ECONET WIRELESS ZIMBABWE LIMITED

Unaudited Abridged Financial Results

for the half year ended 31 August 2017

FINANCIAL HIGHLIGHTS	Subscribers	Revenue	EBITDA	Data Revenue	EcoCash Revenue	Banking services Revenue
UNAUDITED 31 AUGUST 2017	11 441 822	$352.7 million	$139.1 million	$63.4 million	$57.1 million	$28.4 million
UNAUDITED 31 AUGUST 2016	10 020 101	$301.5 million	$105.9 million	$58.2 million	$39.2 million	$14.4 million

A journey **inspired** by **growth, innovation** and a **pioneering** spirit.

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ECONET WIRELESS ZIMBABWE LIMITED

ECONET Wireless

Unaudited Abridged Financial results for the half year ended 31 August 2017

Chairman's Statement to the Shareholders

INTRODUCTION

We now operate our business based on the convergence of Telecommunications, Media and Technology ("TMT"). Our TMT model is robust and can withstand the present day economic challenges. Our innovative products, a strong team, a culture of excellence in execution, as well as a robust infrastructure base are the anchors on which this business model has been developed. We see the current economic challenges as being transient and we believe that we are well positioned to take advantage of opportunities that the current environment presents and that we will emerge from this phase even stronger. We have a strategy to further develop defensive revenue streams that respond well to adverse economic cycles coupled with initiatives to streamline costs designed to produce sustainable value for our shareholders, as evidenced by our current financial performance.

OPERATING ENVIRONMENT

As we go through the prevailing macro-economic challenges, we continue to deploy new innovations that are transforming the future of our business. We remain mindful of the need to continuously invest to ensure that the quality of services afforded to our customers remains world-class. It has been difficult to obtain foreign currency to pay for the technology upgrades and software licences that are required for the operation of the network. The successful conclusion of our Rights Offer, which raised US$ 130.0 million, to settle all United States Dollar debt, was a timely intervention that averted a calamitous situation had the Company defaulted on its debt obligations. The Rights Offer greatly assisted the Company to focus its resources towards addressing local issues without the strain of sourcing scarce foreign currency to meet large recurrent debt repayments.

REGULATORY REVIEW

In April 2017, the Government introduced an additional 5% tax on airtime, which was designated as a Health Levy. As a result of this additional special levy on airtime, excise duties on airtime now stand at 10% of revenue, one of the highest in the world. This cost was absorbed by the business and was not passed onto the consumer as is ordinarily the case for excise taxes. Our TMT strategy has enabled us to keep our prices constant in the face of increasing taxes and levies as well as the increasing cost of goods and services.

OPERATIONS REVIEW

The Company has responded to an acute liquidity crisis and shortage of bank notes facing the country by promoting our mobile money services as the solution to the limitations that this situation has presented to the transacting public. EcoCash was recognized as the best mobile money service in the world at the Mobile World Congress in 2017. The award is in recognition of the impact EcoCash has had in the betterment of society. Econet, through EcoCash, has significantly transformed both financial and digital inclusion in Zimbabwe. The growth in EcoCash transaction volumes and subscribers has surpassed our initial expectations and has provided a much needed alternative to bank payment channels, offering a real-time convenient payment method that has become well trusted by all Zimbabweans. The upgrades required to meet these capacity demands require foreign currency, which is in short supply. Inspite of the foreign currency challenges that we are facing in the prevailing economic circumstances, we continue to relentlessly pursue ways to use technology to address relevant problems that face our society today. Our passion as an enabler of economic transformation, has been instrumental to our success and has ensured the sustainability and viability of our business, through difficult times.

Necessitated by the unprecedented demand for our products and services, we continue to undertake technology upgrades on all our platforms All our base stations which were operating on 2G technology were upgraded to 3G technology, which now allows our customers, even in remote parts of the country, to access high speed broadband connections. We are also investing in the core IT capabilities of Steward Bank as it responds to rapidly rising transaction volumes. EcoCash upgraded its transaction capacity three fold in August 2017, following a surge in demand for its services.

Consistent with our TMT strategy, we have partnered with Econet Media Limited to introduce "Kwese TV", a multi-platform content offering, to overwhelming demand from our customers. This initiative has resulted in the need for new skills to be developed and new employment opportunities for Zimbabweans.

Our staff are a critical factor to our success. Attracting, retaining and motivating our staff is pivotal to our strategy. We recently concluded an internationally benchmarked staff survey that demonstrated that our staff motivation levels are in the top 25% of Companies in the World. Our experienced management team, under the guidance of the Board, has ably executed the strategy of the business, in extremely difficult operating conditions. The Board will continue to review the prevailing economic conditions and formulate policies that enable the retention of a motivated and highly competent staff body within Econet.

FINANCIAL PERFORMANCE REVIEW

Revenue for the half year ended 31 August 2017 increased by 17% from US$ 301.5 million to US$ 352.7 million. Our non-voice business segments continue to deliver solid growth. As we execute our TMT strategy and diversify our revenue streams, we have experienced growth in non-voice revenues, which now constitute 63% of total revenues.

By repaying our US Dollar debt with the funds raised from the Rights Offer, we reduced our finance costs for the half year ended 31 August 2017 by US$ 10.7 million. The increased revenue; a decline in interest costs as well as cost optimization initiatives resulted in an increase in profit after taxation.

OUR ROLE IN THE COMMUNITY

Over the last 20 years, as part of our continuing commitment to the people of Zimbabwe, we have provided educational support and assistance to over 250,000 orphaned and vulnerable children across the country at various levels from junior schools to tertiary levels.

We introduced a Youth empowerment programme, "Elevate", which is set to empower youth through skills development in various areas such as technology, agriculture and entrepreneurship. As part of this initiative and in order to create employment and empower the youth the Company launched a virtual call centre initiative. This initiative allows call centre seats to be availed on demand by anyone who has acquired the requisite training and has the necessary starter kit, which is made available by the Company. Qualified and certified call centre staff can answer customer related enquiries remotely from wherever they are so long as they have the necessary connectivity.

The heavy rains experienced countrywide during the last rainy season resulted in a degradation of road infrastructure. In response, the Company embarked on a road rehabilitation initiative. Under this initiative the company uses local communities to build and maintain the roads, thereby facilitating employment and ownership of the infrastructure by the local communities.

OUTLOOK

We will remain focused on our Telecommunications, Media and Technology business model which allows our customers to enjoy a full spectrum of digital services and allows us to develop a diverse business with resilient revenue streams. Under the current challenging economic conditions, we believe we will find the necessary solutions to sustain the business, as we have always done in the past. In doing so, we remain inspired to change the lives of the communities in which we operate.

DIVIDEND DECLARATION

The Board has decided to declare a further dividend of 0.579 US Cents per Share, for the second quarter ended 31 August 2017. The total dividend declared for the half year ended 31 August 2017 now stands at US$ 25 million, equivalent to 0.965 US cents per share.

ACTION	DATE
Last Date to Trade – cum dividend	Tuesday, 14 November 2017
Share Trade Ex-Dividend	Wednesday, 15 November 2017
Record Date	Friday, 17 November 2017
Payment Date (on/about)	Monday, 20 November 2017

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

APPRECIATION

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

DR. J. MYERS
CHAIRMAN OF THE BOARD

12 OCTOBER 2017

Tip-offs Anonymous

Deloitte & Touche

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Unaudited Consolidated Statement of Comprehensive Income
For the half year ended 31 August 2017

(All figures in US$ 000)	Unaudited 31 August 2017	Unaudited 31 August 2016
Revenue	**352,676**	**301,513**
Earnings before interest, taxation, depreciation and amortisation	139,105	105,854
Depreciation, amortisation and impairment	(59,517)	(63,753)
Profit from operations	**79,588**	**42,101**
Net finance costs	(4,310)	(14,719)
Profit before taxation	**75,278**	**27,382**
Taxation	(26,424)	(12,417)
Profit for the half year	**48,854**	**14,965**
Other comprehensive income/(loss)		
Other comprehensive loss net of tax	-	(231)
Total comprehensive income for the half year	**48,854**	**14,734**
Profit for the half year attributable to:-		
Equity holders of the parent	48,794	15,283
Non-controlling interest	60	(318)
Profit for the half year	**48,854**	**14,965**
Total comprehensive income for the half year attributable to:-		
Equity holders of the parent	48,794	15,052
Non-controlling interest	60	(318)
Total comprehensive income for the half year	**48,854**	**14,734**
Earnings per share		
Basic and diluted earnings per share (cents)	2.1	1.1
Number of shares in issue	2,590,576,832	1,640,021,430
Weighted average number of shares in issue	2,272,637,464	1,423,677,054

Unaudited Consolidated Statement of Financial Position
As at 31 August 2017

(All figures in US$ 000)	Unaudited 31 August 2017	Audited 28 February 2017
ASSETS		
Property, plant and equipment, intangible assets and goodwill	736,227	728,803
Other non-current assets	57,905	52,602
Deferred taxation	5,842	8,641
Financial instruments - long term	72,331	71,727
Financial instruments - short term	358,417	269,497
Financial instruments - short term-MMT	196,416	72,733
Other current assets	16,941	20,721
Total assets	**1,444,079**	**1,224,724**
EQUITY AND LIABILITIES		
EQUITY		
Share capital and share premium	96,034	40,764
Retained earnings	672,171	638,066
Other reserves	8,636	14,922
Attributable to equity holders of the parent	776,841	693,752
Non-controlling interests	3,632	3,572
Total equity	**780,473**	**697,324**
LIABILITIES		
Deferred taxation	85,538	96,794
Other non current liabilities	7,381	4,713
Financial Instruments:		
Long-term interest-bearing debt	57,994	55,137
Short-term interest-bearing debt	1,281	72,627
Other financial instruments - short term	202,746	27,776
Other financial instruments - short term-MMT	196,416	72,733
Other current liabilities	112,250	197,620
Total liabilities	**663,606**	**527,400**
Total equity and liabilities	**1,444,079**	**1,224,724**

Unaudited Consolidated Statement of Cashflows
For the half year ended 31 August 2017

(All figures in US$ 000)	Unaudited 31 August 2017	Unaudited 31 August 2016
Cash generated from operations	**353,299**	**130,227**
Income tax paid	(22,887)	(16,336)
Net cash generated from operations	**330,412**	**113,891**
Investing activities		
Acquisition of property, plant and equipment and intangible assets	(66,955)	(15,361)
Net acquisition of financial instruments	(82,401)	5,342
Net cash used in investing activities	**(149,356)**	**(10,019)**
Cash flows from financing activities		
Financing costs paid	(5,340)	(12,214)
Dividend paid	(7,170)	(7,093)
Share buy-back	(3,463)	-
Proceeds from borrowings	-	27,044
Repayment of borrowings	(122,592)	(68,190)
Proceeds from rights issue	105,091	-
Net cash flows used in financing activities	**(33,474)**	**(60,453)**
Net increase in cash and cash equivalents	147,582	43,419
Cash and cash equivalents at the beginning of the year	185,863	99,715
Cash and cash equivalents as at 31 August 2017	**333,445**	**143,134**
Comprising:		
Cash and cash equivalent restricted	196,416	72,733
Cash and cash equivalents non-restricted	137,029	70,401
Cash and cash equivalents as at 31 August 2017	**333,445**	**143,134**

Unaudited Consolidated Statement of Changes in Equity
For the half year ended 31 August 2017

(All figures in US$ 000)	Share capital and share premium	Retained earnings	Other	Attributable to Equity holders of the parent	Non-controlling interest	Total
Balance at 1 March 2016	**40,764**	**614,225**	**2,546**	**657,535**	**4,362**	**661,897**
Profit for the period	-	15,283	-	15,283	(318)	14,965
Other comprehensive loss for the period	-	-	(231)	(231)	-	(231)
Dividend	-	(12,940)	-	(12,940)	-	(12,940)
Reclassification	-	(931)	931	-	-	-
Balance at 31 August 2016	**40,764**	**615,637**	**3,246**	**659,647**	**4,044**	**663,691**
Balance at 1 March 2017	**40,764**	**638,066**	**14,922**	**693,752**	**3,572**	**697,324**
Profit for the period	-	48,794	-	48,794	60	48,854
Issue of share capital and share premium	55,270	-	(5,523)	49,747	-	49,747
Purchase of treasury shares	-	(3,462)	-	(3,462)	-	(3,462)
Dividend	-	(11,990)	-	(11,990)	-	(11,990)
Reclassification	-	763	(763)	-	-	-
Balance at 31 August 2017	**96,034**	**672,171**	**8,636**	**776,841**	**3,632**	**780,473**

Reallocation from other reserves to share premium, being rights offer proceeds received before financial year 2017 year end.

Summarised Unaudited Segment Information

(All figures in US$ 000)	31 August 2017				31 August 2016			
	Cellular Network Operat-ions	Other seg-ments	Net Elimina-tions	Total	Cellular Network Operat-ions	Other seg-ments	Net Elimina-tions	Total
Revenue & net interest income (from external customers)	252,500	100,176	-	352,676	237,279	64,234	-	301,513
Depreciation, amortisation and impairment	(55,621)	(3,896)	-	(59,517)	(60,142)	(3,611)	-	(63,753)
Segment profit	32,327	15,357	1,170	48,854	6,267	8,472	226	14,965
Segment assets	954,673	821,199	(331,793)	1,444,079	1,156,703	604,623	(570,996)	1,190,330
Segment liabilities	284,376	604,495	(225,265)	663,606	417,746	560,720	(451,827)	526,639

This is a summarised segment report showing the Group's major segment, Cellular network operations and other segments. Included in "Other" are the results of the following segments: Financial Services, Insurance, Beverages, Investments and Administration.

Notes to the Unaudited Abridged Consolidated Financial Results
For the half year ended 31 August 2017

1. General information

The main business of Econet Wireless Zimbabwe Limited ("the Group") is mobile telecommunications and related value added services. The abridged consolidated financial results incorporate the subsidiaries and associates.

These financial statements are presented in United States dollars being the currency of the primary economic environment in which the Group operates.

2. Accounting policies

The Group reports in terms of International Financial Reporting Standards ("IFRS"). The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous year.

3. Statement of compliance

The Group's financial results which are summarised by these abridged consolidated financial results have been prepared in compliance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as the Standing Interpretations Committee (SIC).

The abridged consolidated financial results do not include all the information and disclosures required to fully comply with IFRS and should be read in conjunction with the Group's annual financial statements as at 28 February 2017 which were availed on the Company's website and is also available at the Company's registered office.

	Unaudited 31 August 2017	Unaudited 31 August 2016
4. Depreciation of property, plant and equipment and amortisation intangible assets	$59.5 million	$63.8 million
5. Commitments for capital expenditure		
Authorised by the directors and contracted	$27.6 million	$6.1million
Authorised by the directors but not contracted	$13.5 million	$31.4million
The capital expenditure is to be financed out of the Group's own resources and existing facilities.		
6. Earnings per share		
Earnings		
Profit for the year attributable to ordinary shareholders	$48.8 million	$15.3 million
Number of shares		
Weighted number of ordinary shares for the purposes of basic and diluted earnings per share calculation	2,272,637,464	1,423,677,054
Basic and diluted earnings per share (cents)	2.1	1.1

7. Borrowings

Proceeds from the Rights Offer were utilised to settle the Group's foreign borrowings.

8. Contingent Liabilities

There is no material change to contingencies from those that were communicated in the last annual financial statements.

9. Events after reporting date

There have been no significant events after reporting date. We continue to monitor the impact of the changing economic conditions on the business.

10. Going concern

The Directors have assessed the ability of the Company and subsidiaries to continue operating as a going concern and believe that the preparation of the consolidated financial statements from which these abridged financial results are derived on a going concern basis is appropriate.

11. Long term interest bearing debt

Long term interest bearing debt comprises:

Type of Instrument	Amount (US$ million)	Interest rate	Security
Debentures	55.3	5%	Non-secured
Trade Development Bank Loan	2.6	10%	Bottling plant equipment
TOTAL	**57.9**		

Econet Wireless Zimbabwe Limited: Incorporated in the Republic of Zimbabwe. Company registration number 7548/98 | **Directors:** Dr. J. Myers (Chairman)*, Mr. S.T. Masiyiwa, Mr. M. Bennett*, Mr. R. Chimanikire, Mr. K.V. Chirairo, Mr. M. Edge*, Mr. G. Gomwe*, Mr. D. Mboweni, Mrs. T.P. Mpofu*, Ms. B. Mtetwa*, Mr. H. Pemhiwa*, and Mrs. S. Shereni*. *Non Executive | **Group Company Secretary:** Mr. C.A. Banda | **Registered Office:** Econet Park, 2 Old Mutare Road, Msasa, Harare, Zimbabwe. E-mail: info@econet.co.zw Website: www.econet.co.zw | **Registrars and Transfer Secretaries:** First Transfer Secretaries (Private) Limited, 1 Armagh Avenue, Eastlea, Harare, Zimbabwe | **Auditors:** Deloitte & Touche (Zimbabwe), West Block, Borrowdale Office Park, Borrowdale Road, P.O. Box 267, Harare, Zimbabwe.