LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(“the Group” or “Liquid Telecom”)
FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2019

Operational and Strategic progress sustained

23 January 2020

Leading pan-African telecoms group Liquid Telecom today announces its unaudited financial results for the quarter ended 30 November 2019. Third quarter 2019-20 numbers include adjustments for IAS 29 “Financial Reporting In Hyper Inflationary Economies” in respect of Zimbabwe.

Highlights

- Reported revenues in Q3 2019-20 were USD 200.8 million and adjusted EBITDA[1] of USD 67.4 million, post IFRS 16 (USD 57.8 million pre IFRS 16).
- Post IFRS 16 cash generated from operations was USD 46.0 million (USD 36.4 million pre IFRS 16).
- Pre IFRS 16 closing net debt was USD 678.4 million resulting in a net debt to adjusted EBITDA ratio of 3.25x.
- Third quarter adjusted EBITDA[1] increased 47.4 per cent on a pre IFRS 16 basis compared to Q3 2018-19 reflecting the improved performance in South Africa. 9 months adjusted EBITDA (pre IFRS 16) increased 6.8% compared to 9 months 2018-19.
- Continuing strong recovery in South Africa was maintained with EBITDA increasing from USD 12.2 million (Q3 2018-19) to USD 46.5 million (Q3 2019-20), pre IFRS 16 driven by the wholesale segment.
- Good development in the Enterprise segment in the Rest of Africa driven by Eastern Africa and the Democratic Republic of Congo (DRC).
- Continued effective cost management over the nine month period across the business as we realise the benefit of our improved operating model and increased scale.
- The foreign exchange translation loss relating primarily to the Zimbabwean currency is USD 425.8 million and is non-cash. The hyperinflationary monetary gain is USD 405.6 million, a function of the CPI uplift and retranslation into USD.
- Invested USD 35.0 million capital expenditure (net of disposals) focussing on our backbone network, data centre infrastructure and connecting enterprise customers to the “One Africa” network.
- Signed an additional 20 year roaming agreement with a major operator in South Africa. The additional network is anticipated to go live in April 2020.
- Signed a relationship agreement with a major mobile operator, where Liquid Telecom is now a preferred supplier, for connectivity for that operator.
- First phase of investment in South Sudan was completed on schedule, just after the quarter end, with commercial launch due by the end of January 2020, delivering the first and only fibre connectivity to South Sudan.

	Q3 2019-20 (Post IFRS 16[3])	Q3 2019-20 (Pre IFRS 16[3])	Q3 2018-19	Q3 Pre IFRS 16 Change
	(USDm)	(USDm)	(USDm)	(%)
Revenue	200.8	200.8	156.5	28.3
Adjusted EBITDA [1]	67.4	57.8	39.2	47.4
Cash generated from operations	46.0	36.4	37.0	n/a
Net debt[2]	n/a	678.4	637.3	6.4
Net debt / adjusted EBITDA (x)	n/a	3.25	3.0	n/a

[1] Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: restructuring costs, acquisition and other investment costs, foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.

[2] Net debt is defined as gross debt less unrestricted cash and cash equivalents.

[3] IFRS 16 is the new accounting standard relating to Leases effective for accounting periods beginning on or after 1 January 2019 and was adopted by the Group on 1 March 2019.

Chief Executive Officer, Nic Rudnick, commented:
"Our progress during the quarter has been one of continued good growth, and successful implementation of our strategies to diversify the geographic footprint of our revenues. Our efforts to mitigate the impact of events in Zimbabwe are paying off, as we expand our fibre footprint and monetise the network through our broadened portfolio. Growth in South Africa and the Rest of Africa, in countries such as Kenya, continues as we monetise our backbone routes and increased service demand from enterprise customers.

I am proud to have signed another roaming agreement in South Africa. This, in addition to the previous agreement on our 4G network, is a significant long-term contract which changes the scale of the Group and further confirms the importance of our offering to customers across Africa.

Through the quarter we have continued to expand the reach of our network as we link the East to West route shown by our increased offering in the DRC and the finalisation of phase one of our investment in South Sudan which will add to our "One Africa" network. In addition, we have continued to connect more sites for MNOs, SMEs and government buildings and reach more retail customers through our Fibre to the Home (FTTH) and fixed Long Term Evolution (LTE) network coverage.

Our cross-border network, data centre offering and digital transformation strategy remains a significant competitive advantage for the Group as we invest to further strengthen our relationships with enterprise and wholesale customers. The expansion of our Data Centre business continues, although at a lesser rate, and we are continuing to assess appropriate forms of financing in order to quicken the pace of our growth as we recognise the longer investment cycle and different capital structures required."

Group Chairman, Strive Masiyiwa, added:
"On behalf of the Board, I was pleased with the overall performance of the Group – notably our underlying EBITDA growth versus the third quarter last year. South Africa, Kenya and the DRC remain key growth markets for the Group and the greater focus on monetising our network is reaping reward.

As part of delivering our Vision we are continuing to focus investment on connecting East to West including in the DRC and developing our offering across the countries in which we operate to meet the significant demand from businesses and people across Africa. In addition, after the quarter-end we finalised the first phase of our offering in South Sudan, another step in enabling access to the internet and growth across Africa, whilst also prioritising projects subject to their returns which remains a focus for the Strategy and Investment Committee.

The Board continues to consider further strategic options for raising capital, notably in data centres, in order to provide additional funding to accelerate the Group's growth plans and service the demands of our hyperscale data centre customers. The consistent delivery of our clear corporate strategy will cement our competitive advantage as we continue to build Africa's digital future. I was also pleased with the recognition of Liquid Telecom as 'The Best African Wholesale Carrier' for the 8th consecutive year at the Global Carrier Awards in London and in November for 'Best Fixed Network of the Year' in South Africa."

There will be an investor call at 14:00 GMT in order to present the results and answer questions. Please register on our website to gain access to the details for the call. (Note: these will only be provided to current and prospective approved investors, loan providers and rating agencies)

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About Liquid Telecom
Liquid Telecom is a leading communications solutions provider across 13 countries primarily in Eastern, Southern and South Africa that serves mobile operators, carriers, enterprise, media and content companies and retail customers with high-speed, reliable connectivity, hosting and co-location and digital services. It has built Africa's largest independent fibre network, over 70,000km, and operates state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, with a combined potential 19,000 square metres of rack space and 78 MegaWatts (MW) of power. This is in addition to offering leading cloud-based services, such as Microsoft Office365 and Microsoft Azure across our fibre footprint. Through this combined offering Liquid Telecom is enhancing customers' experience on their digital journey.
For more information, visit www.liquidtelecom.com

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OPERATIONAL AND FINANCIAL REVIEW

Liquid Telecom is a leading communications solutions provider across 13 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and cloud services. We have built Africa's largest independent fibre network, more than 70,000km, and operate state-of-the-art data centres in Johannesburg, Cape Town and Nairobi and Kigali, with a combined potential capacity of over 6,000 racks.

The Group reports in four segments: Wholesale Data, Enterprise, Retail and Wholesale Voice.

Wholesale Data

Our Wholesale Data division provides Global IP Transit and fibre connectivity to 2G, 3G, 4G and 5G mobile base stations across our extensive independent and self-owned fibre network and international leased lines. We cover a wide range of customers from international carriers to African mobile and public telecom operators and African Internet Service Providers (ISPs). We also help other ISPs reach more customers with attractive offers using our wholesale FTTH services whilst also monetising our open-access fibre network. In addition, we provide services to Mobile Network Operators (MNOs) where they can roam across our network as well as wholesale cloud products, where we are a tier 1 and 2 supplier for Microsoft across Africa and colocation services.

Enterprise

Our Enterprise segment provides solutions to large-scale corporate and governmental consumers of bandwidth with complex, multi-country connectivity, co-location, hosting and cloud services. Here, in partnering with leading software, content and ISPs to package business service offerings, supported by our fibre local access networks and data centre facilities, we provide high-speed broadband, cloud and co-location services, Voice over Internet Protocol (VoIP) and global connectivity to small and medium sized enterprises and non-governmental organizations, as well as payment solutions to financial institutions through our Liquid Payments business. We also aim to expand our metro and "Fibre to the Business" (FTTB) networks with a view to driving multi-tenancy growth in the buildings enabled to use the fibre network. Complementary Very Small Aperture Terminal (VSAT) and fixed-wireless (point-to-point or point-to-multipoint) networks extend the reach of the network to connect remote locations.

Retail

Our Retail business connects households and small businesses through the provision of our FTTH through Gigabit Passive Optical Networks (GPON) and Fixed Wireless Access (FWA), primarily using 4G LTE technology. We believe that both FTTH and FWA, using our own infrastructure deployed in carefully selected areas, represents an important development opportunity for retail revenue growth with a focus on increasing our market share in the middle and top ends of the broadband internet service segment. Our retail customers now have access to a range of digital services (Office365, Azure and laptop backups).

Wholesale Voice

We provide connectivity via fibre and satellite, in the voice market, into and out of Africa to national and international operators in addition to African mobile network operators. Many destinations in Africa still offer regulated prices set at levels where margins are attractive for international voice carriers. Our ability to carry voice traffic on our own fibre network from international interconnection points for our customers to the nearest point of interconnection with local voice service providers, is a major differentiator in an otherwise commoditised market-place. In doing so, we are able to control the routing of the voice traffic, deliver high quality calls, avoid fraud schemes that are prevalent on the international voice transit market and provide a stable and reliable service for our customers.

Key performance indicators (KPIs)

The following table sets out the Group's key financial and operating measures by division since the full-year 2018-19:

	(Q1) 2018-19	(Q2) 2018-19	(Q3) 2018-19	(Q4) 2018-19	FY 2018-19	(Q1) 2019-20	(Q2) 2019-20	(Q3) 2019-20
Operating measures								
Wholesale Data								
Number of kilometres of fibre [1]	52,084	53,132	68,904	69,007	69,007	69,193	69,550	70,349
Number of data centre racks sold[2]	1,092	1,436	1,433	1,451	1,451	1,443	1,436	1,497
Enterprise								
Number of Enterprise customers [3]	10,464	10,694	10,813	10,723	10,723	10,830	11,290	11,439
Retail								
Number of Retail customers[4]	50,259	54,481	61,083	60,579	60,579	65,183	74,527	96,220
Wholesale Voice								
Total wholesale voice minutes (in millions) on our network [5]	323	332	322	327	1,304	306	298	272
Financial Measures								
Average churn rate [6]	1.58%	1.55%	1.38%	1.24%	1.44%	1.08%	0.61%	0.83%
New sales ("sold TCV for new services", USD million)[7]	38.8	107.2	65.7	88.2	299.9	80.0	58.5	114.4
Service Activation Pipeline ("MRR backlog") (USD 000) [8]	3,844	3,066	3,238	4,050	4,050	4,500	2,584	2,754

Footnotes:

[1] Represents the total number of kilometres (including backbone, metro and FTTX) over which fibre is installed at a given time. Multiple fibre cables or ducts within the same trench are only counted once. Includes both owned and leased capacity through partnerships.
[2] Represents the number of racks in a data centre or co-location facility sold and billed to wholesale or enterprise customers at a given time.
[3] Represents the total number of Enterprise customers at a given time.
[4] Represents the number of broadband FTTH, WIMAX and LTE customers (including subscription customers and prepaid customers) by each operation at a given time. The number of customers includes active customers that were active less than 30 days before the end of the period. The numbers now exclude CDMA, LTE and FTTH customers in South Africa.
[5] Represents the total number of voice minutes on the Group's network over a particular period.
[6] Represents the average of the monthly churn rate for a period. Monthly churn rate represents the monthly recurring revenue that was lost during the month following a price reduction or termination of service due to disconnections, downgrades, price reduction and non – renewals, divided by the total revenue for the month.
[7] Represents the total value in terms of non-recurring (one off) revenue and the sum of all expected monthly recurring revenues over the duration of each contract (at undiscounted nominal value) from service orders for new services, signed by its wholesale and enterprise customers during the period. This excludes upgrades, downgrades and renewals. Some of these contracts may be cancelled or terminated before the end of their term. This number excludes the roaming deals.
[8] Monthly Recurring Revenue (MRR) Backlog represents the monthly recurring revenue expected from service orders signed by the Group's wholesale and enterprise customers (excluding intercompany orders) that have not yet been installed, accepted by the customer or activated, and therefore not generated revenue yet, at a given time. This excludes the MTN roaming deal and Eastern Cape in South Africa.

Kilometres of fibre grew 1.4 per cent as the Group invested in the next phase of the rollout of a section on its backbone routes in South Africa, connected more enterprise customers in Zambia and increased our reach in the DRC as we lit a route to Luanda.

The number of data centre racks sold increased during the quarter following demand from a global cloud provider in South Africa (Cape Town) and enterprise customers in Kenya. We are continuing to develop our South African and Kenyan data centres on the back of hyperscale and enterprise customer demand.

During the quarter we secured new Total Contract Value (TCV) of USD 114.4 million (Q2 2019-20: USD 58.5 million) including a dark fibre deal with a wholesale customer for a number of National Long Distance routes (NLD) such as NLD 1 to 4 and NLD 5 and 6 in South Africa.

The TCV numbers exclude a significant roaming deal, on Liquid Telecom's 5G network, which lasts 20 years. The project is anticipated to start in April 2020.

The service activation pipeline increased from USD 2.6 million per month as at 31 August 2019 to USD 2.8 million (MRR only) as at 30 November 2019 mainly due to the good performance in the quarter in South Africa.

A selection of key sales made during the third quarter were:

- An increase in data centre capacity of 3 MW for 10 years for a global cloud provider.
- Dark fibre sale in South Africa to a large wholesaler across a number of long distance and metro routes.
- Sold capacity in South Africa to a number of MNO's.
- Renewal of fibre, wireless, APN, ISP and VSAT services for a large utility in South Africa.
- An agreement with an enterprise customer for a pan-African WAN solution with a significant amount of sites from the DRC.
- A combined 87 dark fibre and managed bandwidth links for 10 Gigabit capacity to an enterprise customer in Education.
- Two 20 Megabit (Mbit) links from Johannesburg to a number of mines in the DRC for an enterprise customer.
- Direct Internet Access for a bank with 25 Mbit capacity between the DRC and Moero (Mauritius).
- MPLS and multiple International private leased circuit upgrades in Zambia for an Internet Service Provider.
- 330 Microsoft 365 seats to an enterprise customer in Zimbabwe.
- Cloud services such as Azure, Business Premium and Exchange Online to a number of healthcare, financial institutions, advisory firms and other enterprises in Zimbabwe.
- Connectivity to a number of financial institutions, hotels and technology businesses in Kenya and Rwanda.
- Co-location services for a global cloud provider in our East African Data Centre in Kenya.
- An IRU for DIA to a wholesaler in Rwanda.

Following the introduction of a new currency in Zimbabwe (previously RTGS, now ZWL$) in the prior year, the country has continued to experience a deteriorating ZWL$:USD exchange rate. This has led to local economic conditions indicative of a hyperinflationary economy and therefore, following guidance from local accounting bodies, the Group has implemented the requirements of accounting standard IAS 29 "Financial Reporting In Hyperinflationary Economies" for the first time in the third quarter. These changes have been applied with effect from 1 March 2019.

IAS 29 requires that all non-monetary assets and liabilities and all revenues and expenses are inflated in local currency using a general price index and then translated to the reporting currency at the closing rate. The Group has used the official Zimbabwe Consumer Price Index (CPI) of 423.5 per cent (the estimated CPI for November) and has applied a closing rate of 16.3:1. The gain arising in the income statement on the application of IAS 29 in the 9 month period ending 30 November 2019 is USD 405.6 million. Of this total, USD 207.3 million represents the uplift of balance sheet items, largely property, plant and equipment. As IAS 29 is designed to protect the statement of financial position and show a fair reflection of the performance in the income statement, the remaining USD 198.3 million effectively offsets the exchange loss in the income statement. The net impact of IAS 29 on the statement of profit and loss for the 9 month period to 30 November 2019 therefore is USD 207.3 million at a profit before tax level.

Prior year revenue and adjusted EBITDA comparatives have been adjusted for the retrospective introduction of the RTGS as stated at the full year 2018-19.

Revenue

Revenue per segment	For the nine-month period ended			For the three-month period ended		
	30 November 2019	30 November 2018	9M 2019-20 versus 9M 2018-19	30 November 2019	30 November 2018	3M 2019-20 versus 3M 2018-19
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Data and other services	**433.9**	**392.9**	**10.4**	**168.3**	**118.6**	**41.9**
Wholesale Data	228.0	159.5	42.9	104.6	48.5	115.7
Enterprise	180.7	195.0	(7.3)	56.6	59.5	(4.9)
Retail	25.2	38.4	(34.4)	7.1	10.6	(33.0)
Wholesale Voice	**106.5**	**112.3**	**(5.2)**	**32.5**	**37.9**	**(14.2)**
Total Revenue	**540.4**	**505.2**	**7.0**	**200.8**	**156.5**	**28.3**

In the first nine months of the year revenue increased 7.0 per cent to USD 540.4 million. In the third quarter, revenue increased 28.3 per cent to USD 200.8 million (Q3 2018-19: USD 156.5 million) reflecting an improved performance in South Africa and the Rest of the World in the Wholesale Data segment and Rest of Africa in the Enterprise segment partially offset by an overall subdued performance in the other countries, notably Zimbabwe. This is in addition to a negative impact due to the variation in the Rand (USD 2.8 million).

In Zimbabwe, following the retrospective introduction of the new functional currency, we increased our prices to Enterprise customers in November to c. 11.3:1 following the approval from the regulator and retail multiple of c. 10.2:1. We submit requests for further price increases on a monthly basis and continue to increase prices in the Retail segment although a lag to the movements in the exchange rate remain. Wholesale Data prices reflect the monthly escalator agreements in place with MNOs.

Wholesale Data

In the first nine months of 2019-20 revenue increased 42.9 per cent. In the third quarter revenue increased by 115.7 per cent to USD 104.6 million (Q3 2018-19: USD 48.5 million) reflecting the 4G roaming roaming deal and an initial fee for an additional roaming deal with a second operator, the delivery of services to a number of MNOs on a number of NLD routes in South Africa and sales in the Rest of Africa such as in the DRC. In the third quarter, this was partially offset by the negative impact of the Rand (c. USD 1.5 million).

Wholesale co-location and hosting services revenues expanded further versus the second quarter in 2019-20 particularly in South Africa driven by the need for the local retention of data and low latencies. We are seeing strong demand from global cloud providers and continue to look to expand our data centres notably in Johannesburg. In total we have a potential capacity of more than 6,000 racks and a future potential of 78.0 MW available power across our footprint.

In October 2019 Liquid Telecom was recognised as 'The Best African Wholesale Carrier' for the 8th consecutive year at the Global Carrier Awards in London and in November for 'Best Fixed Network of the Year' in South Africa.

Enterprise

By the end of the third quarter, the number of Enterprise customers increased to 11,439 customers (Q3 2018-19: 10,813 customers) primarily driven by a number of wins with small to medium sized customers in South Africa and the Eastern region, notably in Kenya.

Large governmental and non-governmental agencies rely on our transmission backbone and digital service capabilities to implement critical services to businesses and citizens. The largest contracts this quarter came from government entities, the financial sector, consumer and mining corporates, for connectivity, VoIP and data centre co-location services. In the quarter, as part of our drive to transform our offering for customers we announced the opening of innovation and digital skills centres in East London and Mthatha, in South Africa, in the first calendar quarter of 2020.

The centres will be equipped with state-of-the-art classroom learning facilities with access to high speed connectivity services supplied by Liquid Telecom.

In October we received the ‘Most innovative IoT Solution’ award as we delivered an Internet of Things (IoT) network in Western Kenya and Nyanza to monitor and protect freshwater fish populations.

Retail

In the first nine months of the year revenue decreased 34.4 per cent, largely as a result of the currency devaluation in Zimbabwe. For the third quarter, revenues decreased by 33.0 per cent to USD 7.1 million (Q3 2018-19: USD 10.6 million). This reduction was due to the planned customer reduction of non profitable CDMA customers in South Africa which finished in the second quarter 2019-20 and the need to free the spectrum utilised to provide services to these customers for the high value roaming agreements. Broadband customers increased by 29.1 per cent to 96,220 because of increased demand for LTE services in Zimbabwe.

Wholesale Voice

Wholesale voice revenue for Q3 2019-20 decreased by 14.2 per cent to USD 32.5 million when compared with the same period last financial year (Q3 2018-19 USD 37.9 million). The total volume of minutes for the quarter decreased by 15.3 per cent to 272.4 million minutes (Q3 2018-19: 321.6 million minutes) with average revenue per minute stable at 11.9 US cents (Q3 2018-19: 11.8 US cents).

Voice trading can be volatile and we do not necessarily expect this trend to continue in subsequent quarters.

Gross profit

In the year we adopted IFRS 16 ("Leases") resulting in a year-to-date improvement in gross profit of USD 18.2 million. The third quarter improvement in gross profit was USD 6.3 million.

Gross Profit	**For the nine-month period ended**					
	30 November 2019 (Post IFRS 16)	IFRS 16 impact	30 November 2019 (Pre IFRS 16)	30 November 2018	2019-20 versus 2018-19 (Post IFRS 16)	2019-20 versus 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Revenue	540.4	-	540.4	505.2	7.0	7.0
Costs per quarterly financial statements	(224.6)	(18.2)	(242.8)	(192.4)	16.7	26.2
Gross Profit	**315.8**	**(18.2)**	**297.6**	**312.9**	**0.9**	**(4.9)**
Gross Profit Margin (%)	**58.4%**	**n/a**	**55.1%**	**61.9%**	**(3.5)pp**	**(6.8)pp**

Gross Profit	**For the three-month period ended**					
	30 November 2019 (Post IFRS 16)	IFRS 16 impact	30 November 2019 (Pre IFRS 16)	30 November 2018	2019-20 versus 2018-19 (Post IFRS 16)	2019-20 versus 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Revenue	200.8	-	200.8	156.5	28.3	28.3
Costs per quarterly financial statements	(83.2)	(6.3)	(89.5)	(64.7)	28.6	38.3
Gross Profit	**117.6**	**(6.3)**	**111.3**	**91.8**	**28.1**	**21.2**
Gross Profit Margin (%)	**58.6%**	**n/a**	**55.5%**	**58.7%**	**(0.1)pp**	**(3.2)pp**

On a pre-IFRS 16 basis, in the first nine months gross profit decreased 4.9 per cent. In the third quarter gross profit increased by 21.2 per cent to USD 111.3 million (Q3 2018-19: USD 91.8 million) on a pre IFRS 16 basis largely reflecting the good performance in South Africa given the large roaming deals with a number of mobile operators, and a good performance in the Rest of Africa. This is partially offset by the negative impact of the currency devaluation in Zimbabwe and Rand fluctuations.

We continue to focus on our strategy of expanding our fibre footprint, broadening the product portfolio, monetising our spectrum assets and digital transformation of us and our customers. It is this diversified business model on which we will continue to build our competitiveness within the wholesale data and, going forward, the enterprise segment.

Total overheads and other income

The application of IFRS 16 has reduced reported overheads and other income by USD 8.2 million in the first nine months of 2019-20 and USD 3.3 million in the third quarter.

Total overheads and other income	**For the nine-month period ended**					
	30 November 2019 (Post IFRS 16)	IFRS 16 impact	30 November 2019 (Pre IFRS 16)	30 November 2018	2019-20 versus 2018-19 (Post IFRS 16)	2019-20 versus 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Other income	2.1	0.0	2.1	0.5	320.0	320.0
Selling, distribution and marketing costs	(9.5)	(0.1)	(9.6)	(12.3)	(22.8)	(22.0)
Administrative costs	(62.8)	(8.1)	(70.9)	(76.8)	(18.2)	(7.7)
Staff costs	(73.9)	0.0	(73.9)	(88.8)	(16.8)	(16.8)
Dividend received	0.0	0.0	0.0	0.6	n/a	n/a
Total overheads and other income	**(144.1)**	**(8.2)**	**(152.3)**	**(176.8)**	**(18.5)**	**(13.9)**
% to Total revenue	**(26.7)**	***n/a***	**(28.2)**	**(35.0)**	***(8.3)pp***	***(6.8)pp***

Total overheads and other Income	**For the three-month period ended**					
	30 November 2019 (Post IFRS 16)	IFRS 16 impact	30 November 2019 (Pre IFRS 16)	30 November 2018	2019-20 versus 2018-19 (Post IFRS 16)	2019-20 versus 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Other income	1.4	0.0	1.4	0.0	n/a	n/a
Selling, distribution and marketing costs	(4.3)	(0.1)	(4.4)	(3.9)	10.3	12.8
Administrative costs	(20.3)	(3.2)	(23.5)	(21.5)	(5.6)	9.3
Staff costs	(27.0)	0.0	(27.0)	(27.9)	(3.2)	(3.2)
Dividend received	0.0	0.0	0.0	0.6	n/a	n/a
Total overheads and Other income	**(50.2)**	**(3.3)**	**(53.5)**	**(52.7)**	**(4.7)**	**1.5**
% to Total revenue	**(25.0)**	***n/a***	**(26.6)**	**(33.7)**	***(8.6)pp***	***(6.9)pp***

In the first nine months total overheads and other income (pre IFRS 16) decreased by 13.9 per cent to USD 144.1 million. In the third quarter total overheads and other income (pre IFRS 16) increased by 1.5 per cent to USD 53.5 million (Q3 2018-19: USD 52.7 million).

Selling, distribution and marketing costs increased 12.8 per cent to USD 4.4 million (Q3 2018-19: USD 3.9 million). This follows an increase in bad debt provisions in Zambia.

Pre IFRS 16 administration costs increased by 9.3 per cent to USD 23.5 million (Q3 2018-19: USD 21.5 million) because the prior year was reduced following the reversal of the management fee payable by Liquid Zambia to CEC due to the purchase of the minority shareholding in October 2018. The IFRS 16 impact was USD 3.3 million.

Staff costs in the third quarter decreased by 3.2 per cent to USD 27.0 million (Q3 2018-19: USD 27.9 million) reflecting a further reduction of employee numbers due to the realisation of the benefit of the reduction in personnel in the prior year in South Africa, the merging of Hai and CEC Liquid in Zambia and the impact of the currency devaluation in Zimbabwe. This delivered a headcount for the Group at the end of the period of 2,114 (Q3 2018-19: 2,347).

Other income principally consists of sundry income and profit and loss from the sale of fixed assets.

Adjusted EBITDA and profit

Adjusted EBITDA [1]	For the nine-month period ended					
	30 November 2019 (Post IFRS 16)	IFRS 16 impact	30 November 2019 (Pre IFRS 16)	30 November 2018	2019-20 versus 2018-19 (Post IFRS 16)	2019-20 versus 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Adjusted EBITDA[1]	**171.8**	**(26.4)**	**145.4**	**136.2**	**26.1**	**6.8**
Depreciation, impairment and amortisation	(90.3)	24.6	(65.7)	(73.0)	23.7	(10.0)
Dividend received	-	-	-	(0.6)	n/a	n/a
Operating Profit	**81.5**	**(1.8)**	**79.7**	**62.6**	**30.2**	**27.3**
Dividend received	-	-	-	0.6	n/a	n/a
Restructuring costs	(0.5)	-	(0.5)	(6.8)	(92.6)	(92.6)
Acquisition and other investment costs	(0.3)	-	(0.3)	(3.5)	(91.4)	(91.4)
Interest income	2.3	-	2.3	3.9	(41.0)	(41.0)
Finance costs	(58.0)	7.0	(51.0)	(51.8)	12.0	(1.5)
Foreign exchange loss	(425.8)	-	(425.8)	(98.7)	331.4	331.4
Monetary adjustment - IAS 29	405.6	-	405.6	-	n/a	n/a
Share of profit of associate	0.0	-	0.0	-	n/a	n/a
Profit/(loss) before tax	**4.8**	**5.2**	**10.0**	**(93.7)**	**(105.0)**	**(110.7)**
Tax expense	(3.0)	-	(3.0)	(21.3)	(85.9)	(85.9)
Profit / (loss) for the period	**1.8**	**5.2**	**7.0**	**(115.0)**	**n/a**	**n/a**

[1]Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: restructuring costs, acquisition and other investment costs, foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.

Adjusted EBITDA [1]	For the three-month period ended					
	30 November 2019 (Post IFRS 16)	IFRS 16 impact	30 November 2019 (Pre IFRS 16)	30 November 2018	2019-20 versus 2018-19 (Post IFRS 16)	2019-20 versus 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Adjusted EBITDA[1]	**67.4**	**(9.6)**	**57.8**	**39.2**	**71.9**	**47.4**
Depreciation, impairment and amortisation	(27.9)	8.7	(19.2)	(22.4)	24.6	(14.3)
Dividend received	-	-	-	(0.6)	n/a	n/a
Operating Profit	**39.5**	**(0.9)**	**38.6**	**16.2**	**143.8**	**138.3**
Dividend received	-	-	-	0.6	n/a	n/a
Restructuring costs	0.0	-	0.0	(6.8)	n/a	n/a
Acquisition and other investment costs	0.0	-	0.0	(2.9)	n/a	n/a
Interest income	0.5	-	0.5	0.6	(16.7)	(16.7)
Finance costs	(19.1)	2.3	(16.8)	(17.2)	11.0	(2.3)
Foreign exchange loss	(67.4)	-	(67.4)	(93.4)	(27.8)	(27.8)
Monetary adjustment - IAS 29	405.6	-	405.6	-	n/a	n/a
Share of profit of associate	0.0	-	0.0	0.0	n/a	n/a
Profit / (loss) before tax	**359.1**	**1.4**	**360.5**	**(102.9)**	**(449.0)**	**(450.3)**
Tax credit / (expense)	0.2	-	0.2	(12.5)	(101.6)	(101.6)
Profit / (loss) for the period	**359.3**	**1.4**	**360.7**	**(115.4)**	**(411.4)**	**(412.6)**

In the first nine months of the year post IFRS 16 adjusted EBITDA was USD 171.8 million with an IFRS 16 impact of USD 26.4 million delivering a pre IFRS 16 adjusted EBITDA of USD 145.4 million.

In the third quarter of the year post IFRS 16 adjusted EBITDA was USD 67.4 million with the IFRS 16 impact of USD 9.6 million. Pre IFRS 16 adjusted EBITDA increased by 47.4 per cent to USD 57.8 million (Q3 2018-19: USD 39.2 million). The variation in the Rand negatively impacted adjusted EBITDA by USD 1.1 million.

Depreciation, impairment and amortisation in the third quarter increased by 24.6 per cent to USD 27.9 million (Q3 2018-19: USD 22.4 million) principally driven by changes under IFRS 16.

The aggregation of the above led to an increase in pre IFRS 16 operating profit in the third quarter of 138.3 per cent to USD 38.6 million. (Q3 2018-19: USD 16.2 million)

Pre IFRS 16 finance costs in the third quarter decreased 2.3 per cent to USD 16.8 million (Q3 2018-19: USD 17.2 million) as we paid down a portion of the term loan in Zambia. Post IFRS 16 finance costs increased by USD 2.3 million.

Foreign exchange losses incurred in the quarter were predominantly non-cash and due to the translation of US Dollar trade payables and liabilities. For further detail see note 2.2.1 of the quarterly financial statements.

Tax credit for the third quarter of 2019-20 was USD 0.2 million (Q3 2018-19: USD 12.5 million tax expense) due to the deferred tax movements in Zimbabwe.

As a result of the above, in the nine months we delivered a profit of USD 7.0 million (Q3 2018-19: loss USD 115.4 million).

Cash generated from operations

Cashflow	For the nine-month period ended					
	30 November 2019 (Post IFRS 16)	IFRS 16 impact	30 November 2019 (Pre IFRS 16)	30 November 2018	2019-20 versus 2018-19 (Post IFRS 16)	2019-20 versus 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Cash generated from / (used in) operations	**93.2**	**(27.2)**	**66.0**	**126.8**	**(26.5)**	**(47.9)**
Tax paid	(4.4)		(4.4)	(19.2)	(77.1)	(77.1)
Net cash from / (used in) operating activities	**88.8**	**(27.2)**	**61.6**	**107.5**	**(17.4)**	**(42.7)**
Net cash from / (used in) investing activities	(90.3)		(90.3)	(82.7)	9.2	9.2
Net cash from (used in) financing activities	43.0	27.2	70.2	(48.2)	(189.2)	(245.6)
Net increase / (decrease) in cash and cash equivalent	**41.5**	**-**	**41.5**	**(23.4)**	**(277.4)**	**(277.4)**

Cashflow	For the three-month period ended					
	30 November 2019 (Post IFRS 16)	IFRS 16 impact	30 November 2019 (Pre IFRS 16)	31 November 2018	2019-20 versus 2018-19 (Post IFRS 16)	2019-20 versus 2018-19 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Cash generated from / (used in) operations	**46.0**	**(9.6)**	**36.4**	**37.0**	**24.3**	**(1.6)**
Tax paid	(1.5)		(1.5)	(8.2)	(81.7)	(81.7)
Net cash generated from / (used in) operating activities	**44.5**	**(9.6)**	**34.9**	**28.8**	**54.5**	**21.2**
Net cash generated / (used in) investing activities	(34.6)		(34.6)	(50.8)	(31.9)	(31.9)
Net cash generated / (used in) financing activities	(11.1)	9.6	(1.5)	(2.3)	382.6	(34.8)
Net decrease in cash and cash equivalent	**(1.2)**	**-**	**(1.2)**	**(24.3)**	**(95.1)**	**(95.1)**

Cash flow generated from operations reduced in the third quarter, pre IFRS 16, to USD 66.0 million as a result of working capital timing differences.

Cash tax paid in the quarter is lower than the prior year, primarily due to the lower level of profitability in Zimbabwe.

Net cash used in investing activities is lower than the third quarter of the prior year given the lower level of capital expenditure in the current quarter versus the prior year, reflecting a more prudent investment programme.

On a post IFRS 16 basis, cash outflow on financing activities has decreased by USD 9.6 million due to the lease costs arising on adoption of IFRS 16.

Capital investment and network developments

During the first nine months of the year we invested USD 92.5 million (net of disposal proceeds) (9 months 2018-19 USD 144.4 million). In the third quarter, we invested, net of disposal proceeds, USD 35.0 million (Q3 2018-19: USD 49.7 million) of capital expenditure, to support the long-term growth across our data segments. This capital expenditure was largely in line with our strategy of expanding our fibre footprint from South to North and East to West and within the countries in which we operate (with services such as access through GPON and LTE, Metro through GPON and network in order to support cloud services) and to monetise the network already in place and continuing to be built through the year.

We structure our investments into three areas: strategic; customer connections and maintenance and upgrades. Strategic investment projects signify large-scale investments (such as NLD 5 and 6 or data centres) or strategic actions (such as Sigfox) with customer connections the normal course of business of providing connectivity to customers and maintenance and upgrades the investment in the running and improvement of the network.

Strategic investments

In the third quarter we continued the investment in the expansion of our backbone, most significantly in South Africa, through the development of our NLD 5 and 6 routes as we completed further sections of the build and NLD 7 and 8 and northwest routes where we built routes to Botswana, Mafikeng and Polokwane.

Continuing with South Africa, the development of the Eastern Cape project to connect 2700 sites over ten years has advanced further with 129 sites connected prior to accreditation, during the quarter, and the Western Cape project progressed well as we connected more sites with broadband services and provided increased availability of WiFi opportunities in the area.

In South Sudan we are coming towards the end of the first phase of our roll-out where we are connecting the border of Uganda through Nimule to the capital city Juba and multiple metro clusters in Juba. In line with our business model we have further developed our metro offering with focussed investing in Zimbabwe (Harare and Bulawayo), Kenya, Rwanda, the DRC and Zambia in key towns and cities with LTE in more urban areas in Zimbabwe and Zambia. The investment in the DRC builds on the backbone network development between Lubumbashi and Kinshasa noted in the second quarter and is part of our steps to connect East to West.

In Kenya we have now deployed 118 out of 158 base stations, 20 in the quarter, to enable our Sigfox partnership to provide IoT services. This is part of our drive to broaden our product offering and transform the way in which our customers operate.

As we expand our fibre footprint and broaden our offering investment in our systems in order to provide a platform for customers to buy and bill for cloud services and further changes in the way we work will continue to meet our customers' needs over the coming quarters.

Customer connections

In the third quarter, we maintained our investment in connecting more customers to our "one network". In South Africa we invested in 126km of last mile access for a number of large hyperscale cloud and financial services customers. This is in addition to further MPLS and DIA connections for our enterprise customers across Africa including connectivity between sites, internet access as well as VOIP and cloud-based services. This has led to further investment in metro and local access fibre infrastructure in locations in Zimbabwe (Harare and Bulawayo), the DRC (Goma and Kinshasa) and Zambia where we are connecting more corporates, such as financial institutions, and retail customers to our metro and LTE networks.

Maintenance and upgrade

In the third quarter, in South Africa we invested to improve our service offering as we broadened our product catalogue to include services such as Software-Defined Networking in a Wide Area Network (SD WAN) to simplify the networks management and operation and "Cloud Connect" to enable automatic and manual synchronisation and collaboration with cloud services.

The development of our network has been a consistent focus in order to maximise its potential for customers. We are continuing to invest in active telecommunication equipment to improve the reliability (e.g. security systems and power generators) and capacity (e.g. node site development, new switches, cabinets and routers) of our network, in particular in Kenya, South Africa and Zimbabwe in order to extend our IP network to new locations and with improved capacity. In addition, in South Africa we invested further in the maintenance of our backbone and core network across Kenya, South Africa and Tanzania.

In combination, as part of our broader digital transformation strategy we have continued to rollout our services across our Odin platform to new destinations with improved ticketing and billing systems.

Gross / Net Debt

	30 November 2019 (Post IFRS 16)	**30 November 2019 (IFRS 16 Impact)**	**30 November 2019 (Pre IFRS 16)**	**31 August 2019 (Post IFRS 16)**	**31 August 2019 (IFRS 16 Impact)**	**31 August 2019 (Pre IFRS 16)**
	(USDm)	(USDm)	(USDm)	(USDm)	(USDm)	(USDm)
Total Gross Debt	**869.6**	**(99.0)**	**770.6**	**855.0**	**(98.9)**	**756.1**
Long term borrowings including interest accrued	800.5	(67.9)	732.6	801.0	(68.3)	732.7
Short term portion of long-term borrowings	59.8	(31.1)	28.7	43.9	(30.6)	13.3
Unamortised arrangement fees	9.3		9.3	10.1		10.1
Less: Unrestricted cash	**92.1**		**92.1**	**99.7**		**99.7**
Net debt	**777.5**	**(99.0)**	**678.5**	**755.3**	**(98.9)**	**656.4**
Last twelve months EBITDA	**235.1**	**(26.4)**	**208.8**	**218.6**	**(16.8)**	**201.7**
Last twelve months interest	**79.8**	**(7.0)**	**72.8**	**77.8**	**(4.6)**	**73.2**
Covenants						
Gross debt / LTM EBITDA (x)			3.69			3.75
Net Debt / LTM EBITDA (x)			3.25			3.25
Interest / LTM EBITDA (x)			2.87			2.76

We report our covenants on a pre IFRS16 basis, per the terms of our financing documents.

Pre IFRS 16 total gross debt decreased to USD 770.5 million compared to USD 756.1 million as at 31 August 2019 primarily due to the accrual of the half yearly interest on the bond. This results in a gross debt to adjusted EBITDA multiple of 3.69 (pre IFRS 16).

Pre IFRS 16 net debt, as at 30 November 2019, stood at USD 678.5 million compared to USD 656.4 million as at 31 August 2019.

Pre IFRS 16 net debt to EBITDA pre IFRS 16 ratio was 3.25x.

The medium-term policy of the Group is to have a net debt to EBITDA ratio of between two and three times.

Strive Masiyiwa Group Chairman	Nic Rudnick Chief Executive Officer	Kate Hennessy Chief Finance Officer

23 January 2020

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 9 months and 3 months ended 30 November 2019

		9 months ended		3 months ended	
	Notes	**30/11/2019**	**30/11/2018**	**30/11/2019**	**30/11/2018**
		USD'000 (Unaudited)	**USD'000 (Unaudited)**	**USD'000 (Unaudited)**	**USD'000 (Unaudited)**
Revenue	3	540,436	505,283	200,807	156,475
Interconnect related costs		(89,923)	(91,712)	(27,519)	(31,257)
Data and network related costs		(162,184)	(135,831)	(63,939)	(43,551)
Other income/(loss)		2,098	524	1,365	(19)
Selling, distribution and marketing costs		(9,458)	(12,251)	(4,320)	(3,877)
Administrative expenses		(35,287)	(41,702)	(12,035)	(11,309)
Staff costs		(73,886)	(88,767)	(26,977)	(27,863)
Depreciation, impairment and amortisation		(90,269)	(72,896)	(27,909)	(22,427)
Operating profit		**81,527**	**62,648**	**39,473**	**16,172**
Dividend received		-	629	-	629
Restructuring costs	4	(465)	(6,807)	(5)	(6,807)
Acquisition and other investment costs		(349)	(3,537)	(14)	(2,874)
Interest income	5	2,262	3,857	456	587
Finance costs	6	(58,003)	(51,787)	(19,116)	(17,176)
Foreign exchange loss	2.2.1	(425,753)	(98,744)	(67,436)	(93,391)
Hyperinflation monetary gain	2.2.2	405,555	-	405,555	-
Share of profits of associate		17	37	9	17
Profit / (loss) before taxation		4,791	(93,704)	358,922	(102,843)
Tax expense / (credit)	7	(2,949)	(21,260)	173	(12,543)
Profit / (loss) for the period		**1,842**	**(114,964)**	**359,095**	**(115,386)**
Other comprehensive (loss) / income					
Items that may be reclassified subsequently to profit or loss:					
Translation (loss) / profit on accounting for foreign entities		(59,874)	(92,256)	(145,899)	30,585
Other comprehensive (loss) / income for the period		(59,874)	(92,256)	(145,899)	30,585
Total comprehensive (loss) / income for the period		**(58,032)**	**(207,220)**	**213,196**	**(84,801)**
Profit / (loss) attributable to:					
Owners of the company		1,702	(72,762)	359,007	(63,705)
Non-controlling interest		140	(42,202)	88	(51,681)
		1,842	**(114,964)**	**359,095**	**(115,386)**
Total comprehensive (loss) / income attributable to:					
Owners of the company		(57,935)	(164,770)	213,055	(33,502)
Non-controlling interest		(97)	(42,450)	141	(51,299)
		(58,032)	**(207,220)**	**213,196**	**(84,801)**
Profit / (Loss) per share					
Basic (Cents per share)	24	1.39	(65.23)	293.70	(57.11)

The group has restated its comparative figures from 1 October to 30 November 2018 in the prior period ended 30 November 2018, following the change in currency in Zimbabwe effective on 1 October 2018. See *note 2.2.1 - Zimbabwean currency* for more details.

The results for the 9 month period to 30 November 2019 and 3 month period to 30 November 2019 have been adjusted for the application of IAS 29 - "Financial Reporting in Hyperinflationary Economies". See *note 2.2.2 - Hyperinflation accounting* for more details.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 November 2019

	Notes	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Non-current assets			
Goodwill	8	129,568	137,341
Intangible assets	9	142,430	153,126
Property, plant and equipment	10	794,852	786,596
Right-of-Use assets	11	94,666	-
Investment in associate		476	480
Investments at FVTOCI		10,814	10,814
Deferred tax assets		34,200	34,938
Investments at amortised cost		213	1,384
Long-term receivables		67	437
Total non-current assets		**1,207,286**	**1,125,116**
Current assets			
Inventories		2,811	11,701
Trade and other receivables	13	211,921	172,586
Taxation		910	451
Cash and cash equivalents	12	92,122	93,275
Restricted cash and cash equivalents	12	1,650	1,807
Total current assets		**309,414**	**279,820**
Total assets		**1,516,700**	**1,404,936**
Equity and liabilities			
Capital and reserves			
Share capital		3,638	3,638
Share premium		251,446	251,446
Convertible preference shares		180,000	-
Retained earnings		12,531	7,008
Foreign currency translation reserve		(80,430)	(20,793)
Total equity attributable to owners of the parent		**367,185**	**241,299**
Non-controlling interests		10,361	10,458
Total equity		**377,546**	**251,757**
Non-current liabilities			
Long-term borrowings	14	732,584	732,790
Long-term lease liabilities	15	67,935	-
Other long-term payables		13,059	15,046
Deferred revenue	17	49,401	54,422
Deferred tax liabilities		15,968	62,909
Total non-current liabilities		**878,947**	**865,167**
Current liabilities			
Short-term portion of long-term borrowings	14	28,654	87,246
Short-term portion of long-term lease liabilities	15	31,104	-
Trade and other payables	16	166,694	151,812
Short-term provisions		14,940	22,632
Deferred revenue	17	15,878	21,960
Taxation		2,937	4,362
Total current liabilities		**260,207**	**288,012**
Total equity and liabilities		**1,516,700**	**1,404,936**

Approved by the Board of Directors and authorised for issue on 22 January 2020.

Eric Venpin
Director

~~Gaetan Lan~~ Mike Mootien
~~Director~~ Alternate director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 9 months and 3 months ended 30 November 2019

Group

	Notes	Share capital USD'000	Share premium USD'000	Convertible preference shares USD	Foreign currency translation reserve USD'000	Retained earnings USD'000	Non-controlling interest USD'000	Total equity USD'000
At 1 March 2018 (as previously reported)		3,319	116,765	-	79,831	233,646	94,019	527,580
Adjustments - IFRS 15		-	-	-	-	(6,889)	(218)	(7,107)
At 1 March 2018		3,319	116,765	-	79,831	226,757	93,801	520,473
Loss for the period		-	-	-	-	(72,762)	(42,202)	(114,964)
Foreign exchange loss		-	-	-	(92,008)	-	(248)	(92,256)
Dividend paid	21	-	-	-	-	(13,500)	-	(13,500)
At 30 November 2018 (unaudited)		**3,319**	**116,765**	**-**	**(12,177)**	**140,495**	**51,351**	**299,753**
At 1 March 2019 (as previously reported)		3,638	251,446	-	(20,793)	7,008	10,458	251,757
Adjustments - IFRS 16	2	-	-	-	-	3,821	-	3,821
At 1 March 2019		3,638	251,446	-	(20,793)	10,829	10,458	255,578
Issue of convertible preference shares		-	-	180,000	-	-	-	180,000
Profit for the period		-	-	-	-	1,702	140	1,842
Foreign exchange loss		-	-	-	(59,637)	-	(237)	(59,874)
At 30 November 2019 (unaudited)		**3,638**	**251,446**	**180,000**	**(80,430)**	**12,531**	**10,361**	**377,546**

The group has restated its comparative figures from 1 October to 30 November 2018 in the prior period ended 30 November 2018, following the change in currency in Zimbabwe effective on 1 October 2018. See note 2.2.1 - Zimbabwean currency for more details.

The results for the 9 month period to 30 November 2019 and 3 month period to 30 November 2019 have been adjusted for the application of IAS 29 - "Financial Reporting in Hyperinflationary Economies". See *note 2.2.2 - Hyperinflation accounting* for more details.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS
for the 9 months and 3 months ended 30 November 2019

	Notes	9 months ended 30/11/2019 USD'000 (Unaudited)	9 months ended 30/11/2018 USD'000 (Unaudited)	3 months ended 30/11/2019 USD'000 (Unaudited)	3 months ended 30/11/2018 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit / (Loss) before tax		4,791	(93,704)	358,922	(102,843)
Adjustments for:					
Depreciation, impairment and amortisation		90,269	72,896	27,909	22,427
Bad debts provision		122	1,486	(87)	1,398
Bad debts recovered		-	(212)	-	(1)
(Decrease) / increase in provisions		(6,265)	631	(84)	3,106
Foreign exchange loss		403,697	100,050	69,926	97,588
Hyperinflation monetary gain		(405,555)	-	(405,555)	-
Profit on disposal of fixed assets		(155)	(37)	(114)	(68)
Interest income	5	(2,262)	(3,857)	(456)	(587)
Finance costs	6	58,003	51,787	19,116	17,176
Share of profit from associate		(17)	(37)	(9)	(17)
		142,628	129,003	69,568	38,179
Working capital changes:					
(Increase) / decrease in inventories		(484)	(669)	(789)	6,474
(Increase) / decrease in trade and other receivables		(61,108)	27,903	(10,338)	10,571
Increase / (decrease) in trade and other payables		16,776	(26,066)	(9,301)	(16,092)
(Decrease) / increase in deferred revenue		(8,110)	3,315	1,249	482
Increase / (decrease) in accruals		3,918	(7,309)	(4,232)	(2,996)
(Decrease) / increase in unfavourable contracts		(427)	585	(145)	359
Cash generated / (used in) from operations		93,193	126,762	46,012	36,977
Income tax paid		(4,426)	(19,237)	(1,502)	(8,210)
Net cash generated from operating activities		88,767	107,525	44,510	28,767
Cash flows from investing activities:					
Interest income	5	2,262	3,669	456	610
Acquisition of other investments		-	(310)	-	-
Recovery of related party advance		-	60,000	-	-
Change in ownership of a subsidiary		-	(3,500)	-	(3,500)
Purchase of property, plant and equipment	10	(81,742)	(135,999)	(34,225)	(50,164)
Proceeds on disposal of property, plant and equipment		433	3,727	362	3,709
Purchase of intangible assets	9	(11,427)	(12,160)	(1,164)	(3,254)
Proceeds on disposal of intangible assets		194	-	-	-
Proceeds from sale of held to maturity investments		-	1,848	-	1,848
Net cash used in investing activities		(90,280)	(82,725)	(34,571)	(50,751)
Cash flows from financing activities:					
Dividend paid		-	(13,500)	-	-
Finance costs		(32,875)	(33,620)	(395)	(915)
Issue of convertible preference shares		180,000	-	-	-
Decrease in lease liabilities		(27,230)	-	(9,626)	-
Decrease in long-term loan borrowings		(76,897)	(1,103)	(1,104)	(1,415)
Net cash generated from / (used in) financing activities		42,998	(48,223)	(11,125)	(2,330)
Net increase / (decrease) in cash and cash equivalents		41,485	(23,423)	(1,186)	(24,314)
Cash and cash equivalents at beginning of the period		95,082	163,655	101,305	160,246
Translation of cash with respect to foreign subsidiaries		(42,795)	(60,914)	(6,347)	(56,614)
Cash and cash equivalents at end of the period		**93,772**	**79,318**	**93,772**	**79,318**
Represented by:					
Cash and cash equivalents		92,122	77,107	92,122	77,107
Restricted cash and cash equivalents		1,650	2,211	1,650	2,211
		93,772	**79,318**	**93,772**	**79,318**

1. General information

Liquid Telecommunications Holdings Limited is a private company incorporated in Mauritius on 26 January 2007 and is the holder of a Category 2 – Global Business Licence Company as from 29 January 2007. Its registered office is situated at 10th floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, Mauritius. The company's main activity is to carry on the business of a holding company in respect of subsidiary companies throughout the world, whilst the group's business is to develop a global telecommunications and technology business with a focus on Africa. This has remained unchanged since the prior period.

These consolidated interim financial statements are presented in United States Dollars (USD). The functional currencies of the major subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Tanzanian Shilling and Zimbabwean dollar (ZWL$, equivalent to the Real Time Gross Settlement - "RTGS").

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the nine months ended 30 November 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group for the twelve months from the date of signing of the consolidated interim financial statements. Taking into account the available cash position as at 30 November 2019, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

The going concern assumption is supported by the following key considerations:

<u>Funding facilities</u>
The group is currently funded from a combination of equity, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in April 2022) and USD 23.3 million of locally provided Revolving Credit Facilities (maturity in FY 20 and FY 21) and term loans (maturity in FY 20 to FY 22) in Zambia, of which USD 15.6 million is outstanding at 30 November 2019. The USD 73.0 million RCF was fully drawn as at 28 February 2019, but was repaid in full in April 2019 and is undrawn as at 30 November 2019.

On 25 October 2019 the group signed an amendment to the USD 73.0 million RCF to change the covenants and extend the maturity date to 11 April 2022. The Net debt:EBITDA covenant threshold has been increased with immediate effect to 4.25x until 28 February 2021, reducing to 3.75x until 28 February 2022 and then reducing again to 3.25x until maturity. The forward interest cover covenant has moved from a forward looking to a retrospective calculation and the debt service cover ratio covenant has been removed. These amendments allow for greater flexibility in relation to the Zimbabwe currency situation as described in note 2.2.

<u>Impact of IFRS 16 "Leases"</u>
The directors have also considered the impact of the new accounting standard, IFRS 16 "Leases", which is effective for the first time in the current financial year and are of the opinion that it will not have a material impact on the going concern of the group.

<u>Cash position</u>
As at 30 November 2019, the group has an unrestricted cash position of USD 92.1 million (28 February 2019: USD 93.3 million). Of this amount, USD 10.5 million (28 February 2019: USD 49.1 million) is held in Zimbabwe in ZWL$ translated at the statement of financial position date at a ZWL$:USD exchange rate of 16.3:1 (28 February 2019: ZWL$:USD 2.5:1).

In the forecast considered by the group, there is sufficient unrestricted cash available to the group, outside of Zimbabwe, to ensure it can continue as a going concern.

2. Accounting policies (continued)

2.1 Going concern (continued)

New equity finance
On 11 December 2018, CDC Group Plc ("CDC") agreed to invest USD 180.0 million into the Liquid Telecommunications Group by way of subscription for convertible preference shares. The equity funds were received in April 2019. The money will be used to invest in capital expenditure to expand the network footprint and grow EBITDA.

Operational performance
For the 9 months ended 30 November 2019, the group reported an operating profit of USD 81.5 million (30 November 2018: USD 62.6 million) and a net cash inflow from operating activities of USD 88.8 million (30 November 2018: USD 107.5 million). This demonstrates the group's ability to generate sufficient cash flow to support its underlying business operations and invest in new projects. Following the currency changes in Zimbabwe, the group continues to monitor the situation locally and takes mitigating actions where possible.

In light of this and based on the assessment made and articulated in the reasons set out above, the directors are of the opinion, that the adoption of the going concern assumption for the preparation of the condensed unaudited consolidated interim financial statements as at 30 November 2019 is appropriate.

2.2 Zimbabwean currency and Hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - "Financial Reporting in Hyperinflationary Economies" should be applied. The group has therefore adopted hyperinflation accounting in the period to 30 November 2019, with effect from 1 March 2019. The cumulative impact of hyperinflation accounting for the year to date has been recorded in full in the results for the 3 month period to 30 November 2019. The total impact on Adjusted EBITDA for the previously reported 6 month period ended 31 August 2019 is a decrease of USD 4.2 million.

More details on the currency changes and the adoption of hyperinflation accounting are set out in notes 2.2.1 and 2.2.2 below.

2.2.1 Zimbabwean currency

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) directed all banks to ring-fence nostro foreign currency accounts (FCAs) by separating them into two categories; namely Nostro FCAs and RTGS FCAs. Authorities maintained that the US dollar represented in the RTGS system was at a 1:1 exchange ratio. On 20 February 2019, the RBZ announced that with effect from 22 February 2019, the RTGS would be recognised as an official currency and that an interbank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. The official rate on launch was 2.5 and this was the rate on 28 February 2019. The Zimbabwean currency is now denominated as the Zimbabwean Dollar (ZWL$).

In the 9 month period to 30 November 2019, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 16.3:1 to translate both the statement of profit or loss and the statement of financial position at 30 November 2019. Of the USD 425.8 million of foreign exchange loss in the condensed unaudited interim consolidated statement of profit and loss, Zimbabwe contributed USD 422.3 million. The foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

Following the above announcement, the group converted its local financial results to ZWL$ with effect from 1 October 2018, being the recognised date for a change in functional currency in Zimbabwe for accounting purposes. At the time of the announcement of the currency change, 22 February 2019, the group had already published its third quarter financial results for the period ended 30 November 2018. Therefore in order to aid comparability and understanding of the prior periods to 30 November 2018, management have shown below a summarized comparison between the group's published financial results and the restated financial results for both the 9 month period and 3 month period ended 30 November 2018. Note that the impact on the period to 30 November 2018 was incorporated in full in the published fourth quarter results to 28 February 2019.

2. Accounting policies (continued)

2.2 Zimbabwean currency and Hyperinflation accounting (continued)

2.2.1 Zimbabwean currency (continued)

	9 months ended 30 November 2018		
	Published	Restated[1]	ZWL$ impact
	USD'000	USD'000	USD'000
Revenue	521,989	505,283	(16,706)
Operating profit[2]	73,172	62,648	(10,524)
Foreign exchange loss	(6,145)	(98,744)	(92,599)
Adjusted EBITDA[2]	147,764	136,173	(11,591)
Profit /(loss) before taxation	9,790	(93,704)	(103,494)
Loss after taxation	(2,170)	(114,964)	(112,794)

	3 months ended 30 November 2018		
	Published	Restated[1]	ZWL$ impact
	USD'000	USD'000	USD'000
Revenue	173,181	156,475	(16,706)
Operating profit[2]	26,696	16,172	(10,524)
Foreign exchange loss	(792)	(93,391)	(92,599)
Adjusted EBITDA[2]	50,819	39,228	(11,591)
Profit /(loss) before taxation	650	(102,843)	(103,493)
Loss after taxation	(2,593)	(115,386)	(112,793)

[1] *Disclosed as comparative figures in the consolidated unaudited statement of profit or loss and other comprehensive income for the 9 months ended 30 November 2019.*
[2] *See note 25.2 Reconciliation of Operating Profit to Adjusted EBITDA*

2.2.2 Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the year, the group has observed that the conditions in Zimbabwe have been indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe have been met. Hyperinflation accounting is applicable to accounting periods ending on or after 1 July 2019 and so the group has applied the requirements of IAS 29 for the first time in its consolidated interim financial statements for the period to 30 November 2019, effective from 1 March 2019.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 30 November 2019.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has elected to use the official published Zimbabwe Consumer Price Index ("CPI") as the general price index. The gains or losses on the net monetary position of USD 405.6 million have been recognised in the consolidated unaudited statement of profit or loss through 'Hyperinflation monetary gain'. The CPI is published one month in arrears and so the financial results for the period to 30 November 2019 have been prepared using an estimated CPI for November 2019 of 423.5. Had the actual index for November 2019 of 473.3 been used, Adjusted EBITDA would have increased by USD 1.6 million.

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 16.3:1 has been used.

The comparative amounts in the condensed consolidated interim financial statements have not been restated as the presentation currency of the group is that of a non-hyperinflationary economy.

The directors continue to monitor the ongoing deterioration in the economic conditions in Zimbabwe.

2. Accounting policies (continued)

2.3 Accounting policies

The accounting policies applied by the group in the preparation of the condensed interim consolidated financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2019 with the exception of:

(i) IFRS 16 "Leases", which was adopted as at 1 March 2019 *(see Impact of initial application of IFRS 16 "Leases" below)* , and
(ii) IAS 29 "Financial Reporting in Hyperinflationary Economies" *(see note 2.2.2 Hyperinflation accounting above).*

Impact of initial application of IFRS 16 "Leases"

IFRS 16 “Leases” was issued in January 2016 to replace IAS 17 “Leases”. The standard was effective for accounting periods beginning on or after 1 January 2019 and was adopted by the group on 1 March 2019.

IFRS 16 primarily changed lease accounting for lessees; lease agreements give rise to the recognition of an asset representing the right to use the leased item (a "Right-of-Use asset") and a loan obligation ("Lease Liabilities") for future lease payables. Lease costs are recognised in the form of depreciation of the Right-to-Use asset and interest on the Lease Liability.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and did not have a material impact for the group.

The group has assessed the impact of the accounting changes under IFRS 16 with effect from 1 March 2019 and note the following:

• Right-of-Use assets have been recorded for assets that were leased, measured at the present value of future lease payments in the group’s consolidated statement of financial position for the “reasonably certain” period of the lease, which includes future lease periods for which the group has extension options. Previously, no leased assets were included in the group‘s consolidated statement of financial position for operating leases. Under IFRS 16, Right-of-Use assets are tested for impairment in accordance with IAS 36 “Impairment of Assets”. This replaces the previous requirement to recognise a provision for onerous lease contracts. The group has recognised a Right-Of-Use asset at the date of initial application for leases previously classified as an operating lease under IAS 17 "Leases". The group has elected, on a lease-by-lease basis, to measure that Right-Of-Use asset at either:

(a) its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application; or
(b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

After the commencement date, the Right-Of-Use asset has been measured applying a cost model. To apply a cost model, the entity shall measure the Right-Of-Use asset at cost:

(a) less any accumulated depreciation and any accumulated impairment losses; and
(b) adjusted for any remeasurement of the Lease Liability.

• At commencement date, Lease Liabilities have been recorded at the present value of future lease payments in the group’s consolidated statement of financial position for the “reasonably certain” period of the lease, which includes future lease periods for which the group has extension options. Previously, Lease Liabilities were generally not recorded for future operating lease payments and were, instead, disclosed as commitments. After the commencement date, the Lease Liability has been measured by:

(a) increasing the carrying amount to reflect interest on the Lease Liability;
(b) reducing the carrying amount to reflect the lease payments made; and
(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

• At the commencement date, the rate implicit in the lease has been used as the discount rate. If this rate cannot be readily determined, the group uses incremental borrowing rates applicable to each entity and class of lease. The group’s weighted average incremental borrowing rate is 8.5% as per the practical expedient provided by IFRS 16.

If the group is required to revise the discount rate due to changes in conditions related to the lease, the interest rate implicit in the lease will be used, if that rate can be readily determined, or the lessee’s incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

2. Accounting policies (continued)

2.3 Accounting policies (continued)

Impact of initial application of IFRS 16 "Leases" (continued)

• Lease expenses are now recorded through depreciation for Right-of-Use assets and interest on Lease Liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Previously, operating lease rentals were expensed on a straight-line basis over the lease term and disclosed as part of administrative expenses.

• Operating lease cash outflows were previously included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these are recorded as cash flows from financing activities reflecting the repayment of Lease Liabilities (borrowings) and related interest.

• An operating lease under IAS 17 "Leases" may have had asset and service components and both parts would have been expensed. As a practical expedient under IFRS 16, the group has elected that any existing lease comprising of both components to be treated as a lease. The group has elected not to separate non-lease components from lease components, and instead account for each lease component and associated non-lease component as a single lease component. The practical expedient has been applied to fibre infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors and therefore accounted in accordance with other applicable accounting standards.

For short term leases (lease term of 12 months or less) and leases of low-value assets, the group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of profit or loss. Additionally, the group has elected to apply this to leases for which the lease term ends within 12 months of the date of initial application of IFRS 16. In this case, the group has accounted for those leases in the same way as short-term leases and included the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.

On adoption of IFRS 16, the group had a choice between applying the fully retrospective approach or the modified retrospective approach for initial recognition of Right-of-Use assets. The group chose to apply the modified retrospective approach under which the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application (1 March 2019).

IFRS 16 has impacted a high volume of transactions and material judgements were required in identifying and accounting for leases. At 1 March 2019, the group has assessed the impact of these and other accounting changes that arose under IFRS 16 and the amount of adjustment for each financial statement line item affected by the implementation of IFRS 16 is illustrated below.

Consolidated Statement of Financial Position	**Previously Reported USD'000 (Audited)**	**IFRS 16 Impact USD'000 (Unaudited)**	**Adjusted USD'000 (Unaudited)**
Non-current assets			
Right-of-Use assets (note 11)	-	107,956	107,956
Impact on total non-current assets	-	107,956	107,956
Equity and liabilities			
Capital and reserves			
Retained earnings	7,008	3,821	10,829
Impact on total equity	7,008	3,821	10,829
Non-current liabilities			
Long-term lease liabilities	-	73,042	73,042
Impact on total non-current liabilities	-	73,042	73,042
Current liabilities			
Trade and other payables *(accruals for lease smoothing liability)*	56,383	(3,821)	52,562
Short-term portion of long-term lease liabilities	-	34,914	34,914
Impact on total current liabilities	56,383	31,093	87,476

2. Accounting policies (continued)

2.3 Accounting policies (continued)

Impact of initial application of IFRS 16 "Leases" (continued)

The impact of IFRS 16 on the consolidated interim statement of profit or loss for the 9 months ended 30 November 2019 is as follows:

	30/11/2019 USD'000 (Unaudited)
Increase in Adjusted EBITDA	26,360
Increase in Depreciation, impairment and amortisation (note 11)	(24,644)
Increase in Operating profit	1,716
Increase Finance costs (note 6)	(6,961)
Net impact on loss for the period	(5,245)

The application of IFRS 16 for the 9 months ended 30 November 2019 had a negative impact on the consolidated interim statement of profit or loss of USD 5.2 million. Adjusted EBITDA (as defined in note 3) increased by USD 26.4 million as operating lease rentals were previously expensed on a straight line basis over the lease term and were disclosed under administrative expenses. Under IFRS 16 depreciation of the Right-of-Use asset and interest costs associated with the Lease Liability are recorded in the consolidated interim statement of profit or loss under depreciation, impairment and amoritisation and finance costs, respectively.

See note 25.2 for reconciliation of Operating profit to Adjusted EBITDA.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The significant accounting judgements and critical estimates applied by the group in the preparation of these condensed consolidated interim financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2019. In addition, the following significant accounting judgements and critical estimates have also been made:

Material judgements

Application of IFRS 15: Revenue from contracts with customers

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 "Revenue from Contracts with Customers" and whether the group had transferred control of the goods and rendered the services to the customer, which would result in the satisfaction of the performance obligation. The directors are satisfied that control has been transferred and that recognition of the revenue in the current period is appropriate.

Application of IFRS 9: Financial instruments

• Classification of financial assets: The group uses judgement in the assessment of the business model within which the non-equity financial assets are held and the assessment of whether the contractual terms of such financial assets are solely payments of principal and interest on the principal amounts outstanding.

• Valuation of investments: Previously, under IAS 39, the investments were classified as 'Available-for-sale' and measured at cost. As of 1 March 2018, under the new standard, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

• Impairment: The loss allowances for financial assets are based on the use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The group uses judgement and estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2. Accounting policies (continued)

2.4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Material judgements (continued)

Application of IFRS 16 "Leases"

In making their judgement, the directors considered the detailed criteria for the recognition of leases as set out in IFRS 16. The group, at the inception of the contract, assesses whether the contract contains a lease by considering if the contract conveys a right of control to use the identified asset for a period of time in exchange for consideration. The group considers whether the contract involves the use of an identified asset, whether the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period and also if the group has the right to direct the use of the asset.

Further, judgements are made when determining the appropriate lease term and whether it is reasonably certain that a termination or extension option will be exercised, and in relation to any incremental borrowing rate used.

The directors are satisfied that leases have been appropriately identified and that the lease terms have been correctly measured.

Material estimates

Royal Bafokeng Holdings - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited (“RBH”). The agreements include an “On-Sale” clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 30 November 2019. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.3 million of share value will be issued to RBH.

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the company to obtain tax deductions in future periods.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in used of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value of the recoverable amount.

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which, in compliance with of IAS 16 Property, plant and equipment (revised), are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. Segment information

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has other operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Group revenue can be classified into four revenue streams:

• Wholesale data and other services - primarily data services sold to African mobile network operators and international telecom operators;
• Enterprise data and other services - primarily data services sold to medium to large enterprises in Africa;
• Retail data and other services - primarily data services sold to consumers and small businesses in Africa; and
• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

The measure of reporting profit for each operating segment, which also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA.

Adjusted EBITDA is defined as earnings before profit before interest, taxation, depreciation, impairment, and amortisation, and is also presented before recognising the following items:

• Restructuring costs
• Acquisition and other investment costs
• Foreign exchange loss
• Hyperinflation monetary gain
• Share of profits of associate

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 9 months ended 30 November 2019

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	160,461	18,777	36,306	57,679	-	(45,213)	228,010
Enterprise	123,032	12,674	42,722	2,307	-	-	180,735
Retail	2,454	16,372	6,330	-	-	-	25,156
Wholesale voice traffic	8,628	-	13	109,304	-	(11,410)	106,535
Inter-segmental revenue	(9,529)	(774)	(6,162)	(40,158)	-	56,623	-
Group External Revenue	**285,046**	**47,049**	**79,209**	**129,132**	**-**	**-**	**540,436**
Adjusted EBITDA	98,098	15,085	27,708	51,687	(18,326)	(2,456)	171,796
Depreciation, impairment and amortisation							(90,269)
Restructuring costs							(465)
Acquisition and other investment costs							(349)
Interest income							2,262
Finance costs							(58,003)
Foreign exchange loss							(425,753)
Hyperinflation monetary gain							405,555
Share of profits of associate							17
Profit before taxation							**4,791**
Tax expense							(2,949)
Profit for the period							**1,842**

The following is an analysis of the group's revenue and results by reportable segment for the 9 months ended 30 November 2018.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	54,460	51,165	31,899	63,468	-	(41,526)	159,466
Enterprise	131,359	21,231	38,243	4,209	-	-	195,042
Retail	7,744	25,154	5,530	-	-	-	38,428
Wholesale voice traffic	14,128	-	9	120,008	-	(21,798)	112,347
Inter-segmental revenue	(10,129)	(875)	(4,223)	(48,097)	-	63,324	-
Group External Revenue	**197,562**	**96,675**	**71,458**	**139,588**	**-**	**-**	**505,283**
Adjusted EBITDA	35,892	47,064	15,140	61,801	(15,835)	(7,889)	136,173
Depreciation, impairment and amortisation							(72,896)
Restructuring costs							(6,807)
Acquisition and other investment costs							(3,537)
Interest income							3,857
Finance costs							(51,787)
Foreign exchange loss							(98,744)
Share of profits of associate							37
Loss before taxation							**(93,704)**
Tax expense							(21,260)
Loss for the period							**(114,964)**

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 30 November 2019

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	86,936	2,975	10,863	20,447	-	(16,617)	104,604
Enterprise	36,396	4,602	15,011	526	-	-	56,535
Retail	73	4,687	2,380	-	-	-	7,140
Wholesale voice traffic	2,527	-	7	32,349	-	(2,355)	32,528
	-	-	-	-		-	
Inter-segmental revenue	(2,963)	(255)	(2,083)	(13,671)	-	18,972	-
Group External Revenue	**122,969**	**12,009**	**26,178**	**39,651**	**-**	**-**	**200,807**
Adjusted EBITDA	50,921	2,162	7,507	15,122	(6,209)	(2,121)	67,382
Depreciation, impairment and amortisation							(27,909)
Restructuring costs							(5)
Acquisition and other investment costs							(14)
Interest income							456
Finance costs							(19,116)
Foreign exchange loss							(67,436)
Hyperinflation monetary gain							405,555
Share of profits of associate							9
Profit before taxation							**358,922**
Tax credit							173
Profit for the period							**359,095**

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 30 November 2018

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	20,700	12,065	10,722	16,201	-	(11,227)	48,461
Enterprise	39,779	5,541	12,297	1,884	-	-	59,501
Retail	2,195	6,871	1,578	-	-	-	10,644
Wholesale voice traffic	4,627	-	3	41,105	-	(7,865)	37,870
Inter-segmental revenue	(3,534)	(426)	(1,627)	(13,505)	-	19,092	-
Group External Revenue	**63,767**	**24,051**	**22,973**	**45,685**	**-**	**-**	**156,476**
Adjusted EBITDA	12,180	9,677	6,230	16,232	(5,731)	640	39,228
Depreciation, impairment and amortisation							(22,427)
Restructuring costs							(6,807)
Acquisition and other investment costs							(2,874)
Interest income							587
Finance costs							(17,176)
Foreign exchange loss							(93,391)
Share of profits of associate							17
Loss before taxation							**(102,843)**
Tax expense							(12,543)
Loss for the period							**(115,386)**

A reconciliation of Operating profit, as shown in the consolidated unaudited statement of profit or loss, to Adjusted EBITDA (see above) is shown in note 25.2 - *Reconciliation.*

4. Restructuring costs

On 30 March 2019, the group commenced restructuring of its operations, primarily in Liquid Telecommunications Zambia Limited, due to it having developed a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	9 months ended		3 months ended	
	30/11/2019	30/11/2018	30/11/2019	30/11/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Redundancy costs	449	5,850	5	5,850
Employee support costs	-	680	-	680
Legal fees	-	115	-	115
Other costs	16	162	-	162
	465	**6,807**	**5**	**6,807**

5. Interest income

	9 months ended		3 months ended	
	30/11/2019	30/11/2018	30/11/2019	30/11/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest received - bank / external	1,968	3,601	352	523
Interest received - inter-group (note 18)	294	256	104	64
	2,262	**3,857**	**456**	**587**

6. Finance costs

	9 months ended		3 months ended	
	30/11/2019	30/11/2018	30/11/2019	30/11/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest on bank overdraft and loans	1,851	2,596	396	779
Finance cost on Senior Secured Notes	46,538	46,538	15,513	15,513
Finance arrangement fees	2,653	2,653	884	884
Interest expense on lease liabilities	6,961	-	2,323	-
	58,003	**51,787**	**19,116**	**17,176**

7. Taxation

	9 months ended		3 months ended	
	30/11/2019	30/11/2018	30/11/2019	30/11/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Current taxation	3,583	11,570	726	4,461
Deferred taxation	(2,507)	8,740	(1,445)	7,813
Withholding taxation	1,873	950	546	269
Total taxation	**2,949**	**21,260**	**(173)**	**12,543**

	9 months ended		3 months ended	
	30/11/2019	30/11/2018	30/11/2019	30/11/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Profit / (loss) before taxation	4,791	(93,704)	358,922	(102,843)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	1,605	(20,855)	92,097	(24,554)
Tax effect of non-deductible expenses	7,641	34,926	(81,930)	33,227
Tax effect of non-taxable income	2,435	(4,954)	(312)	(1,908)
Foreign tax credit	(4,556)	(6,569)	(1,252)	(2,557)
Effect of tax losses not recognised as deferred tax assets	2,582	17,909	(1,220)	7,887
Tax effect of utilised unrecognised tax losses	(8,631)	(147)	(8,102)	179
Withholding taxation	1,873	950	546	269
	2,949	**21,260**	**(173)**	**12,543**

7. Taxation (continued)

The company, being the holder of a GBL2 licence is not liable to income tax in Mauritius. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

	30/11/2019 (Unaudited)	30/11/2018 (Unaudited)
Mauritius (tax credit of 80%)	15%	15%
South Africa	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	25.75%	25.75%

8. Goodwill

	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Cost		
Opening balance	137,341	162,069
Foreign exchange loss	(7,773)	(24,728)
Closing balance	**129,568**	**137,341**

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Units (CGU's) that are expected to benefit from that business combination.

	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	434	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	116,813	122,199
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	129,568	**137,341**

Goodwill is tested at least annually for impairment. The recoverable amounts of the cash generating units (CGU) were determined based on the value in use calculations. The calculations mainly used cash flow projections based on financial budgets covering a three to five-year period.

The following key assumptions were used for the value in use calculations:

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 2.0% to 5.0%.
• Discount rates: discount rates ranged from 11.0% to 15.0%. Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

9. Intangible assets

Group

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Data centres USD'000	Other Intangible Assets USD'000	Total USD'000
Cost:								
At 1 March 2018 (Audited)	24,467	44,741	114,139	65,868	2,858	-	31,209	283,282
Purchases	5,622	3,698	2,616	-	3,928	-	-	15,864
Disposals	-	(1,289)	-	-	(2,746)	-	-	(4,035)
Transfers	-	40	-	-	(40)	-	-	-
Transfers from Property, plant and equipment (note 10)	-	-	2,183	-	-	-	-	2,183
Foreign exchange differences	(2,876)	(6,503)	(4,549)	(12,974)	-	-	(1,979)	(28,881)
At 28 February 2019 (Audited)	27,213	40,687	114,389	52,894	4,000	-	29,230	268,413
Purchases	285	1,392	9,130	-	620	-	-	11,427
Disposals during the year	-	-	-	-	(194)	-	-	(194)
Transfers	-	1,204	-	-	(1,204)	-	-	-
Transfers (to)/from Property, plant and equipment (note 10)	-	(828)	-	-	-	26	-	(802)
Foreign exchange differences	(5,315)	(2,485)	(1,347)	(2,766)	-	-	(638)	(12,551)
Adjustments - IAS 29	4,766	882	-	-	-		-	5,648
At 30 November 2019 (Unaudited)	26,949	40,852	122,172	50,128	3,222	26	28,592	271,941
Accumulated amortisation:								
At 1 March 2018 (Audited)	6,610	36,768	39,815	4,921	-	-	11,816	99,930
Amortisation	1,849	3,304	7,846	4,730	-	-	9,253	26,982
Disposals	-	(1,289)	-	-	-	-	-	(1,289)
Transfers to property, plant and equipment (note 10)	-	-	780	-	-	-	-	780
Foreign exchange differences	(765)	(5,366)	(2,131)	(792)	-	-	(2,062)	(11,116)
At 28 February 2019 (Audited)	7,694	33,417	46,310	8,859	-	-	19,007	115,287
Amortisation	1,024	2,233	5,999	2,549	-	-	6,434	18,239
Transfers (to)/from Property, plant and equipment (note 10)	-	(804)	-	-	-	2	-	(802)
Foreign exchange differences	(1,396)	(1,958)	(634)	(244)	-	-	(872)	(5,104)
Adjustments - IAS 29	1,438	453	-	-	-		-	1,891
At 30 November 2019 (Unaudited)	8,760	33,341	51,675	11,164	-	2	24,569	129,511
Carrying amount:								
At 28 February 2019 (Audited)	19,519	7,270	68,079	44,035	4,000	-	10,223	153,126
At 30 November 2019 (Unaudited)	18,189	7,511	70,497	38,964	3,222	24	4,023	142,430

During the year ended 28 February 2019, the group acquired a 20 year Operating Licence, through Liquid Telecommunications DRC S.A.R.L, in the Democratic Republic of Congo ("DRC") for USD 5.6 million. This operating licence will facilitate the deployment and provision of fibre based internet services across DRC.

During the period ended 30 November 2019, the group acquired a 15 year Indefeasible Right-Of-Use ("IRU"), through Liquid Telecommunications DRC S.A.R.L, in the Democratic Republic of Congo ("DRC") for USD 7.6 million. This IRU will increase our network coverage in DRC.

10. Property, plant and equipment

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Data centres[1] USD'000	Work in progress USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:									
At 1 March 2018 (Audited)	78,482	11,112	37,472	91,663	8,767	-	76,024	987,732	1,291,252
Additions	4,960	1,888	6,485	3,865	1,621	-	25,243	144,436	188,498
Disposals	-	(363)	(753)	(247)	(580)	-	(5,741)	(17,672)	(25,356)
Transfers	4,630	135	117	3,860	-	-	(25,632)	16,890	-
Transfer from / (to) intangible assets (note 9)	-	-	-	-	-	-	-	(2,183)	(2,183)
Transfer to inventory	-	-	7	-	-	-	-	-	7
Foreign exchange differences	(7,507)	(630)	(4,861)	(5,333)	(152)	-	(9,721)	(96,584)	(124,788)
At 28 February 2019 (Audited)	80,565	12,142	38,467	93,808	9,656	-	60,173	1,032,619	1,327,430
Additions	-	242	1,002	913	114	3,714	50,700	25,057	81,742
Disposals	-	(557)	(219)	-	(63)	-	-	(758)	(1,597)
Transfers	(53,207)	(123)	(5,063)	722	-	127,151	(19,239)	(50,241)	-
Transfer from/(to) Intangible assets (note 9)	-	-	-	-	-	828	-	(26)	802
Foreign exchange differences[2]	(5,207)	(2,795)	(2,823)	(7,505)	(4,734)	(244)	(11,769)	(271,876)	(306,953)
Adjustments - IAS 29	2,577	1,285	957	-	3,918	-	18,057	240,393	267,187
At 30 November 2019 (Unaudited)	24,728	10,194	32,321	87,938	8,891	131,449	97,922	975,168	1,368,611
Accumulated depreciation									
At 1 March 2018 (Audited)	17,692	8,385	29,358	68,367	6,151	-	(2,257)	398,723	526,419
Depreciation	1,701	981	3,447	9,552	882	-	-	53,433	69,996
Disposals	-	(322)	(742)	(228)	(500)	-	-	(130)	(1,922)
Transfer from Intangible assets (note 9)	-	-	-	-	-	-	-	(780)	(780)
Foreign exchange differences	(2,586)	(494)	(3,726)	(1,262)	(110)	-	-	(44,701)	(52,879)
At 28 February 2019 (Audited)	16,807	8,550	28,337	76,429	6,423	-	(2,257)	406,545	540,834
Depreciation	556	487	2,932	6,366	348	3,675	-	32,931	47,295
Disposals	-	(555)	(207)	-	(61)	-	-	(498)	(1,321)
Transfers	(9,584)	(159)	(5,086)	(391)	-	29,675	-	(14,455)	-
Transfer from/(to) Intangible assets (note 9)	-	-	-	-	-	804	-	(2)	802
Foreign exchange differences[2]	(654)	(1,110)	(2,015)	(4,650)	(2,600)	(107)	-	(65,793)	(76,929)
Adjustments - IAS 29	-	432	427	-	2,243	-	-	59,976	63,078
At 30 November 2019 (Unaudited)	7,125	7,645	24,388	77,754	6,353	34,047	(2,257)	418,704	573,759
Carrying amount:									
At 28 February 2019 (Audited)	63,758	3,592	10,130	17,379	3,233	-	62,430	626,074	786,596
At 30 November 2019 (Unaudited)	17,603	2,549	7,933	10,184	2,538	97,402	100,179	556,464	794,852

Refer to note 14 for securities on property, plant and equipment.

[1] During the period ended 30 November 2019, assets relating to the Data Centre line of business were transferred into a separate class of asset. Of the USD 127.1 million transferred, USD 9.6 million relates to additions during the period.

[2] The significant foreign exchange difference arising in the period ended 30 November 2019 is primarily due to the deterioration of the RTGS:USD exchange rate from 2.5:1 at 28 February 2019 to 16.3:1 at 30 November 2019. This is largely offset by the IAS 29 hyperinflation adjustment.

11. Right-of-Use assets

	Land and buildings	Computer equipment	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:						
Opening adjustment on 1 March 2019 - IFRS 16	53,058	23	35,180	1,772	17,923	107,956
Additions	5,253	-	3,903	-	2,312	11,468
Foreign exchange differences	(25)	-	(4)	(6)	(98)	(133)
At 30 November 2019 (Unaudited)	58,286	23	39,079	1,766	20,137	119,291
Accumulated depreciation:						
Depreciation	8,699	6	9,662	443	5,834	24,644
Foreign exchange differences	5	-	1	(1)	(24)	(19)
At 30 November 2019 (Unaudited)	8,704	6	9,663	442	5,810	24,625
Carrying amount:						
At 30 November 2019 (Unaudited)	49,582	17	29,416	1,324	14,327	94,666

12. Cash and cash equivalents, and restricted cash and cash equivalents

	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Cash and bank balances	89,653	77,222
Money market deposits	2,469	16,053
Cash and cash equivalents	**92,122**	**93,275**
Restricted cash and cash equivalents	**1,650**	**1,807**
Total cash and cash equivalents	**93,772**	**95,082**

The cash and cash equivalents are mainly denominated in USD, GBP, KES, ZAR and ZWL$ and are located in Mauritius, United Kingdom, Kenya, South Africa and Zimbabwe.

Cash and cash equivalents include USD 10.5 million (28 February 2019: USD 49.1 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 16.3:1 (28 February 2019: ZWL$:USD 2.5:1). See note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.

13. Trade and other receivables

	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Trade receivables	131,451	122,767
Allowance for doubtful debts	(29,705)	(32,096)
Affiliated entities (note 18)	30,942	34,055
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**132,688**	**124,726**
Short-term inter-company receivables (note 18)	9,859	7,051
Sundry debtors	47,751	11,636
Deposits paid	5,048	4,596
Prepayments	16,575	24,577
	211,921	**172,586**

The average credit period for the group is 30 days. In determining the recoverability of a trade receivable, the group makes use of forward-looking information and on the assumptions about risk and probability of default and expected loss rates. The group assesses the recoverability on both a collective and individual basis.

Before accepting any new customer, the group ascertains the creditworthiness and identity of the customer by means of an external credit scoring system and customer acceptance forms which are required to be filled in by any new customer. The creditworthiness of customers is reviewed throughout the period.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are repayable within six months.

In addition to the current items not yet due of USD 50.0 million (28 February 2019: USD 60.8 million) for the group, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts. Taking into account undertakings received, management considers that there has been no significant change in the assumptions about risk and probability of default and as such the amounts are still considered recoverable. The ageing of these items is shown in the table below.

	Ageing of past due but not impaired	
	30/11/2019	**28/02/2019**
Group	**USD'000 (Unaudited)**	**USD'000 (Audited)**
31 - 60 days	21,746	15,205
61 - 90 days	9,560	6,659
91 - 120 days	6,908	5,966
121 + days	44,467	36,090
Total ageing of past due but not impaired	**82,681**	**63,920**
Current items	50,007	60,806
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**132,688**	**124,726**

13. Trade and other receivables (continued)

Included in amounts past due but not impaired are USD 30.9 million (28 February 2019: USD 34.0 million) of receivables from the Econet Group. Refer to note 18 for the total breakdown of Econet Group trade receivables.

14. Long-term borrowings and short-term portion of long-term borrowings

	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	11,813	14,672
USD 730 million 8.5% Senior Secured Notes	720,771	718,118
	732,584	**732,790**
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	3,813	3,813
USD 730 million 8.5% Senior Secured Notes	23,786	8,273
USD 10 million Cisco loan facility	-	1,137
USD 73 million revolving credit facility	133	73,083
Other short term borrowings	922	940
	28,654	**87,246**

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million Senior Secured notes. In November 2017, further USD 180.0 million Senior Secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The Senior Secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 28 February 2019 and 30 November 2019, the USD 730.0 million 8.5% Senior Secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a senior secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

In addition to the bonds, the group has a USD 73.0 million Revolving Credit Facility ("RCF") agreement between the company, The Mauritius Commercial Bank, Standard Finance (Isle of Man) Limited and Standard Chartered Bank. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured notes by first priority liens over the security. The Revolving Credit Facility is denominated in USD, bears interest at the rate of Libor plus 3.75%, and is available to be drawn before October 2021 to be utilised for general corporate purposes. As stated in note 2.1, the maturity date of the RCF has been extended to 11 April 2022.

As at 30 November 2019, Liquid Telecommunications Zambia Limited has a USD 15.3 million term loan and USD 8.0 million of Revolving Credit Facilities with Stanbic Bank of Zambia. The company guarantees up to USD 6.5 million in aggregate of these facilities. The facility agreement also includes first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The term loan is denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from June 2017. The Revolving Credit Facilities are denominated in USD, bear interest at the rate of Libor plus 6% and are repayable by December 2020. As at 30 November 2019, the outstanding balance on the term loan is USD 7.6 million (28 February 2019: USD 10.5 million) and USD 8.0 million (28 February 2019: USD 8.0 million) on the Revolving Credit Facility.

The balance on the loan facility agreement between Liquid Telecommunications Limited and Cisco Capital is denominated in USD, bears interest at the rate of 3.07% and has been repaid in October 2019.

15. Long-term lease liabilities and short-term portion of long-term lease liabilities

	31/08/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Long-term portion of lease liabilities	67,935	-
Short-term portion of lease liabilities	31,104	-
	99,039	**-**

16. Trade and other payables

	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Trade accounts payable	87,667	76,301
Payable balance to affiliated entities (note 18)	3,337	3,155
Short-term inter-company payables (note 18)	69	-
Accruals	54,557	56,383
Staff payables	2,344	1,746
Transaction taxes due in various jurisdictions	2,365	3,494
Unfavourable contracts	622	579
Senior secured notes premium	1,930	1,930
Other short term payables	13,803	8,224
	166,694	**151,812**

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is generally charged at 2% per annum on the outstanding balance. The group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

The directors consider the carrying amount of trade and other payables to approximate their fair value.

The amount payable to affiliated entities and related parties are unsecured, interest free and repayable on demand.

Accruals mainly relate to wholesale voice carrier amounts accrued for in the ordinary course of business and major capital expenditures for on-going fibre related projects.

17. Deferred revenue

	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Long-term portion of deferred revenue	49,401	54,422
Short-term portion of deferred revenue	15,878	21,960
	65,279	**76,382**

Deferred revenue mainly relates to revenue billed in advance for the group's data and other services which includes deferred revenue on the Indefeasible-Right-of-Use (IRU) which will be amortised over a period of 10 to 15 years and other advanced billings which will be amortised over a period of 1 to 3 years.

18. Related party transactions and balances (continued)

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Worldstream (Pty) Limited (incorporated in South Africa), Econet Global Limited (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Vision Limited (Mauritius), Econet Media Limited (Mauritius), Econet Media Limited (Zambia), Kwese Play (Pty) Limited (South Africa), Kwese Channels (Pty) Limited (South Africa), Econet South Africa (Pty) Limited, Steward Bank Limited, Omni Broadcast Limited (Uganda) and Cumii Kenya Limited and are referred to as "Econet Global related group companies". They have been disclosed as related parties due to their common control.

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the note. During the period, the group entered into the following trading transactions with related parties:

	9 months ended		3 months ended	
	30/11/2019	30/11/2018	30/11/2019	30/11/2018
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of goods and services				
Econet Global related group companies	34,403	81,558	6,121	20,511
Purchase of goods and services				
Econet Global related group companies	20,397	21,336	6,823	7,313
Management fees paid and expensed				
Econet Global related group companies	180	1,125	60	375
Management fees received				
Econet Global related group companies	4	5	1	5
Dividend paid				
Econet Global Limited	-	13,500	-	-
Interest income				
Econet Global related group companies	294	256	104	64
Administration fees paid				
DTOS Limited	274	213	94	113

The group has the following balances at the period / year end:

	30/11/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Short term intercompany receivables		
Econet Global related group companies	9,859	7,051
Short term intercompany payables		
Econet Global related group companies	69	-
Receivables balances from affiliated entities		
Econet Global related group companies	30,942	34,055
Payable balance to affiliated entities		
Econet Global related group companies	3,337	3,155

19. Capital commitments

	30/11/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Audited)
At 30 November 2019 the group was committed to making the following capital commitments:		
Authorised and contracted	53,835	40,925

The capital expenditure is to be financed from internal cash generation and existing funding facilities.

20. Post balance sheet events

Zimbabwean currency and Hyperinflation accounting

The ZWL$:USD exchange rate has continued to deteriorate since the statement of financial position date. These movements in the ZWL$:USD rate from 16.3:1 will impact the results, assets, liabilities and reserves of the group in the coming period. As at 15 January 2020, the official interbank rate was ZWL$:USD 17.1:1.

Note that over the same period, the Zimbabwe Consumer Price Index ("CPI") increased from 473.3 in November 2019 to 551.6 in December 2019.

21. Dividend

No dividends were declared for the 9 months ended 30 November 2019 (28 February 2019: USD 13.5 million paid). The dividends for the full year ended 28 February 2019 were declared in fulfilment of the Econet Strategic Support agreement ("SSA") and paid to Econet Wireless Group only - all other shareholders renounced their right to these dividends. The SSA was amended to USD 1 per annum on 15 October 2018 effective from 1 March 2019.

22. Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.
• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
30 November 2019				
Investments	-	-	10,814	10,814
Unfavourable contract	-	-	10,561	10,561
Total	**-**	**-**	**21,375**	**21,375**
28 February 2019				
Investments	-	-	10,814	10,814
Unfavourable contract	-	-	11,058	11,058
Total	**-**	**-**	**21,872**	**21,872**

Investments

As of 30 November 2019, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value. Accordingly, the investments are classified under level 3 of the fair value hierarchy.

	30/11/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Opening balance	10,814	12,447
Additions	-	310
Impairment	-	(1,943)
Closing balance	10,814	10,814

During the year ended 28 February 2019, the directors carried out a review of the carrying value of the investments. The review led to an impairment of costs amounting to USD 1.9 million as the project concerned was no longer viable. In assessing for impairment, the company estimated the fair value less costs to sell of the investments. The fair value less costs to sell is equal to the value of the investments and hence the recoverable amount of the relevant investments have been determined on the basis of their fair value less costs to sell.

22. Fair value measurements recognised in the consolidated statement of financial position (Continued)

Unfavourable contracts

The company purchased Liquid Telecommunications Data International Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the indefeasible right of use (IRU) for 28 STM1s. As the IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date, a liability was raised for the excess O&M charges. The unfavourable contract is amortised over the remaining period of the contract.

The group purchased Liquid Telecommunications South Africa (Pty) Limited and as part of the IFRS 3 fair value assessment two unfavourable contracts with Tata Communications International Pte Limited and SEACOM were identified. The contracts relate to unfavourable pricing for the supply of IP Transit relative to market pricing and the O&M relating to an IRU for 19 STM1s. The IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the current market price for IP Transit and the committed contract price and for the excess O&M charges as at acquisition.

	30/11/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Opening balance	11,058	10,539
Adjustment	657	1,582
Unwinding of interest	(86)	(518)
Charge to Cost of sales	(997)	(146)
Foreign exchange (loss)/gain	(71)	(399)
Closing balance	10,561	11,058

23. Non-cash transactions

In the current financial period, the non-cash portion of finance costs consists of USD 2.6 million of amortised arrangement fees relating to the USD 730 million 8.5% Senior Secured Notes. Accrued interest of USD 15.5 million has been excluded from the borrowings figure in the statement of cash flows as at 30 November 2019.

24. Profit / (loss) per share

	9 months ended		3 months ended	
	30/11/2019 USD'000 (Unaudited)	30/11/2018 USD'000 (Unaudited)	30/11/2019 USD'000 (Unaudited)	30/11/2018 USD'000 (Unaudited)
Basic profit / (loss) per share (Cents per share)	1.39	(65.23)	293.70	(57.11)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit / (loss) attributable to owners of the company	1,702	(72,762)	359,007	(63,705)

	30/11/2019 USD'000 (Unaudited)	30/11/2018 USD'000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share for the period/year ended	122,236,964	111,531,175

At 30 November 2019, the share capital of USD 3.6 million represents 122,236,964 ordinary shares (2018: 111,531,175 ordinary shares - 100,000,000 ordinary shares relating to the share conversion and 11,531,175 ordinary shares issued to the Royal Bafokeng Holdings Limited as part of the exchange of Royal Bafokeng Holdings Limited's shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in Liquid Telecommunications Holdings Limited) with a par value of USD 0.0297541580 each.

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the group to Econet Wireless Private Limited (Zimbabwe) ("EWZ") in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe ("LTZ") (51%) for total consideration of USD 135.0 million. Pursuant to arrangements between the Liquid Telecommunications Holdings Limited ("LTH") and EWZ made in connection with the LTZ share acquisition, these shares have restricted rights and are redeemable until such time as all final approvals have been received. On 21 November 2019, management received the final approval from the Reserve Bank of Zimbabwe, with the last condition having been satisfied.

25. Reconciliation

25.1 Reconciliation of consolidated unaudited statement of profit or loss to management profit or loss

The group has standardised its consolidated unaudited statement of profit or loss to comply with IAS 1 nature of expense method of presentation. The change resulted in reclassification from Data and network related costs to Administrative expenses .

A reconciliation of the consolidated unaudited statement of profit or loss and management profit or loss is included below:

	Unaudited Statement of profit or loss USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
9 months ended 30 November 2019:			
Revenue	540,436	-	540,436
Interconnect related costs	(89,923)	-	(89,923)
Data and network related costs	(162,184)	27,465	(134,719)
Gross Profit			315,794
Other income	2,098	-	2,098
Selling, distribution and marketing costs	(9,458)	-	(9,458)
Administrative expenses	(35,287)	(27,465)	(62,752)
Staff costs	(73,886)	-	(73,886)
Adjusted EBITDA	**171,796**	**-**	**171,796**
9 months ended 30 November 2018:			
Revenue	505,283	-	505,283
Interconnect related costs	(91,712)	-	(91,712)
Data and network related costs	(135,831)	35,135	(100,696)
Gross Profit			312,875
Other income	524	-	524
Dividend received	629	-	629
Selling, distribution and marketing costs	(12,251)	-	(12,251)
Administrative expenses	(41,702)	(35,135)	(76,837)
Staff costs	(88,767)	-	(88,767)
Adjusted EBITDA	**136,173**	**-**	**136,173**
3 months ended 30 November 2019:			
Revenue	200,807	-	200,807
Interconnect related costs	(27,519)	-	(27,519)
Data and network related costs	(63,939)	8,300	(55,639)
Gross Profit			117,649
Other income	1,365	-	1,365
Selling, distribution and marketing costs	(4,320)	-	(4,320)
Administrative expenses	(12,035)	(8,300)	(20,335)
Staff costs	(26,977)	-	(26,977)
Adjusted EBITDA	**67,382**	**-**	**67,382**
3 months ended 30 November 2018:			
Revenue	156,475	-	156,475
Interconnect related costs	(31,257)	-	(31,257)
Data and network related costs	(43,551)	10,141	(33,410)
Gross Profit			91,808
Other loss	(19)	-	(19)
Dividend received	629	-	629
Selling, distribution and marketing costs	(3,877)	-	(3,877)
Administrative expenses	(11,309)	(10,141)	(21,450)
Staff costs	(27,863)	-	(27,863)
Adjusted EBITDA	**39,228**	**-**	**39,228**

25. Reconciliation (continued)

25.2 Reconciliation of Operating profit to Adjusted EBITDA

Below is a reconciliation of Operating profit, as shown in the consolidated unaudited statement of profit or loss, to Adjusted EBITDA reported in note 3 - *Segment information* .

	9 months ended		3 months ended	
	30/11/2019	30/11/2018	30/11/2019	30/11/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	81,527	62,648	39,473	16,172
Add back:				
Depreciation, impairment and amortisation	90,269	72,896	27,909	22,427
Dividend received	-	629	-	629
Adjusted EBITDA (note 3)	**171,796**	**136,173**	**67,382**	**39,228**