand of TelOne products and services. Higher education has thus become a key focus area for the TelOne business. It has therefore become imperative for TelOne's social investments to be relevant in this space. The company has thus been supporting infrastructure development in Tertiary Institutions with Bindura University Library, Harare Institute of Technology Laboratory projects having benefitted from the programme in 2016. For 2017, a total $23,000 was put forward to support the Africa University Library upgrade project.

Environmental Rehabilitation Programme

TelOne has taken full responsibility of its contribution to environmental degradation through trenching, bush cutting, carbon emissions and accumulation of waste.

To this end, a programme towards intense environmental reclamation in all areas where our operations have an impact on the environment has been put in place. The programme entails reforestation targeting to plant 200,000 trees over the next 4 years, recycling paper and electronic waste over and above the current anti-littering and litter bin donation campaign. The tree planting programme was launched in Esigodini along the Bulawayo-Beitbridge Backbone Fibre Route. A total of 56,000 tree seedlings were distributed for planting countrywide where the planting was devolved to TelOne's operational Regions of Harare, Northern and Southern each with a specific quarterly target.

Community health

TelOne has added Health as one of its thematic areas of focus, as a response to emerging community needs. Under the programme, the company is targeting to support construction of health facilities in disadvantaged communities as well as the provision of connectivity and supplies thereof.

Under the programme, $40,000 was channelled towards the construction of a satellite clinic for Bende Community in Nyanga District. Furthermore, 10 wheelchairs were donated to Nyanga General Hospital in 2017. Plans are in place to support hospitals and clinics in 2018.

Empowerment and Employment Creation

The Company acknowledges its responsibility to contribute to national development and has taken deliberate efforts to create employment opportunities beyond its connectivity provision role under ZIMASSET. A number of programmes and projects were developed managing to create at least 3500 short term jobs for youth, women and members from the communities at a cost of $1million.

Under the programme, individual development through training, mentoring, coaching and job market exposure was imparted to participating youths while men and women were able to earn livelihood support from the jobs created.

Mentor a student: Uplifting the Girl Child

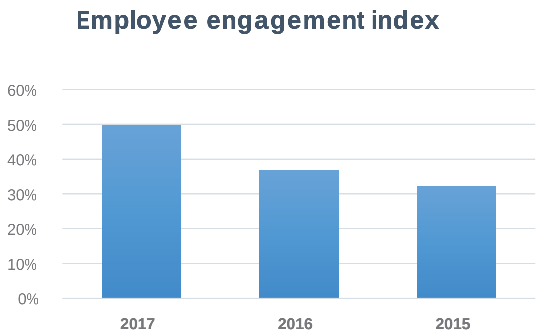
TelOne took the initiative to promote the development of the girl child through career guidance, mentorship and job shadowing for high school girls. Further efforts include deliberate targeting of female students for training opportunities at the TelOne Centre for Learning.

RESPONSIBILITY TO OUR EMPLOYEES

The company has identified leadership, talent and culture as strategic human resource pillars. These strategic pillars will continue to receive attention in the company's strategic planning process as they provide the context in which employees and the company can sustainably develop.

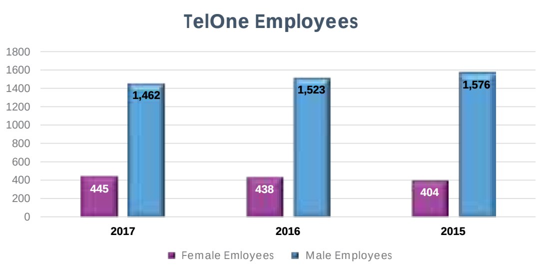
INDUSTRIAL RELATIONS

During the course of the year, the company's industrial labour relations remained stable, reflecting the benefits of the discourses and open communication between management and staff on welfare and productivity concerns. The company has put in place a continuous engagement process to allow review of conditions of service for our employees. These engagements together with other performance management tools have contributed to an improved employee engagement index of 49.6% from 36.8% in 2016. We are committed to further improving our employee engagement index to 60% by 2019.



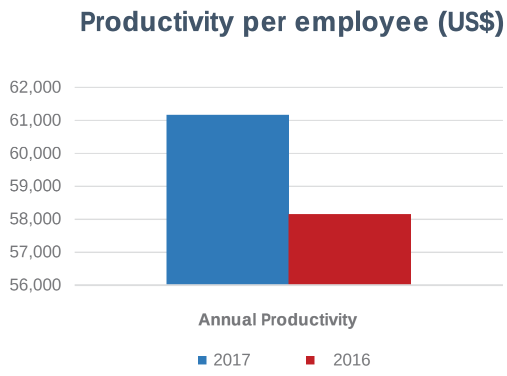
OUR WORKFORCE IN NUMBERS

The number of permanent employees has declined over the years from 2,215 in 2013 to 1,907 in 2017. The decline has been achieved through natural attrition. The company has a technology roadmap which will lead to further reductions in head count, this will however be achieved through natural attrition.



PERFORMANCE MANAGEMENT

The company has in place a performance management system which was developed from the Results Based Performance Management System. Under this system, all employees have a performance contract and their performance is reviewed quarterly against this performance contract. This has led to a 5% improvement in our productivity levels from $58,160 in revenue per employee in 2016 to $61,170 in 2017 as shown below:



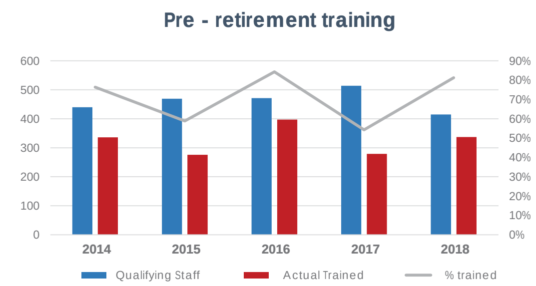
TRAINING AND DEVELOPMENT

The company is focused on the training and development of its workforce as this is one of the key drivers for the long term sustainability of operations. During the year, various training interventions were implemented resulting in an average of 3.8 days training per employee against a target average of 5 days training per employee per annum.

Training initiatives were designed to support the ever changing business trends in terms of skills required to support our changing infrastructure and to enable an efficient service delivery.

PRE-RETIREMENT TRAINING

In a bid to ensure our employees are prepared for life after employment, the company introduced a pre-retirement planning training programme in 2014. Since the launch of this program, 1,625 current and former employees have received training on retirement planning as demonstrated below:



WELLNESS PROGRAMMES

The company is committed to protecting the health and safety to all its employees and has taken the responsibility to advance sporting and health awareness programmes.

Wellness through Sport

During the year, the company held its annual Managing Director's sports gala in Gweru. The event brought together 620 members of staff from all of our regions in the country. The sporting event focussed on the following sporting disciplines; football, netball, athletics, volleyball and chess among others.

Staff Wellness Programme

The company holds an annual wellness fair in which employees receive free medical screening and consultation for various ailments and conditions which include diabetes, hypertension, cancer and HIV. More than 1,487 employees participated in this years' wellness fair which was held in all of the country's major cities.

Lost Time through Injury

The company is committed to ensure a safe working environment in which no employees are injured. This commitment has led to the creation of a committee responsible for overseeing Safety Health and Environment issues at the workplace. This committee reports into the Risk Management Committee.

Our lost time through Injury in days reduced from 10 days in 2016 to 9 days in 2017. This was achieved through training of all our staff including supervisors and contract employees on safety requirements at the work place.

OUR PERFORMANCE SUMMARY AS A SUSTAINABLE AND RESPONSIBLE BUSINESS

The table below demonstrates our performance summary as a sustainable and responsible business. These metrics demonstrate the impact of our various business sustainability initiatives.

Performance Pillar	Performance Target	2017 performance	2016 performance
Our customers	Increase customer satisfaction and achieve a customer satisfaction index of 90%	75%	60%
	Attend to new service installations within an average of 24 hours	21.29 hours	19 hours
	Attend to client service faults within an average of 24 hours	68%	63%
	Increase service reliability and achieve a network uptime of 99.95%	99.94%	99.90%
Our environment	50% of employees to participate in cleaning the environment we operate in	50%	50%
	Plant at least 10,000 trees per annum to reverse effects of our operations on the environment	56,000 tree seedlings were distributed across the country	-
	Distribute 2,000 bins per annum to a total of 12 towns and cities, to improve sanitation and hygiene for 5 million Zimbabweans per annum	1,000 bins donated to 5 local authorities	1,500 bins donated to 5 cities
Our communities	To improve the livelihoods of rural communities by supporting provision of health services	1 community clinic constructed Wheelchairs provided to one hospital	New programme
	Increase the number of rural broadband connections to schools and clinics	1,375 connections	1,352 connections
	Community employment opportunities created through projects.	3,500	6,500
	Number of university students recruited for work related learning	183	134
	Contribute to the development of educational facilities by investing at least US$50,000 per annum in aiding the development of infrastructure at educational institutions in the country.	US$30,000	US$100,000
Our employees	Achieve 5 training days per year	3.8 days	4.2 days
	Rate of staff turnover	4%	3%
	Eliminate time lost through injuries at the work place (LTI days)	9 days	10 days
	Improve a work culture index score to 4 out of 5	2.67	1.84

1. Introduction

The TelOne Enterprise-wide Risk Management strategy has been developed with a view to build business resilience premised on managing downside risks while taking advantage of upside risks.

The Enterprise Risk Management (ERM) is anchored on six pillars upon which performance is monitored and measured; these are compliance, financial, reputational, strategic, technological risk and operational risks.

TelOne has adopted ISO 31000 so as to standardise the ERM practice in the organisation.

TelOne continued to endeavour to identify risks and take advantage of opportunities in order to achieve financial performance and ultimately increase shareholder value in the year under review by putting in place effective resilient risk management strategies.

2. Overview of the company risk profile

2.1 Telecommunications sectorial analysis

The telecommunications sector has been characterised by the following in the period under review:

- Increase in internet and data usage complementing the company's strategic investment into network modernisation.
- Decline in fixed voice revenue which the organisation is managing through adapting to new customer tastes premised on broadband services.
- Increased competition from Over The Top services (OTTs) has increased consumer choices hence the investment into data infrastructure.
- Technology changes including the ever-growing Internet of Everything (IoE), block chain technology, big data and artificial intelligence present growth opportunities for data driven value added services.

2.2 Risk Management Process

In order to manage risk, TelOne has established a four staged risk management process as follows:

Risks identified are assessed on the basis of their likelihood and impact to the company's operations. Management oversight and controls are thereafter applied in line with the prioritisation criteria, with the risks being rated high, moderate or low.

2.3 Highlights of 2017 Risk Management Activities

Risk Management initiatives undertaken during the financial reporting period were aimed at improving our company wide awareness of risks facing the business by undertaking the following initiatives:

- Information Security Awareness Program was launched with the objective of raising awareness of potential information security risks emanating from the modernised IP network. A total of 652 employees were trained enterprise-wide and all employees were tested on information security awareness.
- A regional risk management training program was done to increase awareness and embed risk management in day to day business activities. This has assisted in timely identification of risks and opportunities for the company. The total number of trained employees was 305. Plans are in place for continued training to cover all employees in 2018.
- Enterprise-wide risk appetite thresholds were reviewed in line with the changing environment.
- The ERM function strategically increased engagements and prominence in customer experience and service quality processes.
- Establishment of the TelOne Corporate Reputation Risk Quotient, identifying drivers and effective strategies for continuous improvement.
- Risk management committee meetings in the period under review have resulted in continued senior management oversight in key risk issues and opportunities.

2.4 Highlights of 2018 Risk Focus Areas

Areas of focus for Risk Management in 2018 are as follows:

- Increased focus on Service Quality in order to continuously improve customer experience at all customer touch points.
- Increased focus on Information Security Risks due to increased cyber security threats on corporates globally and evolution of our network into a modern IP based network.

3. DETAILED RISK REPORT

Below are the detailed specific activities and actions taken to mitigate the risks and realise any associated opportunities.

3.1 Strategic Risk

Strategic Risk refers to the current and prospective volatility to the company's earnings, capital or business viability arising from adverse business decisions and implementation of strategies which are inconsistent with internal factors and the external environment.

Impact	What changed?	Risk Mitigation
Declining voice revenues.	Changing customer preferences and tastes affecting our products and services demand trends due to an increase in OTT services	▪ Transforming costs through various cost containment initiatives. This has resulted in a 6% decline in our operating costs between 2016 and 2017.
		▪ Increased capacity to offer broadband services has led to growth in broadband revenue.

3.2 Operational Risk

Operational risk is the prospect of loss resulting from inadequate or failed procedures, systems or policies. Employee errors, systems failures, fraud or other criminal activity and any event that disrupts business processes. Operational risk sources may be internal or external to the company and are usually generated by people, processes and technology.

Impact	What changed?	Risk Mitigation
3.2.1 Service disruption due to unsettled obligations		
Service disruption due to unsettled foreign accounts payables. This will affect the majority of Government communication systems.	The company has not been able to access foreign currency to settle foreign suppliers who are owed an aggregate of $25million.	▪ Continued engagements with the Reserve Bank of Zimbabwe for foreign currency allocations.
3.2.2 Service disruption due to network vandalism		
The company is exposed to service disruption due to acts of vandalism on its copper infrastructure.	There has been an increase in cases copper cable theft from the network. This has had an impact on customer experience.	▪ Increased surveillance, network fortification and rehabilitation. ▪ Increased stakeholder collaboration and engagement.

3.3 Compliance Risk

This is a risk that occurs due to exposure to legal penalties, financial forfeiture and material loss an organisation faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.

3.3.1 Legacy Loans

Impact	What changed?	Risk Mitigation
TelOne's balance sheet is technically insolvent due to legacy loans of $377million. The company has no capacity to service these loans.	The company's profitability continues to be affected by the legacy loan expenditure made up of exchange losses and interest expense amounting to $29million.	▪ Balance sheet restructuring options are being pursued with the shareholder.

3.3.2 Pension Fund

The business owes $28million to its defined benefit pension fund as at 31 December 2017.

Impact	What changed?	Risk Mitigation
Increased pension arrears and liabilities	The obligation is outstanding as at 31 December 2017.	▪ Negotiations are underway with various stakeholders to restructure this obligation.

3.4 Financial Risk

The risks attributed to a high cost structure, liquidity and solvency risks described above, credit risks and foreign exchange risk.

3.4.1 Credit Risk

Credit risk mainly relates to TelOne's ability to timely recover its debtor's book

Impact	What changed?	Risk Mitigation
Delayed recovery of the company's debtor's book may result in cashflow challenges' which may affect the company' ability to timely service its short term obligations.	The company's net debtor's book is valued at $149million. This amount includes $88million owed by Government Departments, Ministries and Parastatals.	▪ Prepaid services have been introduced to minimise credit risk from residential and corporate clients. ▪ Negotiations are underway for set off arrangements with Government and Parastatals. ▪ Interest is being charged to encourage early settlement by debtors.

3.5 Technology Risk

The company continues to track cyber and information security risks.

Impact	What changed?	Risk Mitigation
Information Security breaches may affect company operations.	The company has developed more efficient methods of preventing cyber-attacks by conducting continuous vulnerability assessments, upgrading defense technologies and conducting user awareness training.	▪ Information Security Training has been given prominence at all levels of staff. ▪ Improved information security architecture has been deployed into the network.

3.6 Reputation Risk

TelOne defines corporate reputation as the perception of the company held by various stakeholders who include customers, shareholder, employees, partners, regulators and the communities. TelOne endeavors to identify and manage reputation risks to secure greater brand resilience, market differentiation and product loyalty.

Impact	What changed?	Risk Mitigation
Possible loss of revenue and client base due to failure to uphold service standards.	The company has continued in its focus to improve customer experience management by: ▪ Standardising service at all touch points ▪ Improving documentation of client records	▪ The company has put in place enhanced corporate reputation risk strategies such as continuous staff training and engagement on issues affecting quality of service.

OUR ACCOLADES

Zimbabwe National Chamber of Commerce (ZNCC)

ZNCC National Annual Business Awards

- 1st runner up - ICT Company of the year

Zimbabwe Investment Authority (ZIA)

- Winner- Investor of the year

Megafest Business Awards

- Winner - Best Socially Responsible Organisation of the year 2017
- Mrs C. Mtasa - Business Woman of the year

Zimbabwe National Chamber of Commerce (ZNCC)

- Winner- Public Enterprise of the year

Marketers Association of Zimbabwe Super-brands Award 2017
- Business to Business Brand of the Year

Zimbabwe Institute of Management
- Customer Service Excellence Award - TelOne
- 1st Runner up - Manager of the year, Public Service - Mrs C. Mtasa

Northern Region Leadership Excellence Awards
- Winner - Customer Service Excellence Award
- 1st Runner up - Public Services Sector - Mrs C. Mtasa

Southern Region Leadership Excellence Awards
- Public Services Sector Leader of the year - Mr Wing Sibanda

Chartered Institute of Project Managers Zimbabwe
- Zimbabwe Project Management Awards 2017
- 2nd Runner up - ICT Infrastructure Projects

Institute of People Management of Zimbabwe
- Winner - People Development and Impact Award
- 1st runner up - People Development of the Year (2016) Public sector
- 2nd runner up - Wellness Leadership Award

Zimpapers Telecoms Awards
- Widest Coverage Internet Access Provider

Contact Centre Association of Zimbabwe
- Service Excellence Awards
- 2nd Runner up - ISP and IAP Sector

Public Sector Audit Financial Management Awards
- 2nd Runner up - Financial Turnaround of the year

Accounting, Auditing and Financial Reporting
- 2nd Runner up - TelOne

Zimbabwe Digital Awards 2017
- Best Internet Service Provider of the year

Buy Zimbabwe Top 100 Brands
- Best local Corporate Brand

CSR Network Zimbabwe
- Winner - Excellence in Environment

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Email: clientservices@telone.co.zw

TelOne
BROADBAND

FINANCIAL STATEMENTS

- Director's responsibility statement
- Independent Auditor's report
- Annual financial statements

DIRECTOR'S RESPONSIBILITY STATEMENT

ACCOUNTING RECORDS AND FINANCIAL STATEMENTS

The Board of Directors is responsible for the maintenance of adequate accounting records, preparation of financial statements and related information contained in the Sustainability Report, ensuring that they fairly present the state of affairs and results of TelOne's operations.

EXTERNAL AUDITOR'S ROLE

The company's external auditor, the Office of the Auditor General, is responsible for carrying out an independent examination of financial statements in accordance with International Standards on Auditing and reporting on findings. The external auditors' report is presented on pages 56 - 59 of the Sustainability Report.

SYSTEMS OF INTERNAL CONTROL

TelOne's systems of internal financial control give reasonable assurance to the reliability of financial statements, safeguard assets and prevent misstatements to financial information.

GOING CONCERN

The financial statements have been prepared on a going concern basis despite the company's technical insolvency position. The Going Concern basis has been considered to remain an appropriate reporting basis due to plans that are being pursued to recapitalise the company balance sheet and transform the business. Further, the Directors are aware of Government Guarantees against the company's legacy loan balances. Further disclosure on the company's going concern has been made in note 26 to the financial statements.

ACCOUNTING STANDARDS AND POLICIES

Relevant International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been applied in the preparation of the financial statements for the year ended 31 December 2017. The company's accounting policies are being continuously reviewed in line with the company strategy and changes to reporting guidelines. The company has however consistently applied its policies from the date of the last Sustainability Report.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2017 as set out under pages 60 - 83 fairly present in all material respects the financial position and performance of TelOne (Private) Limited and have been approved by the Board of Directors.

C. MAUNGANIDZE
Acting Director Finance, ACIS RPAcc

C. MTASA
Managing Director

J. MACHOBA
Board Chairman

4 June 2018

All communication should be addressed to
"The Auditor-General"
P.O. Box CY 143, Causeway, Harare
Telephone No.: 793611/3/4, 762817/8/20-23
Telegrams: "AUDITOR"
Fax: 706070
E-mail: ocag@auditgen.gov.zw

Reference: SB 54

OFFICE OF THE AUDITOR-GENERAL
5th Floor, Burroughs House
48 George Silundika Avenue
Harare

OAG ZIMBABWE
Office of the Auditor-General

REPORT OF THE AUDITOR-GENERAL

TO

THE MINISTER OF INFORMATION COMMUNICATION TECHNOLOGY AND CYBER SECURITY

AND

THE BOARD OF DIRECTORS

IN RESPECT OF THE FINANCIAL STATEMENTS FOR

TELONE (PRIVATE) LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2017

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of TelOne (Private) Limited set out on pages 60 to 83, which comprise the statement of financial position as at December 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TelOne (Private) Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of TelOne (Private) Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in Zimbabwe, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to going concern

Without qualifying my opinion, I draw attention to note 26 in the financial statements which shows that the Company had a net liability position of US$144,207,033 (2016: US$111,194,861) as at December 31, 2017. Fixed-term borrowings approached maturity without realistic prospects of renewal or repayment. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of TelOne for the year ended December 31, 2017. These matters were addressed in the context of my audit of the TelOne financial statements as a whole and, in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the 'Material Uncertainty Related to Going Concern section', I have determined the matters described below to be the key audit matters to be communicated in my report.

Key audit matter	How the matter was addressed in the audit
Valuation of property, plant and equipment. Refer to note 3.1 and 4 of the financial statements. The carrying amount of the Company's property, plant and equipment as at December 31, 2017 was $279,031,373 and the related depreciation charge for the year ended December 31, 2017 was $22,840,208. The carrying amount and depreciation rates are reviewed annually by management with reference to current and forecast and relevant technical factors. This involves a significant degree of management judgement and assumptions. Reassessment of useful lives and determination of depreciation rates requires significant management judgement therefore valuation of property, plant and equipment was considered a key audit matter.	My procedures in relation to management's assessment of the valuation of property, plant and equipment included : • Evaluating management's estimates regarding useful lives and residual values of these assets in relation to the Company's historical experience, industry practice and future operating plans. • Discussions with management and inspection of documentary evidence of the state of the assets. • Assessing the methodology used by management to estimate the useful life of the assets taking into account the Company's future plans. • Evaluating the capabilities and the competencies of the management technical team. Based on the evidence gathered, I found management's assumptions in relation to useful life and carrying amount reasonable and the disclosures in note 3.1 and 4 are considered to be appropriate.
Valuation of Investment property. Refer to note 5 of the financial statements. The investment property portfolio has commercial property leased to third parties and acquired through set-off arrangements. Leases had varied running periods and renewals are negotiated with the leasee. Contingent rentals are chargeable for all the tenants equivalent to a monthly rental charge. Owner occupancy is less than 20% of the total leasable area for all the buildings classified as investment property. The fair value of the investment property was determined to be USD$1,899,649.	My procedures in relation to management's assessment of the valuation of Investment Property: • Evaluating management's estimates regarding the valuation of investment property. • Discussions with management and inspection of documentary evidence of the state of the assets. • Assessing the methodology used by management to estimate the value of investment property, taking into account the Company's future plans. • Evaluating the capabilities and the competencies of the management technical team. Based on the evidence gathered, I found management's assumptions in relation to useful life and carrying amount reasonable. The related disclosures are considered to be appropriate.

Key audit matter	How the matter was addressed in the audit
Revenue recognition. Refer to notes 3.10 and 17 of the financial statements. The Company recognised revenue amounting to US$116,701,488 during the year ended December 31, 2017. The Company has various products that cut across internet, voice and data from which it generates revenue using a complex IT based billing system. The huge volume of transactions from numerous revenue streams results in revenue recognition being a complex area. The level of complexity and the presumed risk in revenue recognition were considered to be of most significance to the audit.	The audit procedures to address the risk of material misstatement relating to revenue recognition included: • Testing of controls over the Company's information technology revenue system assisted by my information technology specialist. • Conducting substantive analytical procedures on revenue. • Scrutinising manual journals related to revenue to assess the timing and fair values of revenue recorded. • Evaluated the adequacy of the disclosures regarding revenue. Based on the transactions tested, I found no material errors in the computation and recognition of revenue. The relevant disclosures are considered to be appropriate.
Valuation of trade receivables. Refer to notes 3.8, 3.8.1 and 9 of the financial statements. Management has estimated the recoverable amount of trade receivables to be $161,589,181 as at December 31, 2017 after recognising an allowance for credit losses of $87,004,690. The valuation of trade receivables is dependent on certain key assumptions that require significant management judgement. As a result, the valuation of receivables was significant to my audit.	My audit procedures to address the risk of material misstatement relating to the valuation of trade receivables included: • Assessment of the recoverability of material long outstanding receivables by making comparison of the rate of collection in the current year and prior year. • Analysis of the debtors' age for the long outstanding amounts and reasonability of provision for irrecoverable amounts. • The assessment of the allowance for credit losses made by management to test for adequacy. • Ascertain the adequacy of the allowance for credit losses, I performed an independent assessment and compared my results to the management estimates. • Evaluation of the reasonability of management judgements and assumptions made in estimating the allowance for credit losses considering the nature and suitability of any historic data used to support these assumptions. I found the key assumptions used in the valuation of trade receivables to be appropriate and I did not identify material issues with adequacy of allowance for credit losses.

Other information

The directors are responsible for the Other Information. The Other Information comprises all the information in the Company's annual report and does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cater for the Other Information and I do not express any form of assurance or conclusion thereon.

In connection with my audit of the Company's financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibility of Management and those charged with governance

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act [Chapter 24:03], and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act [Chapter 24:03], the Public Finance Management Act [Chapter 22:19] and relevant Statutory Instruments.

7 June 2018

M. CHIRI (MRS)

AUDITOR – GENERAL

STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
ASSETS			
Non current assets			
Property, plant and equipment	4.1	279,031,373	292,395,960
Capital work in progress	4.2	56,207,612	14,389,000
Investment property	5	1,055,892	1,034,030
Intangible assets	6	27,744,768	20,628,327
Available for sale investments	7	1,358,216	1,048,835
		365,397,861	**329,496,152**
Current assets			
Inventories	8	9,228,606	8,430,797
Non-current assets held-for-sale	4.3	280,986	-
Tax receivable	14.4	2,529,392	2,694,089
Trade and other receivables	9	161,589,181	145,537,738
Cash and cash equivalents	10	9,348,396	3,585,761
		182,976,561	**160,248,385**
TOTAL ASSETS		**548,374,422**	**489,744,537**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	32	32
Non-distributable reserve		(12,791,542)	(9,345,589)
Available for sale reserve		648,769	342,482
Retained loss		(132,064,292)	(102,191,786)
		(144,207,033)	**(111,194,861)**
Non-current liabilities			
Foreign loans: due after one year	12	112,379,081	40,351,447
Long term payable	15.4	4,517,258	17,365,361
Deferred tax liability	14.3	51,707,467	63,140,184
Deferred income		412,469	741,169
		169,016,275	**121,598,161**
Current liabilities			
Trade and other payables	15	151,885,315	141,112,859
Loan interest payable	15.3	194,936,204	177,304,128
Foreign loans: due within one year	12	148,517,960	133,332,007
Local loans: due within one year	13.1	25,093,028	25,228,717
Provisions	16	3,132,673	2,363,526
		523,565,180	**479,341,237**
TOTAL EQUITY AND LIABILITIES		**548,374,422**	**489,744,537**

C. MAUNGANIDZE
(Acting Director Finance ACIS RPAcc)

C. MTASA
(Managing Director)

J. MACHOBA
(Board Chairman)

4 June 2018

STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2017

	Note	Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
Revenue	17	116,701,488	114,042,935
Payment to other operators	18	(20,304,854)	(20,969,400)
Net revenue		**96,396,634**	**93,073,535**
Other income	19	6,455,507	5,425,198
Finance income	21.1	1,797,760	319,901
Operating expenses		**(84,250,339)**	**(84,920,435)**
Staff costs	20.1	(43,946,686)	(41,828,777)
Other operating expenses	20.2	(40,303,653)	(43,091,658)
Earnings before interest, tax, depreciation and armotisation		**20,399,562**	**13,898,199**
Depreciation of property, plant and equipment	4.1	(22,840,208)	(22,872,765)
Depreciation of investment property	5	(17,970)	(17,969)
Amortisation of intangibles	6	(4,458,214)	(2,634,830)
Operating loss		**(6,916,830)**	**(11,627,365)**
Finance cost on legacy loans	21.2	(15,127,219)	(17,838,856)
Finance cost on current loans	21.2	(2,043,928)	(1,807,460)
Special excise duty on airtime	20.3	(1,270,826)	-
Net exchange losses on legacy loans	22	(14,097,649)	(1,435,227)
Loss before tax		**(39,456,452)**	**(32,708,908)**
Tax expense	14.1	9,583,946	7,784,026
Loss for the year		**(29,872,506)**	**(24,924,882)**

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
Loss for the year		(29,872,506)	(24,924,882)
Other comprehensive income - net of tax			
Impairment of plant and equipment		(3,445,953)	-
Revaluation adjustment		-	12,494,683
Items that may be reclassified to profit or loss:			
- Fair value gain on available for sale investments		306,287	196,538
Total other comprehensive income for the year		**(3,139,666)**	**12,691,221**
Total comprehensive income for the year		**(33,012,172)**	**(12,233,661)**

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Share capital USD	Non distributable reserve USD	Available for sale reserve USD	Retained loss USD	Total equity USD
Balance at January 1, 2016	**32**	**(21,840,272)**	**145,944**	**(77,266,904)**	**(98,961,200)**
Loss for the year	-	-	-	(24,924,882)	(24,924,882)
Revaluation adjustment	-	12,494,683	-	-	12,494,683
Fair value remeasurement gain	-	-	196,538	-	196,538
Balance at December 31, 2016	**32**	**(9,345,589)**	**342,482**	**(102,191,786)**	**(111,194,861)**
Balance at January 1, 2017	**32**	**(9,345,589)**	**342,482**	**(102,191,786)**	**(111,194,861)**
Loss for the year	-	-	-	(29,872,506)	(29,872,506)
Impairment on property, plant and equipment	-	(3,445,953)	-	-	(3,445,953)
Fair value gain on available for sale investments	-	-	306,287	-	306,287
Balance at December 31, 2017	**32**	**(12,791,542)**	**648,769**	**(132,064,292)**	**(144,207,033)**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	Note	Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
Cash flows from operating activities			
Operating loss		(6,916,830)	(11,627,365)
Adjustments for:			
Depreciation of property, plant and equipment	4.1	22,840,208	22,872,765
Depreciation of investment property	5	17,970	17,969
Amortisation of intangible assets	6	4,458,214	2,634,830
Deferred Income		(328,700)	(317,423)
(Loss)/profit on disposal of property, plant and equipment		40,248	(61,964)
Unrealised exchange losses	22	2,304,133	408,242
Finance income		(1,797,760)	(319,901)
		20,617,483	13,607,153
Changes in working Capital			
Decrease/(Increase) in inventories		(797,810)	1,632,226
Decrease/(Increase) in receivables		(24,881,809)	203,856
Increase/(Decrease) in payables		5,367,635	18,205,834
Cash generated from operations		**305,499**	**33,649,069**
Interest received		162,880	133,578
Interest paid		(64,846)	(416,691)
Taxation paid	14.4	(530,604)	(803,160)
Net cash from operating activities		**(127,071)**	**32,562,796**
Cash flows from investing activities			
Purchase of property, plant and equipment	4.1	(13,857,944)	(10,528,082)
Purchase of capital works in progress equipment	4.2	(47,016,666)	(14,389,000)
Purchase of investment property	5	(39,832)	-
Proceeds from disposal of plant, equipment and other spares		54,561	213,223
Intangible asset development expenditure		(7,055,100)	(1,561,869)
Net cash utilised in investing activities		**(67,914,981)**	**(26,265,728)**
Cash flows from financing activities			
Proceeds from long term foreign borrowings	12	78,630,649	-
Repayment of local borrowings	13	(1,615,385)	(4,137,879)
Repayment of foreign borrowings		(3,210,576)	(3,100,410)
Net cash inflow/(outflow) from financing activities		**73,804,688**	**(7,238,289)**
Net increase/(decrease) in cash and cash equivalents		**5,762,635**	**(941,222)**
Cash and cash equivalents at beginning of the year		**3,585,761**	**4,526,983**
Cash and cash equivalents at end of year	10	**9,348,396**	**3,585,761**

1. NATURE OF BUSINESS AND GENERAL INFORMATION

Tel-One (Private) Limited was incorporated in Zimbabwe in 2000 in terms of the Companies Act[Chapter 24.03] pursuant to the Postal and Telecommunications Act [Chapter 12:05). The company is wholly owned by the Government of Zimbabwe. Tel-One is a fixed mobile convergence company whose main business is that of provision of telecommunication services and products. The company is registered at the Registrar of Companies under registration number 4658/2000.

The registered offices and address: Runhare House
107 Kwame Nkrumah Avenue
P.O Box CY 331
Harare

2. BASIS OF PREPARATION

2.1 Authorisation of Financial Statements

The financial statements were authorised for issue by the TelOne Board of Directors.

2.2 Compliance

2.2.1 Compliance with IFRS

The financial statements for the year ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations (collectively IFRS).

2.2.2 Compliance with Legal and Regulatory requirements

The financial statements for the year ended December 31, 2017 have been prepared in accordance with the Companies Act [Chapter 24.03].

2.3 Going Concern Basis

The financial statements have been prepared on a going concern basis. The company is in a net liability position mainly due to legacy loans on the company balance sheet. These loans were incurred during the Posts and Telecommunications Corporation (PTC) era. The loans are guaranteed by the Government of Zimbabwe.

The company has prepared the financial statements on the going concern basis as there are plans in place which are being pursued to recapitalise the balance sheet and modernise the company's telecommunications network. These plans are expected to set the company to profitability. In addition, the company has assets that are of strategic importance to the Government of Zimbabwe.

The directors are not aware of any other material uncertainties related to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern.

Further disclosures on the legacy loans and going concern are included in notes 12 and 26 to the financial statements respectively.

2.4 Functional and Presentation Currency

The financial statements are presented in United States Dollars (USD) which is both the functional and presentation currency.

2.5 Consistency of Presentation and Accounting policies

The financial statements have retained the presentation and classification of items from one period to the next, unless a new International Financial Reporting Standards (IFRS) requires a change or it is apparent following a significant change in the nature of the business or a review of the financial statements. Accounting policies have been selected and applied consistently for similar transactions, other events and conditions in line with International Financial Reporting Standards.

2.6 Basis of measurement

The financial statements are prepared using the accrual basis of accounting. Material classes of similar items are presented separately and items of dissimilar nature or function are presented separately unless they are immaterial. The financial statements of the company are based on the statutory records that are maintained under the historical cost convention, except for financial instruments which are measured at fair value and property plant and equipment which are carried at revalued carrying amounts.

2.7 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and formulate assumptions that may 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. They are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could require a material adjustment to the carrying amount of the asset or liability in the future. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.8 Adoption of new and revised Financial Reporting Standards

New standards, amendments and interpretations effective 1 January 2017, which have been adopted and applied are as follows;

i. IAS 7 Statement of Cash Flows

Amendments resulting from the disclosure initiative to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Effective date 1 January 2017

2.9 New Standards, Amendments and Interpretations issued but not yet effective and not yet adopted for financial year beginning 1 January 2017

i. IFRS 15 Revenue from Contracts with Customers

This new standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract

- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Effective date 1 January 2018.

ii. IFRS 16 Leases

It establishes principles for the recognition, measurement, presentation and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents lease transactions. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance leases, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Effective date 1 January 2019

iii. IFRS 17 Insurance Contracts

It requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

iv. IFRS 7 Financial Instruments Disclosures

Amendments requiring disclosures about the initial application of IFRS 9. Additional hedge accounting disclosures resulting from the introduction of a hedge accounting chapter in IFRS 9.

Effective date 1 January 2018

v. IFRS 9 Financial Instruments

Replaces IAS 39. In July 2014 IASB issued IFRS 9 Financial Instruments, the standard which will replace IAS 39 for annual periods beginning on or after 1 January 2018 with early adoption being permitted. From a classification and measurement perspective, the standard will require all financial assets except equity instruments and derivatives to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Effective 1 January 2018.

vi. IAS 39 Financial Instruments: Recognition and Measurement

Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception

Effective date 1 January 2018

vii. IAS 12 Income Taxes and IFRIC 23

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Effective date 1 January 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, Plant and Equipment

Items of property, plant and equipment are initially measured at cost, less accumulated depreciation and accumulated impairment. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long term projects if the recognition criteria is met. Costs of repairs and maintenance are recognised in profit and loss as they are incurred.

Assets in the course of construction are carried at cost less any recognised impairment. Cost includes professional fees, import clearance charges and borrowing costs for qualifying assets. Depreciation for these assets is on the same basis as other assets and only commences when the assets are ready for intended use.

Property, Plant and Equipment which were previously carried at historical cost, are now subsequently measured at fair value at date of revaluation less subsequent accumulated depreciation and accumulated impairment losses. The change will ensure the financial statements provide reliable and more relevant information. The change in accounting policy, being the initial application of the policy to revalue assets, has been dealt with in accordance with IAS 16.

Items of property, plant and equipment are depreciated using the straight-line method, so as to write off the assets over the anticipated useful lives. The depreciation methods, useful lives and residual values of assets are reviewed and adjusted if appropriate at each reporting date with the effect of any changes in accounting estimate accounted for on a prospective basis. The useful life of the different categories of property, plant and equipment is estimated as follows:

Asset class	Years
Buildings	20-40
Telecommunications plant	5-20
Stores plant	5-10
Fixtures and fittings	5-20
Transport equipment	3-10
Computer Equipment	3-5

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit or Loss.

3.2 Intangible Assets

Intangible Assets acquired separately are measured on initial recognition at cost. The costs are amortised over the estimated useful lives using the straight line method. Subsequently they are carried at cost less accumulated Amortisation and accumulated impairment losses. Amortisation commences when the intangible assets are available for their intended use and is recognised on a straight-line basis over their expected useful lives. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Amortisation ceases at the earlier of classification as held for sale or de-recognition.

Intangible assets comprise mainly of acquired computer software licenses and Indivisible Rights of Use (IRU), which are capitalised on the basis of the costs incurred to acquire and bring to use the specified software, Billing systems and Synchronous Transport Module (STMs). Computer software development costs recognised as assets are amortised over their estimated useful lives as follows:

Intangible Asset	Years
SAP software	5
Leap billing software	5
Indefeasible Rights of Use	20

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

3.3 Investment Property

Investment properties are properties held to earn rentals or for capital appreciation rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. An investment property shall be measured initially at cost. Transaction costs shall be included in the initial measurement. At subsequent measurement investment property shall be measured at cost less any accumulated depreciation and any accumulated impairment losses. Fair values are determined for disclosure purposes in terms of IAS 40 paragraph 32. Fair values are determined based on valuation performed by an accredited independent valuer. Where valuation is not determined by an independent valuer that fact will be disclosed.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between net disposal proceeds and the carrying amount is recognised in profit or loss in the year of de-recognition.

3.4 Non- Current Assets Held for Sale

Non-current assets held for sale are assets whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are carried at the lower of carrying amount and fair value less costs to sell. For an asset to qualify for classification under IFRS 5 it must meet the following conditions:

- asset must be available for immediate sale in its present condition
- its sale must be highly probable

Defining a highly probable sale

- Appropriate level of management must be committed to a plan to sell the asset (e.g. recommendation to dispose of specific asset in a board of survey is approved at director level)
- An active programme to locate a buyer and complete the plan must have been initiated (e.g. advertising through appropriate media platforms)
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of qualification (except where circumstances beyond the entity's control prevent this)

3.5 Impairment of Non-Financial Assets

The company at each reporting date assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing is required the company estimates the recoverable amount. Recoverable amount being the higher of fair value less costs to sell and the value in use of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and that reduction is an impairment loss. An impairment loss shall be recognised immediately in profit or loss unless the asset is carried at revalued amount. An impairment loss of a revalued amount is treated as a revaluation decrease. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

3.6 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments in lieu of the right to use an asset for an agreed period of time. The company classifies as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Leases that do not meet the finance lease recognition criteria are classified as operating leases. Assets leased in terms of a finance lease agreement are capitalised at amounts equal, at lease inception to the fair value of the leased asset or if lower at the present value of the minimum lease payments. Capitalised assets are depreciated in terms of the policy applicable to property, plant and equipment.

3.7 Inventory

Inventories are assets held for sale in the ordinary course of business; or in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories that the company still carries but which are no longer available on the market are carried at nil value. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. Items accounted for as inventory include installation material, maintenance material and network equipment.

3.8 Trade and Other Receivables

Trade and other receivables are measured at their cost less impairment losses. Trade receivables are composed of an extensive customer base, covering residential, government, wholesale, local authorities and parastatals. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of contracts with customers. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivables are impaired. When a trade receivable is uncollectible, it is written off against the allowance for credit losses. Subsequent recoveries of amounts previously written off are credited against the trade receivables impairment provision in profit or loss.

3.8.1 Allowance for Credit Losses

The company policy applies to all categories of trade receivables. A general provision and a specific provision for doubtful debts is regularly calculated in relation to payment patterns of customers continually re-assessing the payment patterns and status of credit limits availed to the customers.

A provision for doubtful debts is established on an account by account basis for aged debts greater than 90 days, taking into account:

- The size and nature of the debt
- The debtor in question

Aged debts less than 90 days may be provided for if the recovery is known to be unlikely.

3.9 Financial Instruments

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

3.9.1 Financial Assets

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.

Non derivative financial instruments carried in the Statement of Financial Position comprise cash and cash equivalents, trade and other receivables, trade and other payables and amounts owing to and from related parties. These instruments are measured initially at fair value, for instruments not at fair value through profit or loss and directly attributable costs.

3.9.2 Financial Liabilities

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. All financial liabilities are initially recognised at fair value. Financial liabilities of the company include trade and other payables and loans.

3.9.3 Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when the company has a present obligation, legal or constructive, as a result of past events. It should be 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 obligation. The amount of the obligation shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the obligation. The discount rate applied shall be a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

3.10 Revenue

Revenue is recognised to the extent that it is probable the economic benefits will flow to the company and the revenue can be measured reliably, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable. Revenue is from the provision of telecommunication services, rental, sale and repair of telecommunication equipment.

The company provides the following services

- Fixed broadband solutions through Fibre, ADSL and Satellite
- Leased internet
- Virtual private networks, point to point data connections
- Data Centre and Cloud computing Services
- Customised internet bandwidth solutions
- Backhaul services
- Internet broadband wholesale
- Interconnection services
- Public wi-fi
- Voice

3.10.1 Broadband internet

The company provides virtual private network and leased circuit services. Revenue from this service includes installation fees and rental fees for the data services. The service is postpaid and revenue is recognised on accrual basis that is when the client is billed at the end of each month. Revenue from this service is recognised on an accrual basis for each month of subscription.

The company also provides internet services in the form of fixed broadband services. The company provides broadband connectivity through Asymmetric Digital Subscriber Line (ADSL) and Fibre To The Home (FTTH). This is a prepaid service and revenue is recognised upon usage or on expiration of the usage period.

The company also offers satellite services that can deliver voice, data and video services. The service can also provide broadband via satellite through the Ka Band Vsat. Satellite services are postpaid and revenue is recognised on accrual basis that is when the client is billed at the end of each month.

3.10.2 Voice service

The company provides voice telephone services. Revenue includes installation fees for first time service, monthly rentals and usage charges. The service can be prepaid or postpaid.

For the postpaid service billing is done monthly and revenue is recognised when the client is billed in the month of consumption. For the prepaid service, revenue is based on usage or upon expiration of the usage period.

3.10.3 Sale of Goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.10.4 Installation and monthly rental fees

Installation fees revenue is recognised on date of service connection. Monthly rentals are recognised as revenue as the clients are provided access to network based on the agreed fixed charges.

3.10.5 Other Income

This is income from non-core activities for the business. It is income from the sale of goods and services that are non-telecommunication. Income from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer. Income from the sale of goods is measured at the fair value of consideration received or receivable. Income from services rendered is recognised with reference to the stage of completion of the transaction at the reporting date. Other income also includes income from the rental of properties and income from training services.

3.10.6 Finance Income

This is income earned from financial assets, money market placements and accounts at financial institutions. As a way of encouraging customers to settle all current bills on time interest is now being levied on all overdue accounts in line with the client service contracts.

3.10.7 Deferred Revenue

Revenue is deferred when revenue has not yet been earned. The Company has deferred income arising from loan and debt forgiveness agreements which are conditional. Revenue is deferred over the period of condition. Revenue is realised as the condition is met and through profit and loss.

3.11 Taxation

3.11.1 Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or to be paid to the tax authorities. The tax rates and tax laws used to compute the tax amount are those that are enacted or substantially enacted at the reporting date.

Tax for current and prior periods shall to the extent unpaid be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

3.11.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits. Deferred tax asset are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences , carry forward of unused tax losses and unused tax credits can be utilised. 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that are enacted or substantially 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 other comprehensive income 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 liabilities and deferred taxes relate to the same taxable authority.

3.11.3 Value Added Tax (VAT)

Expenses and assets are recorded net of amount of VAT except when the VAT incurred on the purchase of assets or services is not recoverable from tax authorities, in which case, the tax is recognised as part of the expenses items as applicable. All receivables and payables are stated with the amount of Value Added Tax included. The company remits output VAT to the revenue authority on a cash basis.

3.12 Employee Benefits

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

3.12.1 Short term employee benefits

Employee benefits other than termination benefits that are expected to be settled wholly before twelve months after the year end of the annual reporting period in which the employees render the related service. The short term benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. When an employee has rendered service during an accounting period the entity shall recognize the undiscounted amount of the short term benefits expected to be paid in exchange for that service as an expense or as a liability (accrued expense).

3.12.2 Post-employment benefits

Employee benefits other than termination benefits and short term benefits that are payable after the completion of service. They comprise retirement benefits provided through a Defined Benefit Plan administered by the Communication and Allied Industries Pension Fund, a multi-employer plan. The company also contributes to National Social Security Authority. When an employee has rendered service during an accounting period the entity shall recognize the contribution payable to a defined contribution plan as an expense or as a liability (accrued expense).

3.12.3 Termination benefits

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 an employee's decision to accept an offer of benefits in exchange for the termination of employment. The company recognises a liability and expense at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises costs for restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits. Termination benefits are measured according to the terms of the termination contract.

3.13 Fair value measurement

The company measures financial instruments such as available for sale financial assets at fair value at each balance sheet date. 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 measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place 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 most advantageous market must be accessible to the company. The fair value of the asset or 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. 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 valuation techniques that are used are those that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

3.13.1 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

- 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

External valuers are engaged for the valuation of significant assets like property, plant and equipment and investment property. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained.

3.15 Foreign currency transactions

The company's presentation currency is the United States Dollar (USD). Foreign currency transactions are recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction period. At each reporting date monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value shall be translated using the exchange rates at the date when the fair value was measured.

3.16 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants including non-monetary grants at fair value shall not be recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no related costs shall be recognised in profit or loss of the period in which it becomes receivable. Grants related to income are presented as part of profit or loss. Grants related to assets shall be presented in the Statement of Financial Position as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

3.17 Current and Non-Current classification

The company presents assets and liabilities in the statement of financial position using the current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or

- held primarily for the purpose of trade
- expected to be realised within twelve months after the reporting period
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

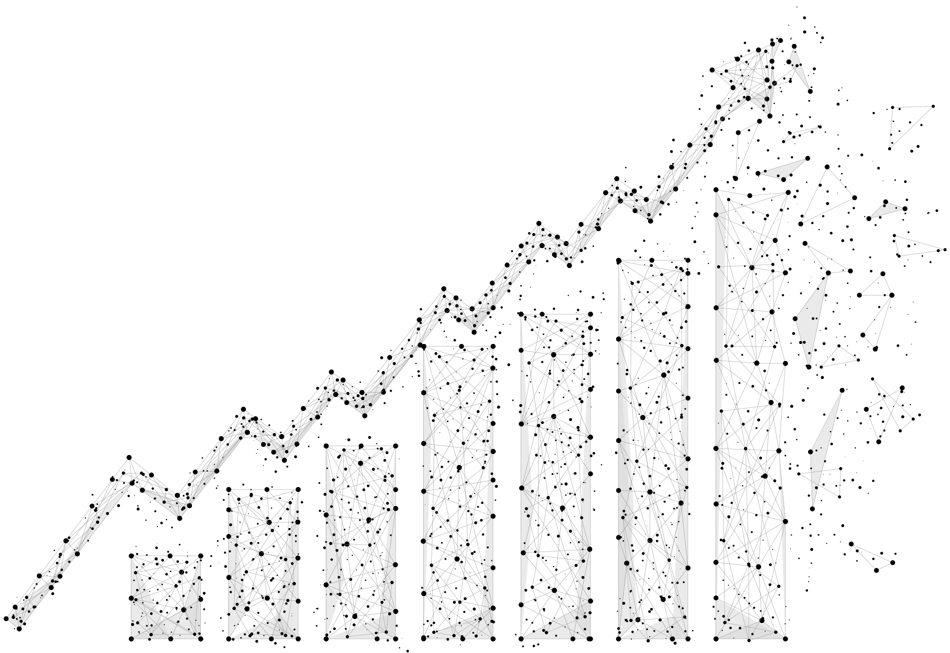
The company classifies all other assets that do not meet the above definition as non-current.

A liability is current when

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

The company classifies all other liabilities that do not meet the above definition as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.



4 INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT

4.1 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings USD	Telecoms Plant USD	Stores Plant USD	Fixtures and Fittings USD	Computer Equipment USD	Transport Equipment USD	Total December 31 2017 USD	Total December 31 2016 USD
Opening carrying amount	**63,906,753**	**221,686,695**	**575,470**	**1,722,739**	**614,438**	**3,889,865**	**292,395,960**	**292,114,969**
Gross carrying amount	66,749,864	237,996,152	815,963	2,234,983	902,253	6,489,817	315,189,034	292,114,969
Accumulated depreciation	(2,843,112)	(16,309,457)	(240,493)	(512,244)	(287,815)	(2,599,952)	(22,793,074)	-
Additions	1,704,374	10,383,392	-	147,265	456,112	1,166,803	13,857,944	10,528,082
Reclassification from capital works in progress	-	626,322	-	-	-	-	626,322	-
Transfer to Assets Held for Sale	(280,986)	-	-	-	-	-	(280,986)	-
Gross carrying amount	(386,703)	-	-	-	-	-	(386,703)	-
Accumulated depreciation	105,717	-	-	-	-	-	105,717	-
Impairment	-	(4,617,673)	-	-	-	(23,341)	(4,641,014)	-
Gross carrying amount	-	(6,122,668)	-	-	-	(23,341)	(6,146,009)	-
Accumulated impairment	-	1,504,995	-	-	-	-	1,504,995	-
Carrying amount of disposed items	-	-	-	-	-	(86,646)	(86,646)	(51,640)
Cost	-	-	-	-	-	(135,700)	(135,700)	(131,331)
Accumulated depreciation	-	-	-	-	-	49,054	49,054	79,691
Depreciation charge for the year	(3,056,726)	(17,416,520)	(176,857)	(487,539)	(339,215)	(1,363,352)	(22,840,208)	(22,872,765)
Revaluation adjustment	-	-	-	-	-	-	-	12,677,314
Closing carrying amount	**62,273,414**	**210,662,216**	**398,613**	**1,382,466**	**731,335**	**3,583,328**	**279,031,373**	**292,395,960**
Gross carrying amount	68,067,535	242,883,198	815,963	2,382,248	1,358,365	7,497,579	323,004,887	315,189,034
Accumulated depreciation	(5,794,121)	(32,220,982)	(417,350)	(999,782)	(627,030)	(3,914,250)	(43,973,515)	(22,793,074)

Property, plant and equipment is carried at revalued amounts. The last revaluation was carried out in 2015 by Knight Frank, a professional and independent valuer, based on fair market values.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

		Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
4.2 CAPITAL WORK IN PROGRESS			
Opening carrying amount		14,388,999	-
Additions		47,016,666	14,389,000
Reclassification to	- Property, plant and equipment	(626,322)	-
	- Intangible assets	(4,571,731)	-
Closing carrying amount		**56,207,612**	**14,389,000**

TelOne is currently carrying out major capital projects to modernise the telecommunications network. These projects are expected to be completed in 2018. Included in additions are capitalised borrowing costs of US$615,473 relating to major capital projects that were under taken as part of the NBB Project.

4.3 NON CURRENT ASSETS HELD FOR SALE		
Opening carrying amount	**-**	**-**
Reclassification from Property, Plant and Equipment	280,986	-
Closing carrying amount	**280,986**	**-**

Items of property, plant and equipment were reclassified to non-current assets held for sale. These items were power equipment which was replaced by new equipment that came with the National Broadband Project. Non-current assets held for sale are carried at the lower of their carrying amounts and their fair value less costs to sell. There is realistic expectation that they will be disposed in 2018.

5 INVESTMENT PROPERTY		
Opening carrying amount	**1,034,030**	**1,052,000**
Net replacement value	1,176,876	1,176,876
Accumulated depreciation	(142,846)	(124,876)
Additions	39,832	-
Depreciation charge for the year	(17,970)	(17,969)
Closing carrying amount	**1,055,892**	**1,034,030**
Net replacement value	1,216,708	1,176,876
Accumulated depreciation	(160,816)	(142,846)

The investment property portfolio has commercial property (Memorial Building) leased to third parties and commercial land. Leases have varied running periods and all renewals are negotiated with the lessee. Contingent rentals are chargeable for all the tenants equivalent to the monthly rental charge. Owner occupancy is less than 20% of the total leasable area for all the buildings classified as investment property.

The fair value of Memorial Building was determined to be USD 1,899,649 as at 31 December 2017

Included in the statement of profit or loss and other comprehensive income is the following rental income and expenses:		
Rental income	1,125,365	1,111,960
Operating expenses that generated rental income	(647,719)	(532,228)
Net rental income	**477,647**	**579,732**
Future rental income		
Up to 1 year	1,125,365	1,111,960
Over 1 year; less than 5 years	4,501,462	4,447,839
Over 5 years	5,626,827	5,559,799
Total expected receipts	**11,253,654**	**11,119,599**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

		Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
6	**INTANGIBLE ASSETS**		
	Opening carrying amount	20,628,327	23,557,460
	Gross carrying amount	27,707,918	28,002,221
	Accumulated amortisation	(7,079,591)	(4,444,761)
	Additions	7,055,100	32,553
	Reclassification	4,519,554	(326,857)
	Amortisation for the year	(4,458,214)	(2,634,830)
	Closing carrying amount	**27,744,768**	**20,628,327**
	Intangible assets include the below listed assets:		
	Indefeasible right of use in West Indian Ocean Cable Company (WIOCC)	15,292,337	16,123,940
	Network support systems	4,168,633	-
	Business support systems	7,632,135	4,185,809
	Other systems	651,663	318,578
		27,744,768	**20,628,327**
7	**AVAILABLE FOR SALE INVESTMENTS**		
	Opening balance	1,048,835	795,697
	Additions	-	54,615
	Remeasurement gain	309,381	198,523
	Closing carrying amount	**1,358,216**	**1,048,835**

Financial instruments include company share investments in Zimbabwe Stock Exchange(ZSE) listed companies and shares in the West Indian Ocean Cable Company (WIOCC). Investments in ZSE listed companies are measured at fair market values determined as at 31 December 2017.

8	**INVENTORIES**		
	Manufacturing	569,092	588,460
	Telecomms	6,434,761	5,923,422
	Transport	598,677	377,308
	General	1,626,076	1,541,607
		9,228,606	**8,430,797**

Inventories carrying values do not exceed their recoverable amounts.

9	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	235,930,186	206,076,737
	Allowance for credit losses	(87,004,690)	(66,669,335)
	Net trade receivables	**148,925,496**	**139,407,402**
	Other receivables	1,708,859	608,311
	Centre for Learning receivables	1,868,430	858,994
	Real estate receivables	1,527,868	1,446,293
	IDBZ receivables	2,216,738	2,216,738
	Stanbic Escrow	1,000,000	1,000,000
	China Exim Escrow	4,341,790	-
		161,589,181	**145,537,738**

Included in receivables are funds in the IDBZ Bank Account, Stanbic Escrow Account and The Debt Service Reserve Fund. These funds no longer represent cash and cash equivalents as they cannot be easily accessed.

		Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
10	**CASH AND CASH EQUIVALENTS**		
	Bank and cash balances	8,275,684	2,239,974
	Short term money market investments	1,072,712	1,345,787
		9,348,396	**3,585,761**
11	**SHARE CAPITAL**		
	Authorised share capital		
	32 000 ordinary shares of $0.001 each	32	32
	Issued and fully paid share capital		
	32 000 ordinary shares of $0.001 each	32	32

The issued shares are held by nominees on behalf of the Government of Zimbabwe.

12. FOREIGN LOANS

NAME OF LOAN	PROJECT FINANCED	INTEREST RATE %	CURRENCY	REDEMPTION COMMENCEMENT DATE	FINAL REDEMPTION DATE	31 Dec 2017 USD	31 Dec 2016 USD
AFRICAN DEVELOPMENT BANK (ADB 11)	2TELECOMMUNICATIONS 11	7.45%	USD	1999	2014	89,967,141	78,427,441
BANQUE NATIONALE DE PARIS (BNP)	WIRELESS LOCAL SYSTEM	7.68%	EURO	1997	2005	35,289,083	27,882,577
EKSPORTFINANS	EXTENSION OF MUTARE	8.30%	NOK	1993	2003	12,618,031	10,690,270
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 1 PORTION 1	HARARE UNIT 5 EXCHANGE	0.75%	EURO	1993	2033	7,696,826	6,799,026
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 11 PORTION 1	HARARE WESTERN SATELITE EXCHANGE	2.00%	EURO	1994	2014	12,595,908	11,237,132
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 111	TELEPRINTERS SOUTHERTON EXCHANGE	4.50%	EURO	1995	2012	10,916,633	9,930,826
KREDITANSTALT FUR WIEDERAUFBAU (KFW) V PORTION 1	RURAL TELECOM	0.75%	EURO	2003	2032	10,796,605	9,543,475
PORTION 11	MATEBELELAND	2.00%	EURO	2003	2022	8,195,493	7,215,750
OVERSEAS ECONOMIC CO-OPERATION FUND (OECF) III	MATEBELELAND DIGITALISATION	3.00%	YEN	2003	2023	146,556,116	145,227,456
OVERSEAS ECONOMIC CO-OPERATION FUND (OECF) IV	DIGITAL TRANS SYSTEMS	2.60%	YEN	2005	2025	4,056,808	3,899,440
OVERSEAS ECONOMIC CO-OPERATION FUND (OECF) V	MASH & MANICALAND DIGITALISATION	2.30%	YEN	2006	2026	24,664,901	24,064,821
EXIMBANK OF JAPAN (SUMITOMO 11)	2ND MAZOE EARTH STATION	6.00%	YEN	1995	2004	9,247,243	8,803,882
TCF (INGBANK 1 & 3)	MUTARE EXTERNAL PLANT & EXPANSION OF CHIKANGA WORKS	4.000%	USD	1997 & 2000	2019	4,026,142	7,265,485
Sub total: Legacy loans						376,626,930	350,987,582
EXPORT-IMPORT (CHINA EXIMBANK)	NBB project loan drawdowns	2.000%	USD	2022	2037	79,206,315	-
TOTAL FOREIGN LOANS						455,833,245	350,987,582

Statement of financial position classification

Current liabilities- Foreign loans: due within one year	148,517,960	133,332,007
Current liabilities- Loan interest payable (Note 15.3)	194,936,204	177,304,128
Non current liabilities- Foreign loans: due after one year	112,379,081	40,351,447
	455,833,245	**350,987,582**

All foreign loans are guranteed by the Government of Zimbabwe. Loans classified as legacy loans were incurred during the Postal and Telecommunications Corporation (PTC) era prior to its unbundling.

13 LOCAL LOANS

	FBC BANK	IDBZ	Audited 31 Dec 2017 USD TOTAL	Audited 31 Dec 2016 USD TOTAL
Opening balance	1,615,385	23,613,332	25,228,717	27,975,828
Repayments	(1,615,385)	-	(1,615,385)	(4,137,879)
Charges capitalised	-	1,479,696	1,479,696	1,390,768
Closing balance	**-**	**25,093,028**	**25,093,028**	**25,228,717**
13.1 Short-term portion of local loans	-	25,093,028	25,093,028	25,228,717
	-	**25,093,028**	**25,093,028**	**25,228,717**

13.2 Infrastructure Development Bank (IDBZ) loan

The IDBZ local loan is in respect of loan funds that were received from the Government of Zimbabwe through the Infrastructural Development Bank for the Mutare - Harare and Harare-Bulawayo Optic fibre projects. The terms of the loan are as follows:

Interest rate	5% p.a
Repayment period	8 months
Interest calculation period	Monthly
Penalty rate	1% p.a
Effective penalty rate	6% p.a

13.3 FBC Bank loan

The FBC Bank loan was granted by FBC Bank for the FTTH Project. The terms of the loan are as follows:

Nominal Interest rate	12% p.a
Effective Interest rate	12.68250% p.a
Repayment period	26 months
Interest calculation period	Monthly

The loan was secured by Memorial Building and Centre for Learning properties.

14 TAXATION

	Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
14.1 Income tax expense		
Tax expense	**(9,583,946)**	**(7,784,027)**
Current tax	692,208	(1,444,321)
Deferred tax	(10,276,154)	(6,339,706)
14.2 Tax rate reconciliation		
Loss before tax	(39,456,452)	(32,708,908)
Notional tax charge based on profit for the year at 25.75%	(10,160,036)	(8,422,544)
Net effect of temporary/permanent differences	576,090	638,517
	(9,583,946)	**(7,784,027)**

		Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
14.3	**Deferred tax liability**		
	Analysis of temporary differences		
	Property, plant and equipment accelerated	77,882,930	85,933,074
	Accruals	(7,900)	(66,263)
	Fair value remeasurement gain	3,094	3,425
	Deferred Income	(106,210)	-
	Leave pay provision	(806,663)	(612,096)
	Unrealised exchange losses	(2,892,924)	(4,950,603)
	Allowance for credit losses	(22,403,708)	(17,167,354)
	Other gains	38,849	-
	Net deferred tax liability	**51,707,467**	**63,140,184**
14.4	**Tax receivable**		
	Opening balance	(2,694,089)	(448,594)
	Charge for the year	692,208	(1,444,321)
	Charge for the year - other comprehensive income	3,094	1,985
	Tax paid	(530,604)	(803,160)
	Closing balance	**(2,529,392)**	**(2,694,089)**
15	**TRADE AND OTHER PAYABLES**		
15.1	**Trade payables**		
	Local	50,904,752	37,448,950
	Foreign	26,303,761	42,563,339
		77,208,513	**80,012,289**
15.2	**Statutory payables**	**74,676,803**	**61,100,570**
	Postal and Telecommunications Regulatory Authority of Zimbabwe	36,344,850	32,790,371
	Zimbabwe Revenue Authority (ZIMRA)	2,918,562	5,535,598
	Communication and Allied Industries Pension Fund	35,413,391	22,774,601
		151,885,315	**141,112,860**
15.3	**Loan interest payable**	**194,936,204**	**177,304,128**
	Loan interest payable relates to accumulated interest on legacy loans disclosed in note 12		
15.4	**Long-term payable**	**4,517,258**	**17,365,361**

The company is currently carrying out the National Broadband Project (NBB) and Huawei is the supplier of the equipment for the project. The NBB is being funded by a loan from the China Exim Bank. The loan was secured through an on-lending facility with the Government of Zimbabwe. The guarantor of the loan is NetOne (Private) Limited. The long term payable represents services rendered for which draw down is pending.

16	**PROVISIONS**		
	Leave pay	2,979,782	2,210,166
	Bonus	152,891	153,358
		3,132,673	**2,363,524**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

		Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
16.1	**Leave pay provision**		
	Opening balance	2,210,166	1,646,630
	Additions	1,111,439	1,604,417
	Payments	(341,823)	(1,040,880)
	Closing balance	**2,979,782**	**2,210,166**
16.2	**Bonus provision**		
	Opening balance	153,358	152,960
	Additions	1,819,729	1,700,849
	Payments	(1,820,196)	(929,287)
	Unused amounts reversed	-	(771,163)
	Closing balance	**152,891**	**153,358**
17	**REVENUE**		
	Revenue comprises:		
	Voice revenue	67,965,008	73,139,165
	Data revenue	11,655,446	5,401,513
	Internet revenue	31,743,094	27,914,653
	V-Sat revenue	1,284,194	1,460,773
	Interconnection revenue	3,847,985	5,899,711
	Telephone handsets	205,761	227,120
		116,701,488	**114,042,935**
18	**PAYMENTS TO OTHER OPERATORS**		
	VSAT handling costs	2,029,872	2,073,175
	Telephone foreign handling costs	753,072	994,875
	Data handling costs	382,608	382,608
	Internet handling costs	5,282,860	5,944,365
	Local interconnection costs	11,856,441	11,574,377
		20,304,854	**20,969,400**
19	**OTHER INCOME**		
	Insurance recoveries	1,864	398
	Deferred income	328,700	317,423
	Rental income	1,125,365	1,004,818
	Dividends received	806,298	320,999
	Net income from sale of processed copper cables	247,923	355,746
	Centre for learning	2,451,083	1,545,215
	Sundry income	1,494,274	1,880,599
		6,455,507	**5,425,198**
20	**OPERATING EXPENSES**		
20.1	**Staff costs**	**43,946,686**	**41,828,777**

	Audited 31 Dec 2017 USD	Audited 31 Dec 2016 USD
20.2 Other operating expenses		
Stores handling costs	3,371,572	3,265,700
Electricity, rent and rates	7,405,537	6,824,502
Transport costs	2,997,645	2,947,658
Inventory adjustments	85,326	465,931
Write off expenses	-	213,832
Office and admin expenses	5,582,939	6,627,026
Software licences	1,891,361	2,088,196
Marketing expenses	2,580,719	2,191,535
Provision for bad debts	12,300,955	11,653,914
Other operating expenses	4,087,599	11,196,434
	40,303,653	**43,091,658**
20.3 Special excise duty on airtime		
Special excise duty on airtime	**1,270,826**	**-**

21 NET FINANCE INCOME

21.1 Finance Income		
Interest income	**1,797,760**	**319,901**

In September 2017, a decision was made to charge interest on outstanding debtors' balances for defaulting clients. Interest at 3% was levied effective 30 November 2017, the expectation being to encourage clients to settle their outstanding balances and pay their service bills on time.

21.2 Finance Costs	**(17,171,147)**	**(19,646,315)**
Interest expense on current loans	(2,043,928)	(1,807,460)
Interest expense on legacy loans	(15,127,219)	(17,838,856)

22 FOREIGN EXCHANGE LOSSES	**(14,097,649)**	**(1,435,228)**
Exchange loss on foreign legacy loans	(11,793,517)	(1,026,985)
Exchange loss on foreign payables	(2,304,133)	(408,242)

23 EMPLOYEE BENEFITS

23.1 Pension Fund

The Company makes contributions for all eligible employees to a multi employer defined benefit plan administered by the Communications and Allied Industries Pension Fund (CAIPF). The fund is run collectively for the former Posts and Telecommunications Corporations (PTC) companies.

Empoyee benefits	31 Dec 2017 USD	31 Dec 2016 USD
Short term benefits	43,899,325	37,062,218
Post employment benefits	4,572,732	4,681,075
Other long term benefits	456,513	463,510
	48,928,569	**42,206,803**

The Pension Fund is a defined benefit plan administered by the Communication and Allied Industry Pension Fund [CAIPF]. It is being accounted for as if it were a defined contribution plan because sufficient information is not available to use defined benefit accounting in line with the requirements of IAS 19 as it is not possible for the pension fund to allocate the plan assets to each contributing company separately.

The expense for the year ended 31 December 2017 amounted to US$ 4,572,732 (2016 US$ 4,681,075). Liability as at 31 December 2017 US$ 27,962,591 (2016 US$ 22,774,601). The contributions have been discounted using a discount rate of 7% per annum.

The rules of the fund require employees to contribute at a rate of 7.5% of pensionable salaries towards retirement benefits whilst the employer also contributes 22.5% contributions towards retirement benefits. The rules of the CAIPF require an actuarial valuation to be performed at least every three years but the current practice of CAIPF is to perform annual valuations.

The pension fund recorded a deficit of US$97.3 million as at 31 December 2016.

23.2 National Social Security Authority Scheme

This is a defined contribution scheme promulgated under the National Social Security Act of 1989. The Company's obligations under the scheme are limited to specific contributions as legislated from time to time. The contributions for the year ended December 31, 2017 amounted to US$ 518,104 (2016: US$ 531,584)

24 RELATED PARTY TRANSACTIONS

		31 Dec 2017 USD	31 Dec 2016 USD
24.1	**Transactions**		
	Communications and Allied Industries Pension Fund		
	Pension fund contributions	4,572,732	4,681,075
	Loan repayment	-	1,368,649
		4,572,732	**6,049,724**
	Net One (Pvt) Ltd - lease of microwave sites, Cell phone charges, leased circuits and interconnect income	7,159,244	8,123,803
	Zimpost - rental of property and postage and use of telecom products	2,704,094	2,161,926
		9,863,338	**10,285,729**
24.2	**Amounts owing from related parties (debtors)**		
	Government departments and ministries	55,602,185	48,253,292
	Net One (Pvt) Ltd	7,675,391	10,316,385
	Zimpost (Pvt) Ltd	624,497	415,784
	Other state owned entities	23,984,538	25,465,972
		87,886,611	**84,451,433**
24.3	**Amounts owing to related parties (creditors)**		
	Zimpost (Pvt) Ltd	427,994	512,321
	NetOne (Pvt) Ltd	605,913	241,852
	Communication and Allied Industries Pension Fund	27,962,591	22,774,601
		28,996,498	**23,528,774**
24.4	**Compensation to the Board of Directors and Key Management personnel**		
	The remuneration of Directors and members of Key Management during the year was as follows:		
	Board of Directors		
	Non executive directors' fees	39,299	72,675
	Members of key management		
	Short term employee benefits	743,006	871,815
	Post employment benefits	40,820	78,353
	Total emoluments	**823,125**	**1,022,842**

Compensation to key management is in respect of five members of senior management. Compensation to key management is determined by the Board of Directors with reference to individual performance, company performance and market trends.

25 FINANCIAL RISK MANAGEMENT

25.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	31 Dec 2017 USD	31 Dec 2016 USD
Trade receivables	235,930,186	206,076,737
Other receivables	1,708,859	2,913,598
Available for sale investment	1,358,216	1,048,835
Cash and cash equivalents	9,348,396	3,585,761
	248,345,657	**213,624,930**

Exposure to credit risk was increased by the poor economic performance, however, adequate provision was made against trade receivables considered doubtful. The Company's exposure to credit risk on government debtors is reduced by the fact that Government Treasury has promised to pay all government outstanding amounts.

Impairment losses

The ageing of trade receivables at the reporting date was as follows:

	Gross USD	Impairment USD	31 Dec 2017 USD	31 Dec 2016 USD
Not past due	7,797,963	-	7,797,963	7,615,294
Past due 0-30 days	8,147,457	-	8,147,457	7,587,201
Past due 31-120 days	15,143,855	-	15,143,855	13,261,652
More than 120 days	204,840,911	(87,004,690)	117,836,221	110,943,255
	235,930,186	**(87,004,690)**	**148,925,496**	**139,407,402**

The allowance account in respect of trade receivables records impairment losses up to the point the company is satisified that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and written off against the financial asset directly.

25.2 Liquidity risk

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 Dec 2017	Carrying Amount USD	Contractual cash flows USD	0-12 Months USD	12 Months or more USD
Non-derivative financial liabilities				
Trade payables	77,208,513	77,208,513	77,208,513	-
Other payables	74,676,803	74,676,803	74,676,803	-
Loans	260,897,041	260,897,041	148,517,960	112,379,081
	412,782,356	**412,782,356**	**300,403,275**	**112,379,081**

31 Dec 2016	Carrying Amount USD	Contractual cash flows USD	0-12 Months USD	12 Months or more USD
Non-derivative financial liabilities				
Trade payables	57,569,586	57,569,586	57,569,586	-
Other payables	70,355,183	70,355,183	70,355,183	-
Loans	173,683,454	173,683,454	133,332,007	40,351,447
	301,608,223	**301,608,223**	**261,256,776**	**40,351,447**

The above non derivative financial liabilities are all classified as financial liabilities measured at amortised cost. The Company had no derivative financial liabilities as at 31 December 2017.

25.3 Currency risk

Exposure to foreign currency risk

The company's exposure to foreign currency risk is attributable to the Euro (EURO), Japanese Yen (YEN), and Norwegian Kroner (NOK) denominated monetary assets and liabilities. The exposure was as follows at 31 December 2017, based on notional amounts:

	Receivables	Payables	Net exposure
2017			
EURO	-	22,248,512	22,248,512
YEN	-	103,030,275	103,030,275
NOK	-	1,757,330	1,757,330
2016			
EURO	-	28,929,474	28,929,474
YEN	-	96,860,491	96,860,491
NOK	-	1,616,242	1,616,242

The following significant exchange rates applied during the year :

	31 Dec 2017	31 Dec 2016
EURO	0.83	1.08
YEN	112.69	119.87
NOK	8.21	8.92

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25.4 Currency risk

Sensitivity analysis

A 10% fluctuation of the United States dollar against the Euro, Japanese Yen and Norwegian Kroner would have increased/ decreased equity and profit or loss by the amounts reflected below. This analysis is based on foreign currency exchange rate variances that the company considered to be reasonably possible at the end of the reporting period. The analysis assumes all variables remain the same.

Effect	Equity USD	Profit or loss USD
31-Dec-16		
EURO		
10% appreciation	(2,990,946)	(2,990,946)
10% depreciation	2,990,946	2,990,946
YEN		
10% appreciation	(9,380,083)	(9,380,083)
10% depreciation	9,380,083	9,380,083
NOK		
10% appreciation	(159,579)	(159,579)
10% depreciation	159,579	159,579
31-Dec-17		
EURO		
10% appreciation	(2,224,851)	(2,224,851)
10% depreciation	2,224,851	2,224,851
YEN		
10% appreciation	(10,303,027)	(10,303,027)
10% depreciation	10,303,027	10,303,027
NOK		
10% appreciation	(175,733)	(175,733)
10% depreciation	175,733	175,733

25.5 Interest rate risk

	31 Dec 2017 USD	31 Dec 2016 USD
As at 31 December 2017, the interest rate profile of the company' interest bearing- financial instruments was:		
Fixed rate risk		
Financial assets	1,072,712	1,345,787
Financial liabilities	260,897,041	173,683,454
	261,969,752	**175,029,240**

25.6 Treasury and financial risk management

The main risks arising from the company's financial instruments are market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk. The company does not use derivative financial instruments for speculative purposes. The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are reviewed by management on a regular basis for adequacy in being able to manage any changes in risks arising from changes in the operating environment.

26 GOING CONCERN

Loan repayments

The company defaulted in interest and principal repayments on foreign loans. Outstanding loans are detailed in notes 12 and 13.

Net Liability Position	**31 Dec 2017 USD**	**31 Dec 2016 USD**
Total assets	548,374,422	489,744,186
Total liabilities	(692,581,455)	(600,939,047)
Net liability position	**(144,207,033)**	**(111,194,861)**

Though the company has a net liability position and has not been able to honour its legacy loan obligations, it is pursuing a business transformation strategy which is set to turnaround the company. Projects that are currently being implemented involve modernisation of the network with the aim of improving revenue and managing costs. The company has also sought a debt warehousing arrangement amounting to $360 million. Although the loans are still on TelOne's statement of financial position, the government is aware of its obligations in terms of the guarantees rendered. The company also has significant assets of strategic importance to the Government of Zimbabwe. Furthermore, the directors are not aware of any other material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

The company has also embarked on the NBB Project which has been accorded the national project status. The project will totally revamp the network thereby improving service delivery. Implementation of the project will bring about positive cashflows which willl improve the net liability position.

General Corporate Information

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Website: www.dmh.co.zw

Glossary of Terms

The following abbreviations are used through-out the report, they have been explained below for ease of reference.

ADSL	Asymmetric Digital Subscriber Line
ARPL	Average Revenue Per Line
ARPU	Average Revenue Per User
ASTT	Average Service Turnaround Time
BoP	Beginning Opening Balance
CAPEX	Capital Expenditure
CDMA	Code Division Multi-Access
CPE	Customer Premise Equipment
CRM	Customer Relationship Management
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EBIT	Earnings Before Tax
FMC	Fixed Mobile Convergence
FMCG	Fast Money Consumer Goods
GIS	Geographical Information System
GISP	Government Internet Service Provider
GoZ	Government of Zimbabwe
GRI	Global Reporting Initiative
GSM	Global System for Mobile
HSPA	High Speed Packet Access
ICT	Information Communication Technology
IP	Internet Protocol
IMS	IP-Multimedia Subsystem
KPI	Key Performance Indicators
KRA	Key Result Area
LTE	Long Term Evolution
MVNO	Mobile Virtual Network Operator
MPLS	Multiprotocol Label Switching
MSAN	Multi-Service Access Node
NOC	Network Operations Center
OPEX	Operating Expenditure
OPGW	Optical Ground Wire
PABX	Private Automated Branch Exchange
RBM	Result Based Management
RFP	Request For Proposal
ROI	Return On Investment
SME	Small to Medium Enterprise
SOHO	Small Office Home Office
SPB	State Procurement Board
T&S	Travel and Subsistence

Glossary of Terms (continued)	
USF	Universal Service Fund
VAS	Valued Added Services
VAT	Value Added Tax
VOBB	Voice Over Broadband
VoIP	Voice Over Internet Protocol
VPN	Virtual Private Network
VSAT	Very Small Aperture Terminal
Wi-Fi	Wireless Fidelity
WiMAX	Worldwide Interoperability for Microwave Access
WIOCC	West Indian Ocean Cable Company
ZIMCODE	National Code on Corporate Governance (Zimbabwe)
ZIMASSET	Zimbabwe Agenda for Sustainable Social Economic Transformation

OUT WITH THE OLD NUMBERS. IN WITH THE NEW.

To access all the services available with TelOne's converged network, your landline number has been modified to start with a prefix. The last digits of your current number remain the same. Area Codes have also been changed as indicated below:

CITY/TOWN	CURRENT AREA CODE	NEW AREA CODE	PREFIXING NUMBER	NEW NUMBER EXAMPLE
Harare	04	024	**2**	(024) 2xxxx (Existing Number)
Ruwa	0273		**213**	(024) 213xxxx (Existing Number)
Norton	062		**212**	(024) 212xxxx (Existing Number)
Arcturus	0274		**214**	(024) 214xxxx (Existing Number)
Beatrice	065		**212**	(024) 212xxxx (Existing Number)
Birchenough Bridge	0248	027	**203**	(027) 203xxxx (Existing Number)
Checheche	0317		**2317**	(027) 2317xxxx (Existing Number)
Chimanimani	026		**205**	(027) 205xxxx (Existing Number)
Chipangayi	024		**2046**	(027) 2046xxxx (Existing Number)
Chipinge	0227		**2042**	(027) 2043xxxx (Existing Number)
Mutare	020	020	**21**	(020) 21xxxx (Existing Number)
Penhalonga	020		**24**	(020) 24xxxx (Existing Number)
Odzi	0204		**200**	(020) 200xxxx (Existing Number)
Hauna	0228	026	**209**	(026) 209xxxx (Existing Number)
Juliasdale	029		**208**	(026) 208xxxx (Existing Number)
Nyanga	0329		**2098**	(026) 2098xxxx (Existing Number)
Murambinda	021	025	**206**	(025) 206xxxx (Existing Number)
Nyazura	02583		**2055**	(025) 2055xxxx (Existing Number)
Headlands	02582		**206**	(025) 206xxxx (Existing Number)
Rusape	0225		**205**	(025) 205xxxx (Existing Number)
Bindura	0271	066	**210**	(066) 2106xxxx (Existing Number)
Centenary	057		**210**	(066) 210xxxx (Existing Number)
Concession	0375		**219**	(066) 219xxxx (Existing Number)
Glendale	0376		**218**	(066) 218xxxx (Existing Number)
Mazowe	0275		**219**	(066) 219xxxx (Existing Number)
Christon Bank	-		**219**	(066) 219xxxx (Existing Number)
Mount Darwin	0276		**212**	(066) 212xxxx (Existing Number)
Mvurwi	0277		**216**	(066) 216xxxx (Existing Number)
Guruve	058		**217**	(066) 217xxxx (Existing Number)
Shamva	0371		**2137**	(066) 2137xxxx (Existing Number)
Darwendale	069	067	**2192**	(067) 2192xxxx (Existing Number)
Raffingora	0667		**2198**	(067) 2198xxxx (Existing Number)
Mutorashanga	0668		**2196**	(067) 2196xxxx (Existing Number)
Trelawney	0698		**2136**	(067) 2136xxxx (Existing Number)
Chinhoyi	067		**21**	(067) 21xxxx (Existing Number)
Murombedzi	0675		**215**	(067) 215xxxx (Existing Number)
Mhangura	060		**214**	(067) 214xxxx (Existing Number)
Banket	066		**214**	(067) 214xxxx (Existing Number)
Kariba	0261	061	**214**	(061) 214xxxx (Existing Number)
Karoi	0264		**214**	(061) 214xxxx (Existing Number)
Makuti	063		**2141**	(061) 2141xxxx (Existing Number)
Chirundu	0637		**2140**	(061) 2140xxxx (Existing Number)
Kadoma	068	068	**21**	(068) 21xxxx (Existing Number)
Chegutu	053		**215**	(068) 215xxxx (Existing Number)
Chakari	0688		**2189**	(068) 2189xxxx (Existing Number)
Sanyati	0687		**216**	(068) 216xxxx (Existing Number)
Selous	0628		**21**	(068) 21xxxx (Existing Number)

NOTES

Voice | Broadband | Satellite

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