LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 28 FEBRUARY 2019

Continued progress despite challenging economic conditions

18 June 2019

Leading pan-African telecoms group Liquid Telecom, a subsidiary of Econet Global, today announces its financial results for the year ended 28 February 2019.

Highlights

- Full year reported revenues were USD 668.9 million and adjusted EBITDA[2] of USD 211.1 million. Cash generated from operation was USD 170.8 million resulting in a year end net debt position of USD 738.6 million. Closing net debt to adjusted EBITDA ratio was 3.5x.
- Revenues were impacted by the introduction of a new currency in Zimbabwe which more than offset the monetisation of our network expansion. Profit for the period 1 October 2018 to 22 February has been impacted by the retrospective currency changes in Zimbabwe to the amount of USD 29.6 million. This foreign exchange impact has been added back to arrive at adjusted EBITDA for the year.
- Full-year adjusted EBITDA[2] growth at 10.3 per cent.
- In February, we announced a large-scale 15 year roaming agreement with MTN South Africa amounting to USD 2.1 billion of total contract value. The network is expected to 'go live' in June 2019 and we have delivered and billed for the planning activity. We continue to be in discussions with other prospective partners to utilise the 4G network established in South Africa.
- We progressed the restructuring of a number of our entities including South Africa as part of our strategy to digitally transform the way we serve customers. The total one-off costs amounted to USD 5.8 million. The turnaround of our South African business is gaining traction with new contracts, a stronger pipeline, a greater focus on efficiency and growth in EBITDA margin.
- On 3 April we received of funds for the investment of USD 180 million into the Group from CDC Group plc, the UK's development finance institution.
- We expanded our data centre capacity through further investment in our South African and East African data locations. Billing has now commenced for our Cape Town data centre including a large hyperscale cloud provider. Further data centre expansion is underway to enable us to meet demand from customers.
- In February, we entered into an agreement to acquire the remaining 51 per cent of our Zimbabwean entity in exchange for Liquid Telecommunications Limited Holdings shares.
- Our fibre footprint now spans approximately 69,000 kilometres following additional investment in long-haul routes in South Africa, metro networks and Fibre to the Home (FTTH) networks in Eastern and Southern Africa. Additionally, we have signed capacity leases with partners to expand our network reach.

	Q4 2018-19	Q4 2017-18	Reported Change	FY 2018-19	FY 2017-18	Reported Change
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Revenue	163.6	194.9	(24.7)	668.9	680.9	(1.8)
Adjusted EBITDA [2]	63.3	62.6	1.1	211.1	191.4	10.5
Cash generated from operations	44.9	84.8	(53.2)	170.8	184.0	(7.0)
Net Debt [1]	738.6	601.0	n/a	738.6	601.0	n/a

[1] Net debt is defined as gross debt less unrestricted cash and cash equivalent.

[2] Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: acquisition and other investment costs, restructuring costs, foreign exchange (loss)/gain, impact of the retrospective changes in functional currency in Zimbabwe and share of profit from associate.

The financial results for the quarter ended 30 November 2018 have not been restated for the currency changes in Zimbabwe but the cumulative impact is reflected in the closing reserves position for the quarter ended 28 February 2019.

Chief Executive Officer, Nic Rudnick, commented:

"Our progress during the year has continued to be positive as we implement our corporate strategy to monetise the networks we have established and further develop the Group as a connectivity and cloud solutions provider across our footprint.

Through the year we have continued to expand our fibre footprint as we increase our backbone coverage, connect more sites for Mobile Network Operators (MNOs), SMEs and government buildings and reach more retail customers through our FTTH and fixed Long Term Evolution (LTE) network coverage.

Our cross-border network remains a significant competitive advantage for us. Additionally, at the beginning of the year we formally communicated our strategy to digitally transform ourselves and help our customers do the same. This will further strengthen our relationships with enterprise and wholesale customers through access to third-party cloud services with our data centre infrastructure as the foundations on which this offering is built. This action has involved some restructuring in order to decrease our cost base and develop our IT system capability to make us even more relevant and effective for our customers as they embark on their own digital journeys. I expect this transformation to continue over the course of the next couple of years.

Following the announcement of a new currency policy by the central bank of Zimbabwe in February 2019, we have adjusted for the introduction of the dual-currency regime in Zimbabwe which has affected our historical cash and earnings. However, despite this we expect to be able to mitigate a reasonable proportion of the impact going forwards by increasing prices to our customers. We have a strong market position and provide essential services, so the demand drivers remain. We increased our prices in April 2019 to reflect the new exchange rate at that time and we expect to increase prices again on an ongoing basis until such time as the situation normalises.

I am pleased that we have delivered the expansion of the South Africa Data Centre business. Data centres are a significant growth area for Liquid and further large contracts are in the pipeline. The African Data Centre business will be a real focus for the Group in the coming year as the infrastructure for our cloud services offering and serve our hyperscale cloud and hosting customers. In the forthcoming year our investment in data centres will grow. We are therefore assessing the possibility of appropriate forms of financing in order to quicken the pace of our growth in this area, recognising the longer investment cycle and different capital structures required for data centres. Furthermore, our digital services offering has expanded across our platform, including the installation and delivery of our unified communications service and Microsoft cloud products, such as Azure, in several of our territories.

In conclusion, we are not only transforming our offering, but also evolving the way in which we engage with our employees and customers, ensuring that our digital transformation will automate many of our internal processes and our interaction with our customers. Even though we are in the early stages of our development progress has been realised as we deepen the foundations for our growth. I am confident that both the Group and operational management teams have the knowledge, resources and skills to deliver on our vision."

Group Executive Chairman, Strive Masiyiwa, added:

"On behalf of the Board, I was pleased with the overall development of the Group against challenging economic conditions and the way in which we continued to deliver our vision of 'Building Africa's Digital Future'.

Through the year, I have been delighted with the businesses agility to develop further relationships such as in Egypt, where we signed a Memorandum of Understanding with Telecom Egypt to build data centres having connected Cape to Cairo via a terrestrial fibre route. The next step is to connect our customers from East to West, on-net to the Cloud and continue to deliver the vision I first set out in 2004.

Despite currency headwinds, the Group is making progress in growing the business by winning of a number of large scale contracts and we have seen a very pleasing take up of data centre space. We continue to see sizable demand in this area which has resulted in the need for further expansion to meet hyperscale customer growth plans.

The investment of USD 180 million by CDC Group plc was another historic moment for Liquid Telecom showing the support from a distinguished investment house for a long-term growth business, which we are developing year after year towards the realisation of our vision.

The Board continues to consider further strategic options for raising capital in order to provide additional funding to accelerate the Group's growth plans; building on our continued progress, the consistent delivery of our clear corporate strategy will cement our competitive advantage as we continue to build Africa's digital future."

There will be an investor call at 14:00 BST 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, Central and Southern 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, approaching 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 80 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 digital services. We have built Africa's largest independent fibre network, approaching 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 and 4G 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, monetising our open-access fibre network. In addition, we provide wholesale cloud and colocation services and we are a tier 2 supplier for Microsoft cloud services across Africa. In addition, we provide services to MNOs where they can roam across our network.

Enterprise

Our Enterprise segment provides solutions to large-scale corporate and governmental consumers of bandwidth with complex, multi-country connectivity, co-location and 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, 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 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 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) and the Kwesé TV platform content across our network.

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 (KPI)

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

	(Q1) 2017-18	(Q2) 2017-18	(Q3) 2017-18	(Q4) 2017-18	FY 2017-18	(Q1) 2018-19	(Q2) 2018-19	(Q3) 2018-19	(Q4) 2018-19	FY 2018-19
Operating measures										
Wholesale voice										
Total wholesale voice minutes (in millions) on our network [1]	382	402	380	306	1,470	323	332	322	327	1,304
Wholesale data										
Number of kilometres of fibre [2]	46,975	48,019	49,104	50,061	50,061	52,084	53,132	68,904	69,007	69,007
Number of data centre racks sold[3]	688	696	720	1,078	1,078	1,092	1,436	1,433	1,451	1,451
Enterprise										
Number of Enterprise customers [4]	9,677	10,452	10,859	11,050	11,050	10,889	11,220	11,602	11,743	11,743
Retail										
Number of Retail customers[5]	36,970	41,612	44,577	46,504	46,504	50,259	54,481	61,083	60,579	60,579
Financial Measures										
Average churn rate [6]	0.84%	1.18%	1.87%	2.11%	1.55%	1.58%	1.55%	1.38%	1.24%	1.44%
New sales ("sold TCV for new services", USD million) [7]	67.5	63.1	109.4	49.4	289.4	38.8	107.2	65.7	88.2	299.9
Service Activation Pipeline ('MRR backlog") (USD 000) [8]	1,368	1,889	4,479	4,515	4,515	3,844	3,066	3,238	4,050	4,050

Footnotes:

[1] Represents the total number of voice minutes on the Group's network over a particular period. The 2017-18 voice minute figures have been restated following a change in calculation to make them more comparable.
[2] 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.
[3] Represents the number of racks in a data centre or colocation facility sold and billed to wholesale or enterprise customers at a given time.
[4] Represents the total number of enterprise customers at a given time.
[5] 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.
[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 MTN roaming deal.
[8] 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 in South Africa.

Wholesale voice minutes remained at similar levels in the fourth quarter versus prior quarters.

In the fourth quarter the kilometres of fibre grew slightly as the group reddied for another rollout of a section on its backbone routes in South Africa in the forthcoming quarters. These are usually a significant proportion of the growth in the footprint.

In November 2018, to conform with standard industry practice, we changed the way we report the kilometres of our fibre network, which now spans 69,007. The Group has started to expand geographically through partnerships whereby capacity leases are being used to grow the backbone network and this is now included in our network measurement reflecting our actual connectivity capability.

The number of data centre racks sold increase by 34.6 per cent during the year as capacity was increased through the building of additional levels at the East Africa Data Centre (EADC) and further development in South Africa. As at 28th February 2019 we continue to have a pipeline of capacity which is available for sale.

During the year we secured a total of USD 299.7 million in new total contract value (TCV) compared with a total of USD 289.4 million for the full year 2017-18. These numbers exclude the MTN roaming deal over 15 years amounting to approximately USD 2.1 billion of revenue of which c.USD 13 million was recognised in 2018-19 and c. USD 100 million will be recognised in 2019-20 following the initiation of the use of the network from June 2019. This is likely to be a ten per cent gross margin business.

In the fourth quarter and through the year, churn levels decreased relative to the third quarter of 2018-19 and the full year 2017-18 as we began to see the benefits of our renewed focus on customers retention.

The service activation pipeline increased from USD 3.2 million per month as at 30 November 2018 to USD 4.1 million (MRR, ”Monthly Recurring Revenue” only) as at 28 February mainly driven by increases in Southern and Eastern Africa as the business saw benefits from the focus on the enterprise customer and development of MRR.

Key sales made during the year were:

- MTN roaming deal in South Africa.
- IP backhaul and international Multi-Protocol Label Switching (MPLS) and Virtual Private Network (VPN) connectivity for a large wholesale customer in the Southern region.
- 100G connectivity between Jomo Kenyatta International airport and Mombasa in Kenya.
- A 10 year IRU with MTN for a 500G link between Mombasa in Kenya and Tororo in Uganda.
- Cloud services such as Crashplan, Office365 and Azure sold in conjunction with connectivity to enterprise customers in all regions.
- The provision of multi-site WLAN connectivity and VoIP and managed services for large corporates and regional governments in South Africa.
- Managed connectivity and dark fibre IRUs on key long-haul fibre routes.
- 100Gbps backbone connectivity for a large global cloud provider in South Africa.
- Dedicated Internet Access (DIA) and national MPLS and VPN connectivity for a number of large financial institutions, mining locations, universities, media organisations, and retail outlets in the Southern region.
- DIA for research organisations, infrastructure groups and MPLS for government organisations in the Eastern region.
- IP transit for a cross border customers.
- Co-location and data centre hosting services for mobile operators, global cloud service providers, technology groups, and financial institutions.
- Microsoft ExpressRoute and international VoIP connectivity for a financial services customer and;
- IP transit services to mobile operators and other Internet Service Providers (ISP's) across our footprint and Microsoft Office365 and Azure subscriptions to corporates.

Revenue

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; 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 2.5:1.

We have now determined that the recognised date for a change in functional currency in Zimbabwe should be 1 October 2018. The Group has thus restated all balances to RTGS at a rate of RTGS:USD 2.5:1 at 1 October 2018 and recognised a foreign exchange loss on net assets that did not hold their value. In addition, all transactions from 1 October 2018 have been recognised at RTGS:USD 2.5:1 through to 28 February 2019. The statement of financial position has been translated back to USD at an exchange rate of 2.5:1 at 28 February 2019. The statement of profit and loss has been translated at a rate of RTGS:USD 1:1 for the period 1 March 2018 to 30 September 2018.

The currency impact for the period after announcement, from 22 February to 28 February 2019, has been reflected in the accounts.

The retrospective impact of the introduction of the Zimbabwe currency from 1 October 2018 to 22 February was USD 42.4 million on Revenue and USD 26.7 million on Operating Profit.

We adopted IFRS 15 ("Revenue from contracts with customers") from 1 March 2018 which resulted in the Group amortising its non-recurring revenue over the life of the contract. This has resulted in a USD 7.9 million retrospective adjustment to our opening reserves, within equity, and an increase in our deferred revenue brought forward of USD 7.9 million. There is no material impact on the income statement. In addition, IFRS 9 was implemented as of 1 March 2018 of which the impact was minimal. We are continuing to assess the impact of IFRS 16 ("Leases") which was adopted by the Group on 1 March 2019 and will be reflected in the first quarter of 2019-20.

Revenue per segment	For the twelve-month period ended					
	28 February 2019 (reported)	Retrospective currency adjustment	28 February 2019 (underlying)	28 February 2018	2019 versus 2018 (reported)	2019 versus 2018 (underlying)
	(USDm)	(USDm)	(USDm)	(USDm)	%age	%age
Data and Other services	**518.4**	**(42.4)**	**560.8**	**534.0**	**(2.9)**	**5.0**
Wholesale data	216.3	(22.6)	238.9	219.3	(1.4)	8.8
Enterprise	254.2	(5.7)	259.9	265.2	(4.1)	(1.9)
Retail	47.8	(14.1)	62.0	49.5	(3.4)	25.3
Wholesale voice	**150.5**	**0.0**	**150.5**	**146.9**	**2.5**	**2.5**
Total Revenue	**668.9**	**(42.4)**	**711.3**	**680.9**	**(1.8)**	**4.5**

All numbers are to one decimal place in the operational and financial review.

In the full-year, revenues decreased by 1.8 per cent to USD 668.9 million (FY 2018-19: USD 680.9 million). However, the retrospective introduction of the Zimbabwean currency at 2.5:1 impacted revenues by USD 42.4 million and thus underlying revenues grew 4.5 per cent year-on-year reflecting an exceptionally high fourth quarter in 2017-18.

Revenue per segment	For the three-month period ended					
	28 February 2019 (reported)	Retrospective currency adjustment	28 February 2019 (underlying)	28 February 2018	2019 versus 2018 (reported)	2019 versus 2018 (underlying)
	(USDm)	(USDm)	(USDm)	(USDm)	%age	%age
Data and Other services	**125.4**	**(25.7)**	**151.0**	**160.9**	**(22.1)**	**(6.2)**
Wholesale data	56.8	(13.7)	70.5	76.2	(25.5)	(7.5)
Enterprise	59.2	(2.8)	62.0	72.1	(17.9)	(14.0)
Retail	9.4	(9.2)	18.6	12.6	(25.4)	47.6
Wholesale voice	**38.2**	**-**	**38.2**	**34.1**	**12.0**	**12.0**
Total Revenue	**163.6**	**(25.7)**	**189.3**	**195.0**	**(16.1)**	**(2.9)**

All numbers are to one decimal place in the operational and financial review.

In the fourth quarter, revenue decreased by 16.1 per cent to USD 163.6 million (Q4 2017-18: USD 195.0 million). However, the retrospective introduction of the Zimbabwean currency at 2.5:1 impacted revenues by USD 25.7 million and thus underlying revenues decreased by 2.9 per cent year-on-year reflecting an exceptionally high fourth quarter last year.

The segmental review of revenue performance below relate to the underlying trading of the Group in the fourth quarter before the retrospective Zimbabwe currency adjustment which has impacted the reported results materially.

Wholesale data

In the fourth quarter of 2018-19 underlying revenue decreased by 7.5 per cent to USD 70.5 million (Q4 2017-18: USD 76.2 million). This reflects an abnormally high fourth quarter in 2017-18 where a full year price adjustment was only booked in the fourth quarter.

In December, we announced plans to establish a 4G network in South Africa from early 2019 on which wholesale roaming services will be made available across our network. Following this, in February we finalised terms with MTN to become our first customer, for which on-going billing (following the recognition of the one-off network planning fee of approximately USD 13 million) will start in the second quarter of 2019-20, and we continue to discuss opportunities with additional MNOs.

Following the initial investment into the NLD 5 and 6 project in the second quarter of 2018-19 we received a portion of the initial payment upfront in the third quarter with further recognition occurring as each section of the project is billed. We are finalising further agreements with MNOs on the NLD 5 and 6 route as we roll out more sections across the route. As part of this growth, we continued to deliver a number of long-term indefeasible rights of use (IRU) contracts with MNOs where we provide dark fibre along newly-built long distance routes, such as NLD 7 and 8, and connected a significant number of MNO base stations.

As part of our funding strategy for the expansion of our fibre network, it remains important to secure wholesale infrastructure contracts (typically over 10 to 15 years) such as IRUs because they provide significant up-front cash inflows to partially fund the initial capital expenditure. On the back of these contracts, we have continued to invest in new long-haul routes and in the upgrade of our domestic and cross-border transmission capabilities. We have strong relationships with international carriers and MNOs with whom we have entered into long-term Master Service Agreements. We provide long-distance, cross-border connectivity services, as well as connectivity to mobile base stations. Our Wholesale Data customer base also includes competitors, to whom we supply managed services on an open-access basis and provide them with international capacity to access the Internet.

Wholesale co-location and hosting services revenues grew significantly particularly in South Africa and our Eastern region, leading to investment in additional floor space in our data centre in Kenya. We will be adding 160 racks to the East Africa Data Centre in Nairobi in the near future. In South Africa, we are continuing to build more space. The extension of the data centres in both Johannesburg and Cape Town for one of the largest global cloud providers continues to progress well with handover of the Johannesburg facility achieved in December 2017 and Cape Town in October 2018. We started billing for our Cape Town data centre in November 2018. In total we have a potential capacity of more than 6,000 racks and a future potential of 80.5 MegaWatts (MW) available power across our footprint.

In November, we were recognised for the completion of the connection between Cape Town and Cairo at the AfricaCom Awards for the Best Network Improvement. The network is the first direct land-based communication link between Cape Town in South Africa and Cairo in Egypt and has already been recognised at a number of other award ceremonies this year.

Enterprise

In the fourth quarter of 2018-19 underlying revenues decreased by 14.0 per cent to USD 62.0 million (Q4 2017-18: USD 72.1 million). The lower growth in the fourth quarter relative to prior period is due to challenging markets in South Africa where there were delays in a couple of key government contracts which have now been resolved accompanied with the impact of churn which led to less MRR in the period, an abnormally high prior year comparator which included some significant one-off revenue from a large customer and a full year and fourth quarter year-on-year impact of the Rand of USD 5 million. This was partially mitigated by consistently strong growth in the Eastern region where churn has been low and monthly recurring revenue increasing.

By the end of the fourth quarter, the number of enterprise customers increased to 11,743 customers (Q3 2018-19: 11,602; FY 2017-18: 11,050 customers) primarily through a number of wins in the medium-sized enterprise market in the Eastern region.

Following the announcement of our digital transformation strategy we continue to expect that our renewed focus on enterprise customers will deliver growth in the coming quarters notably through monthly recurring revenue.

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 and financial sector corporates, for connectivity, VoIP and data centre co-location services, and other multinational corporate accounts. We agreed a number of contracts to provide connectivity to the largest universities, government agencies, entertainment and transportation industries.

In November, we announced the availability of Microsoft Azure Stack from Cape to Cairo, as we continue to build on cloud services adoption across our platform whilst leveraging our pan-African fibre network and data centre capabilities. Liquid Telecom now offers Azure Stack services directly to businesses operating in our Southern and Eastern regions with minimised network latency. The launch marks the first time that the Azure Stack platform will be available locally in all these markets, offering businesses greater flexibility, security and cost savings by deploying hybrid cloud architecture.

Retail

For the fourth quarter underlying revenue increased by 47.6 per cent to USD 18.6 million (Q4 2017-18: USD 12.6 million).

This was driven by increased service up-take of the FTTH service across our footprint, price increases in Zimbabwe and from our new fixed wireless LTE broadband services, partially offset by a reduction in CDMA customers in South Africa.

Retail customers fell during the fourth quarter by 0.8 per cent to 60,579 but rose 30.3 per cent during the year. This follows strong progress in all countries throughout the year however, in the fourth quarter Zimbabwe fixed LTE customers decreased as price increases and currency fluctuations through the quarter impacted affordability for retail customers.

Our CDMA business in South Africa is a legacy business from the acquisition of Neotel in February 2017. We have removed these volumes, following their transfer to another supplier, from our retail customer key performance indicator and the numbers now better represent the volumes of the underlying FTTH and LTE businesses. Prior periods have been adjusted.

New FTTH customers, have driven service penetration growth over the year (as a percentage of premises passed), with an average 38.6 per cent of premises passed (Q3 2018-19: 42.3 per cent, Q4 2017-18: 34.6 per cent). Add-on services, such as discounted night-time packages and competitive pricing have contributed to strong commercial performance in terms of rapid customer acquisition, low churn and stable average revenue per customer. Every month we see customers upgrading from entry-level, capped FTTH packages to our unlimited, premium packages, helping sustain a higher average average revenue per user over time. This has continued throughout the year. FTTH networks were expanded in new locations such as Harare and Mutare (Zimbabwe), Lusaka (Zambia) and Kigali (Rwanda) this year.

We are expanding the coverage of our LTE fixed wireless broadband network in several cities to address a larger share of the broadband market, following strong demand for our services. In the fourth quarter the number of fixed LTE customers, outside of Zimbabwe, continues to increase driven by an aggressive commercial effort and the deployment of base stations. We also introduced new broadband data bundles from our FTTH packages.

Wholesale voice

In the fourth quarter of 2018-19 revenue increased by 12.0 per cent to USD 38.2 million as compared with the same period last financial year (Q4 2017-18: USD 34.1 million). Total volume of minutes for the quarter increased by 6.9 per cent to 327.2 million minutes (Q4 2017-18: 306.0 million minutes) with average revenue per minute increasing by 5.4 per cent to 11.7 US cents (Q4 2017-18: 11.1 US cents).

The increase in minutes and increase in the average revenue per minute follows a reduction in the trading of minutes to low revenue per minute destinations such as USA partially offset by increases in higher revenue per minute traffic terminating to destinations like Niger, Nigeria, UAE and Saudi Arabia. This traffic came as a result of very competitive rate offerings from our African partners where Liquid Telecom has proven its ability to leverage its strong cross-border presence in the wholesale market and aggregate traffic in the retail market in order to deliver directly to the respective African networks leading to sustained voice margins.

Gross profit

Gross Profit	For the twelve-month period ended					
	28 February 2019 (reported)	Retrospective currency adjustment	28 February 2019 (underlying)	28 February 2018	2019 versus 2018 (reported)	2019 versus 2018 (underlying)
	(USDm)	(USDm)	(USDm)	(USDm)	%	%
Gross Profit	**415.8**	**34.9**	**450.7**	**426.8**	**(2.6)**	**5.6**
Gross Profit Margin (%)	**62.2**	**n/a**	**63.4**	**62.7**	**(0.5)pp**	**0.7pp**

In full-year 2018-19, reported gross profit decreased by 2.6 per cent to USD 415.8 million (FY 2017-18: 426.8) as a result of the retrospective Zimbabwe currency adjustment. However, on an underlying basis gross profit increased 5.6 per cent driven by underlying revenue growth and operating leverage.

	For the three-month period ended					
	28 February 2019 (reported)	Retrospective currency adjustment	28 February 2019 (underlying)	28 February 2018	2019 versus 2018 (reported)	2019 versus 2018 (underlying)
Gross Profit	(USDm)	(USDm)	(USDm)	(USDm)	%	%
Gross Profit	**102.9**	**20.9**	**123.8**	**133.3**	**(22.8)**	**(7.1)**
Gross Profit Margin (%)	**62.9**	**n/a**	**65.4**	**68.4**	**(5.5)pp**	**(3.0)pp**

In the fourth quarter gross profit decreased by 22.8 per cent to 102.9 (Q4 2017-18: USD 133.3 million). However, the underlying gross profit decreased 7.1 per cent to 123.8 million (Q4 2017-18: USD 133.3 million) largely reflecting the abnormally high fourth quarter billing in Wholesale Data in the prior year.

We continue to focus on our strategy of expanding the fibre footprint, broadening the product portfolio, monetising our spectrum assets and digital transformation of us and our customers. It is this diversified business model which has helped maintain our competitiveness within the wholesale data space and going forward, further into the Enterprise segment.

Total overheads and other income

Total Overheads and Other Income	For the twelve-month period ended					
	28 February 2019 (reported)	Retrospective currency adjustment	28 February 2019 (underlying)	28 February 2018	2019 versus 2018 (reported)	2019 versus 2018 (underlying)
	(USDm)	(USDm)	(USDm)	(USDm)	%	%
Other income	1.8	0.1	1.9	1.3	38.5	46.2
Dividend received	0.6	0.0	0.6	-	n/a	n/a
Selling, distribution and marketing costs	(18.8)	0.4	(18.4)	(19.3)	(2.6)	(4.7)
Administrative costs	(102.5)	(2.4)	(104.9)	(102.7)	(0.2)	2.1
Staff costs	(115.4)	(3.4)	(118.8)	(114.9)	0.4	3.4
Total overheads and Other income	**(234.3)**	**(5.3)**	**(239.6)**	**(235.6)**	**(0.6)**	**1.7**
% to Total Revenue	***(35.0)***	***n/a***	***(33.7)***	***(34.6)***	***n/a***	***n/a***

In full-year 2018-19, reported overheads and other income decreased by 0.6 per cent to USD 234.3 million (FY 2017-18: USD 235.6 million). However, on an underlying basis overheads and other income increased 1.7 per cent year-on-year largely due to pay inflation partially offset by lower staff numbers.

Total Overheads and Other Income	For the three-month period ended					
	28 February 2019 (reported)	Retrospective currency adjustment	28 February 2019 (underlying)	28 February 2018	2019 versus 2018 (reported)	2019 versus 2018 (underlying)
	(USDm)	(USDm)	(USDm)	(USDm)	%	%
Other income	1.3	0.1	1.4	0.6	110.3	126.3
Selling, distribution and marketing costs	(7.6)	0.2	(7.4)	(9.9)	(23.3)	(25.4)
Administrative costs	(24.6)	(1.1)	(25.7)	(29.9)	(17.7)	(14.1)
Staff costs	(26.7)	(2.1)	(28.8)	(31.5)	(15.4)	(8.6)
Total overheads and Other income	**(57.6)**	**2.9**	**(60.5)**	**(70.7)**	**(18.6)**	**(14.4)**
% to Total Revenue	**(35.2)**	***n/a***	**(32.0)**	**(36.3)**	***n/a***	***n/a***

In the fourth quarter total reported overheads and other income decreased by 18.6 per cent to USD 57.6 million (Q4 2017-18: USD 70.7 million). However, the underlying overheads and other income decreased 14.4 per cent to USD 60.5 million (Q4 2017-18: USD 70.7 million).

Underlying selling and distribution costs decreased 25.4 per cent to USD 7.4 million (Q4 2017-18: USD 9.9 million). The prior year fourth quarter was abnormally high given the inclusion of a bad debt provision to a customer in South Africa. Outside of this, the change would have been approximately flat. We have implemented IFRS 9 and it has had an immaterial impact on the results this quarter and only impacts this line of the income statement.

Administration costs decreased by 14.1 per cent to USD 25.7 million (Q4 2017-18: USD 29.9 million) following the reduction in management fee payable by Liquid Zambia to Copperbelt Energy Corporation Plc as a result of the purchase of the minority interest in October 2018 and finalisation in January 2019. In the year, we continued investment in network support as the scale of the Group increased and we expanded our digital services offering. In addition, we received the benefit of migrating computer services away from a previous supplier as part of the integration into our South African operation and we improved the governance structure of the Group.

Staff costs in the fourth quarter decreased by 8.6 per cent to USD 28.8 million (Q4 2017-18: USD 31.5 million) reflecting a 7.6 per cent change in employee numbers to 2,186 in the fourth quarter (Q4 2017-18: 2,365) with a significant number of leavers mainly in South Africa in the quarter and the overall trend of upskilling our workforce in-line with the digital transformation strategy notably in South Africa.

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

Adjusted EBITDA and profit

Adjusted EBITDA	For the twelve-month period ended			For the three-month period ended		
	28 February 2019	28 February 2018	2019 versus 2018	28 February 2019	28 February 2018	2019 versus 2018
	(USDm)	(USDm)	%	(USDm)	(USDm)	%
Adjusted EBITDA [1]	**211.1**	**191.4**	**10.3**	**63.3**	**62.6**	**1.2**
Retrospective currency adjustment	(29.6)	-	n/a	(18.0)	-	n/a
Depreciation, impairment and amortisation	(99.4)	(94.3)	5.4	(26.5)	(22.3)	18.8
Dividend received	(0.6)	-	n/a	-	-	n/a
Operating Profit	**81.5**	**97.0**	**(16.0)**	**18.9**	**40.3**	**(53.1)**
Dividend received	0.6	-	n/a	-	-	n/a
Restructuring costs	(5.8)	-	n/a	1.0	-	n/a
Acquisition and other investment costs	(5.3)	(2.5)	n/a	(1.7)	(1.3)	n/a
Interest income	5.6	3.4	64.4	1.7	0.3	466.7
Finance costs	(73.5)	(79.0)	(7.0)	(21.7)	(17.3)	25.4
Foreign exchange (loss) / gain	(91.8)	(1.3)	n/a	6.9	(0.6)	n/a
Share of profit of associate	0.1	0.1	-	-	-	n/a
(Loss) / Profit before tax	**(88.6)**	**17.7**	**n/a**	**5.1**	**21.5**	**(76.3)**
Tax expense	(27.5)	(17.6)	n/a	(6.3)	(14.7)	n/a
(Loss) / Profit for the period	**(116.1)**	**0.1**	**n/a**	**(1.2)**	**6.7**	**n/a**

(1) Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented after adjusting for the following items: acquisition and other investment costs, restructuring costs, foreign exchange (loss)/ gain, share of profit from associate and the retrospective foreign currency impact of the RTGS (2.5) to the USD (1) from 1 October 2018 to 22 February 2019.

Adjusted EBITDA in 2018-19 increased by 10.3 per cent to USD 211.1 million (FY 2017-18: USD 191.4 million) and in the fourth quarter by 1.2 per cent to USD 63.3 million (Q4 2017-18: USD 62.6 million). In the quarter, this increase is driven largely by the revenue performance previously described and the actions to decrease operating costs. The retrospective impact of the introduction of the Zimbabwe currency on EBITDA was USD 18.0 million in the fourth quarter with the total impact of USD 29.6 million between 1 October 2018 and 22 February 2019.

Depreciation, impairment and amortisation in the full year increased by 5.4 per cent to USD 99.4 million (FY 2017-18: USD 94.3 million) and in the fourth quarter by 18.8 per cent to USD 26.5 million (Q4 2018-19: USD 22.3 million) principally driven by capital expenditure during the year.

Following the announcement of the restructuring across a number of entities to realign the Group in line with our digital transformation strategy we accrued USD 6.8 million of costs in the year to date. However, this was adjusted in the fourth quarter to reflect amounts paid of USD 5.8 million. Further actions to restructure the Group will continue throughout the forthcoming year.

In addition, we have expensed USD 5.3 million of acquisition and other investment costs in the year of which USD 1.7 million was in the fourth quarter. These relate to the capital structuring and fund-raising processes that we have guided the market to during the year.

The aggregation of the above led to a decrease in Operating Profit in the fourth quarter of 53.1 per cent to USD 18.9 million. (Q4 2017-18: USD 40.3 million)

Finance costs in the fourth quarter increased by 25.4 per cent to USD 21.7 million (Q4 2017-18: USD 17.3 million) partially offset by interest receivable and sundry income. In the full-year finance costs reduced because the prior year was impacted by the one-off expense of refinancing the term loan on issuance and tap of the bond.

Foreign exchange losses incurred in the full-year were predominantly due to the retranslation of cash and current assets in Zimbabwe.

Profit before tax in the fourth quarter of 2018-19 was USD 5.1 million (Q4 2017-18: USD 21.5 million).

Tax expense for the fourth quarter of 2018-19 was USD 6.3 million (Q4 2017-18: USD 14.7 million) where the prior year included a catch up accrued in the fourth quarter.

As a result of the above, we delivered a loss of USD 1.2 million versus a profit of USD 6.7 million in the fourth quarter in the prior year. Full year losses of USD 116.1 million were largely due to the currency changes previously explained.

Cash generated from operations

Cashflow	For the twelve-month period ended			For the three-month period ended		
	28-Feb-19	28-Feb-18	2019 versus 2018	28-Feb-19	28-Feb-18	2019 versus 2018
	(USDm)	(USDm)	%	(USDm)	(USDm)	%
Cash generated from operations	**170.8**	**184.0**	**(7.2)**	**44.9**	**84.8**	**(47.1)**
Tax paid	(18.4)	(2.9)	n/a	0.9	0.1	842.0
Net cash (used in)/ from operating activities	**152.4**	**181.0**	**(15.8)**	**45.8**	**84.9**	**(46.0)**
Net cash used in investing activities	(113.2)	(269.2)	n/a	(33.9)	(46.5)	n/a
Net cash (used in) / from financing activities	(48.1)	82.7	n/a	3.7	(20.7)	n/a
Net (decrease) / increase in cash and cash equivalent	**(8.8)**	**(5.5)**	**n/a**	**15.6**	**17.7**	**(12.1)**

Cash flow generated from operations in 2018-19 decreased 7.2 per cent to USD 170.8 million due to the Zimbabwe currency impact.

Cash tax paid in the full-year represents the remaining tax payments for the full-year 2017-18 and various excise duties and withholding taxes. Additionally, we have paid tax on account for 2018-19.

Net cash used in investing activities in 2018-19 decreased to USD 113.2 million (FY 2017-18: USD 269.2 million). As a result of the receipt of USD 60 million from Econet Group for the unwinding of the investment in Econet Media Limited following the investment in 2017-18, which partially offset capital expenditure, net of disposals, of USD 178.1 million.

Net cash used in financing activities includes the payment of a dividend of USD 13.5 million for the full-year management fee, under the Strategic Support Agreement (SSA). Going forwards, the SSA has been amended to USD 1 per annum effective 1 March 2019. In addition, finance costs of USD 64.8 million were paid which principally related to the interest payment on the Senior Secured Notes. In addition, we made the final payment in January for the acquisition of the remaining portion of our investment in Zambia amounting to USD 31.5 million with the total cost of USD 35.0 million. The prior year includes the payment made to Liquid by Royal Bafokeng Holdings to increase their stake in Liquid Telecom Holdings Limited.

Capital investment and network developments

During 2018-19, we invested (net of disposal proceeds) USD 178.1 million (FY 2017-18: USD 197.2 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 the broadening of our product portfolio notably through the development of our National Long Distance (NLD 5 and 6) route, access projects and LTE base stations in addition to the further roll-out of our data centre infrastructure and cloud services offering.

Following the acquisition of Neotel in February 2017, and as part of our strategy to maintain our IT infrastructure within the Group through the year, we invested to migrate IT services from India to South Africa. This will allow us to influence our structure more as we seek to evolve the way we interact with and understand our customers needs in more detail – making Enterprise at the heart of what we do.

As part of a combined effort to reduce our third-party costs, and improve our services and coverage capability, we decommissioned one of our legacy satellite platforms and have transferred to the latest technology version in collaboration with a move to an HTS satellite covering DRC and Zimbabwe. As such we are migrating a 7.3m Ku-Band Earth Station from a third-party facility to our in-house teleport in Western Johannesburg. We are continuing to look at the way we work and assess more effective ways of servicing the customer.

In Wholesale Data over the year we continued our investment into additional backbone fibre spurs and metropolitan fibre networks and we broadened the reach of our network serving additional wholesale customers by connecting more mobile base stations.

In Zimbabwe, at the beginning of the year our 15 year licence was renewed and we have continued to build on our strong position in the country. We completed a new fibre project between Harare and Mutare to provide further physical network redundancy and reliability across the region and we are close to completing the Harare to Masvingo dualisation and improvement in the metro fibre ring. This is in addition to the upgrading of our DWDM equipment from 10G to 100G, upgrades of our wireless offering for customers who originally had Wimax technology to LTE where the capex relates to the establishment of new base stations, our core network for IP backhaul services and our national backbone.

In South Africa, during the year we initiated and are continuing to invest in the NLD routes 5 and 6 that connect Cape Town to Durban. This is an important part of our investment strategy to provide connectivity to customers, with MNOs as anchor tenants whilst adding both Enterprise and Retail customers in order to maximise the penetration of the network as we continued to do throughout the year. In addition, we invested in our network to upgrade POP sites and cabinets for POP expansion.

In Kenya we are continuing in the investment phase of our long-term partnership with the Kenyan Electricity Transmission Company Limited (KETRACO) to commercialise their fibre links built over the national electricity transmission grid across Kenya. This complements our strategy to further extend our fibre network to remote areas of Kenya, deliver a portion of our strategy to connect south-to-north and east-to-west as we interconnect neighbouring countries such as Ethiopia, Uganda, and Tanzania and onward connectivity to Rwanda, Sudan, Egypt, north-eastern DRC and Burundi. This also serves as a mitigation factor against the cost of relocating fibre routes during the expansion of national highways.

In addition, we initiated the roll-out of 4G services for a wholesale customer, started to provide dark fibre to towers for a large wholesale customer as they roll out their LTE network.

At the beginning of the year we paid for our DRC operating licence and have initiated investment in the country where we are building a network in Goma, upgrading our network in Katanga and seeking further sites for investment given the strong growth prospects within the country.

Separately we are continuing to invest in active telecommunication equipment to improve the reliability (e.g. security systems and power generators) and capacity (e.g. new switches, cabinets and routers) of our network, in particular in Kenya, South Africa and Zimbabwe in order to extend our layer three network to new locations and with improved capacity.

We took on a new long-term lease (IRU) for additional international capacity on international submarine cables and in Zambia to support our growth in data traffic. We have also made additional investments in core network and IT infrastructure in South Africa and across the Southern region, which will enable strong growth in connectivity and digital services across our footprint as part of our strategy to diversify into value-added services.

In December 2018 we announced the signing of a Memorandum of Understanding to invest in our network infrastructure and Data Centres in Egypt, in conjunction with Telecom Egypt, as part of our strategy to provide local focussed hyper scale data centres in high growth and scalable locations, such as Cairo, with Edge data centres in smaller metro areas in order to meet demand. The strategy continues to be underpinned by anchor tenants and the need from governments in Africa to have data held in country. Throughout the year we have continued to invest in our four current data centres, specifically in South Africa and Nairobi, in order to maximise our capability on the back of anchor tenants, strong demand for co-location facilities in-country and interconnecting points of presence and internet exchanges across the Wholesale and Enterprise customer segments. We continue to have strong demand for data centres however, as previously guided, we are looking at other avenues of financing for future sizable data centre investment given the longer payback periods.

In the Enterprise segment we have continued to work on re-aligning our operations business model with customer demand, although it is taking slightly longer than originally estimated, it continues to be a success with a strong buy-in from employees and customers alike and we continue to expect the actions to be imbedded within the business by the end of the first quarter 2019-20. As part of this process we have invested in our systems in order to provide a platform for customers to buy and bill for cloud services and further change in the way we work will continue to occur to meet our customer needs over the coming quarters. Capital expenditure was impacted by a delay to a couple of large contracts through the year which have now been resolved.

We also continued to invest significantly in our infrastructure in South Africa and Zimbabwe to use our own local access networks (instead of relying on third parties) to deliver services to enterprises, create a seamless international network from Cape Town to Nairobi (that we are extending terrestrially to Cairo through partner networks), and offering a high-quality customer experience across our operations.

In addition, we delivered more MPLS and Direct Internet Access (DIA) connections to our Enterprise customer base, including connectivity between sites, Internet access as well as VoIP and cloud-based services. We are now delivering significant government contracts and corporates, such as financial institutions. This lead to further investment in metro and local access fibre infrastructure on the back of these contracts.

In addition to the investment in our infrastructure we have previously mentioned that we need to develop our services and offering to our customers. Through the year we have sought to rollout new services across our Odin platform from Microsoft Office 365 to Microsoft Azure and unified communications but with improved ticketing and billing systems. This will continue through the forthcoming year as exemplified through our partnership with Sigfox and our innovative collaboration with universities and other customers alike.

For the retail segment, during the year we continued building fibre-to-the-home (FTTH) local access networks with our GPON technology, connecting over 8000 new premises across our FTTH footprint driving our penetration to 38.6 per cent. This is following a notable increase in the premises passed in the quarter in Zimbabwe, Tanzania and Uganda.

We are continuing to extend the coverage of our fixed wireless access networks (mainly using 4G LTE technology) that enable us to deliver broadband Internet access to customers outside of our FTTH areas. We have completed the installation of and brought on air over 397 LTE base stations to significantly extend this coverage.

Gross / Net Debt

	28 February 2019	**30 November 2018**
	(USDm)	(USDm)
Total Gross Debt	**831.9**	**775.9**
Long term borrowings including interest accrued	732.8	732.9
Short term portion of long-term borrowings	87.2	30.2
Unamortised arrangement fees	11.9	12.8
Less: Unrestricted cash *	**93.3**	**138.6**
Cash and Cash equivalents	95.1	140.8
Restricted cash	1.8	2.2
Net debt	**738.6**	**637.3**
Last twelve months Adjusted EBITDA	**211.1**	**210.4**
Covenants		
Gross debt / LTM Adjusted EBITDA (x)	3.94	3.69
Net Debt / LTM Adjusted EBITDA (x)	3.50	3.03

* This includes cash and cash equivalents located in Zimbabwe – see note 2 of the financial statements. Since the balance sheet date, economic and political conditions in Zimbabwe continue to cause uncertainty over the future value of local currency. The Board continues to monitor this position closely.

Net debt, as at 28 February 2019, stood at USD 738.6 million compared to USD 637.3 million as at 30 November 2018. Total gross debt increased to USD 831.9 million compared to USD 775.9 million as at 30 November 2018 primarily due to the drawing of the RCF at the Group level, debt held in Zambia and the associated accrued interest. The RCF was fully repaid in April.

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

Strive Masiyiwa	Nic Rudnick	Phil Moses
Group Executive Chairman	Chief Executive Officer	Chief Finance Officer

18 June 2019

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 12 months and 3 months ended 28 February 2019

	Notes	12 months ended 28/02/2019 USD'000 (Audited)	12 months ended 28/02/2018 USD'000 (Audited)	3 months ended 28/02/2019 USD'000 (Unaudited)	3 months ended 28/02/2018 USD'000 (Unaudited)
Revenue	3	668,910	680,948	163,643	194,938
Interconnect related costs		(119,875)	(121,141)	(28,164)	(29,256)
Data and network related costs		(178,413)	(176,413)	(42,560)	(44,285)
Other income		1,832	1,343	1,308	552
Selling, distribution and marketing costs		(18,787)	(19,258)	(7,589)	(9,894)
Administrative expenses		(57,362)	(59,227)	(14,606)	(17,920)
Staff costs		(115,428)	(114,863)	(26,662)	(31,520)
Depreciation, impairment and amortisation		(99,414)	(94,347)	(26,518)	(22,327)
Operating profit		**81,463**	**97,042**	**18,852**	**40,288**
Dividend received		629	-	-	-
Restructuring costs	4	(5,757)	-	1,050	-
Acquisition and other investment costs		(5,269)	(2,494)	(1,732)	(1,329)
Interest income	5	5,589	3,383	1,732	310
Finance costs	6	(73,528)	(78,961)	(21,741)	(17,273)
Foreign exchange (loss) / gain*		(91,780)	(1,314)	6,894	(555)
Share of profits of associate		62	76	25	16
(Loss) / Profit before taxation		**(88,591)**	**17,732**	**5,080**	**21,457**
Tax expense	7	(27,540)	(17,594)	(6,280)	(14,727)
(Loss) / Profit for the period		**(116,131)**	**138**	**(1,200)**	**6,730**
Other comprehensive (loss) / income					
Items that may be reclassified subsequently to profit or loss:					
Translation (loss) / profit on accounting for foreign entities		(100,964)	81,499	(8,708)	93,509
Other comprehensive (loss) / income for the period		(100,964)	81,499	(8,708)	93,509
(Loss) / Profit and total comprehensive (loss) / income for the year		**(217,095)**	**81,637**	**(9,908)**	**100,239**
(Loss) / Profit attributable to:					
Owners of the company		(72,739)	(12,895)	34	(2,598)
Non-controlling interest		(43,392)	13,033	(1,234)	9,328
		(116,131)	**138**	**(1,200)**	**6,730**
(Loss) / Profit and total comprehensive income attributable to:					
Owners of the company		(173,363)	72,275	(8,583)	90,319
Non-controlling interest		(43,732)	9,362	(1,325)	9,920
		(217,095)	**81,637**	**(9,908)**	**100,239**
(Loss) / profit per share					
Basic (Cents per share)	21	(65.20)	(12.56)	0.03	(2.53)

*Foreign exchange (loss) / gain includes USD 93.3 million for the adjustment of assets and liabilities in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe group on initial application of the change in functional currency in Zimbabwe on 1 October 2018. See note 2 for more details.

The following information is presented as additional information and does not form part of the audited financial statements.

Reconciliation of Operating profit to Adjusted EBITDA

	12 months ended 28/02/2019 USD'000 (Audited)	12 months ended 28/02/2018 USD'000 (Audited)	3 months ended 28/02/2019 USD'000 (Unaudited)	3 months ended 28/02/2018 USD'000 (Unaudited)
Operating profit	81,463	97,042	18,852	40,288
Add back:				
Depreciation, impairment and amortisation	99,414	94,347	26,518	22,327
Dividend received	629	-	-	-
	181,506	191,389	45,370	62,615
Impact of retrospective change in functional currency in Zimbabwe**	29,583	-	17,955	-
Adjusted EBITDA	211,089	191,389	63,325	62,615

** The impact of retrospective change in functional currency in Zimbabwe represents the difference in Adjusted EBITDA for the period from 1 October 2018 to 22 February 2019 and from 1 December 2018 to 22 February 2019 translated at a RTGS:USD rate of 2.5:1 compared to the original rate of 1:1 for reporting results in Zimbabwe.

*** The financial results for the quarter ended 30 November 2018 have not been restated for the currency changes in Zimbabwe but the cumulative impact is reflected in the closing reserves position for the quarter ended 28 February 2019.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 28 February 2019

	Notes	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Non-current assets			
Goodwill	8	137,341	162,069
Intangible assets	9	153,126	183,352
Property, plant and equipment	10	786,596	764,833
Investment in associate		480	506
Investments		10,814	12,447
Deferred tax assets		34,938	37,115
Investments at amortised cost		1,384	3,206
Long-term receivables		437	1,153
Total non-current assets		**1,125,116**	**1,164,681**
Current assets			
Inventories		11,701	31,310
Trade and other receivables	12	172,586	277,278
Taxation		451	957
Cash and cash equivalents	11	93,275	160,718
Restricted cash and cash equivalents	11	1,807	2,937
Total current assets		**279,820**	**473,200**
Total assets		**1,404,936**	**1,637,881**
Equity and liabilities			
Capital and reserves			
Share capital		3,638	3,319
Share premium		251,446	116,765
Retained earnings		7,008	233,646
Foreign currency translation reserve		(20,793)	79,831
Total equity attributable to owners of the parent		**241,299**	**433,561**
Non-controlling interests		10,458	93,745
Total equity		**251,757**	**527,306**
Non-current liabilities			
Long term borrowings	13	732,790	731,214
Long term provisions		-	922
Other long term payables		15,046	15,880
Deferred revenue	15	54,422	53,702
Deferred tax liabilities		62,909	46,955
Total non-current liabilities		**865,167**	**848,673**
Current liabilities			
Short term portion of long term borrowings	13	87,246	15,019
Trade and other payables	14	151,812	181,558
Short term provisions		22,632	28,286
Deferred revenue	15	21,960	27,188
Taxation		4,362	9,851
Total current liabilities		**288,012**	**261,902**
Total equity and liabilities		**1,404,936**	**1,637,881**

Approved by the Board of Directors and authorised for issue on 17 June 2019.

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 12 months and 3 months ended 28 February 2019

	Notes	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2017 (Audited)		1	2,333	(5,338)	283,582	147,010	427,588
Issue of share capital		3,318	114,432	-	(2,862)	-	114,888
Change in ownership		-	-	-	(20,679)	(64,024)	(84,703)
Profit for the period		-	-	-	(12,895)	13,033	138
Foreign exchange gain arising on transalation of foreign operations		-	-	85,169	-	(3,670)	81,499
Dividend		-	-	-	(13,500)	-	(13,500)
Acquisition of subsidiaries		-	-	-	-	1,396	1,396
At 28 February 2018 (Audited)		**3,319**	**116,765**	**79,831**	**233,646**	**93,745**	**527,306**
At 1 March 2018 (Audited)		3,319	116,765	79,831	233,646	93,745	527,306
Effect of change in accounting policy (net of deferred tax) for:							
- IFRS 15	2	-	-	-	(7,432)	(559)	(7,991)
- IFRS 9	2	-	-	-	(749)	(764)	(1,513)
At 1 March 2018 (Audited)		3,319	116,765	79,831	225,465	92,422	517,802
Issue of share capital		319	134,681	-	-	-	135,000
Change in ownership		-	-	-	(133,893)	(36,557)	(170,450)
(Loss) / profit for the period		-	-	-	(72,739)	(43,392)	(116,131)
Foreign exchange Loss arising on transalation of foreign operations		-	-	(100,624)	-	(340)	(100,964)
Dividend paid	18	-	-	-	(13,500)	-	(13,500)
Reclassification		-	-	-	1,675	(1,675)	-
At 28 February 2019 (Audited)		**3,638**	**251,446**	**(20,793)**	**7,008**	**10,458**	**251,757**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 12 months and 3 months ended 28 February 2019

	Notes	12 months ended 28/02/2019 USD'000 (Audited)	12 months ended 28/02/2018 USD'000 (Audited)	3 months ended 28/02/2019 USD'000 (Unaudited)	3 months ended 28/02/2018 USD'000 (Unaudited)
Cash flows from operating activities:					
(Loss) / profit before tax		(88,591)	17,732	5,080	21,457
Adjustments for:					
Depreciation, impairment and amortisation		99,414	94,347	26,518	22,327
Bad debts provision		8,337	5,091	6,850	6,201
Bad debts recovered		(211)	(205)	1	(27)
Increase / (decrease) in provisions		1,877	(2,765)	771	(2,713)
Foreign exchange loss / (gain)		94,160	(158)	(1,576)	(1,233)
Profit on disposal of fixed assets		(54)	(275)	(17)	(66)
Interest income	5	(5,589)	(3,383)	(1,732)	(310)
Finance costs	6	73,528	78,961	21,741	17,273
Share of profits of associates		(62)	(76)	(25)	(16)
		182,809	189,269	57,611	62,893
Working capital changes:					
Decrease / (increase) in inventories		185	(8,723)	820	(5,700)
Increase in trade and other receivables		(886)	(41,483)	(24,181)	(2,086)
(Decrease) / increase in trade and other payables		(6,217)	17,455	11,834	28,972
(Decrease) / increase in deferred revenue		(3,537)	10,763	(6,852)	(10,828)
(Decrease) / increase in accruals		(2,466)	19,809	5,318	14,538
Increase / (decrease) in unfavourable contracts		917	(3,135)	332	(3,008)
Cash generated from operations		170,805	183,955	44,882	84,781
Income tax paid		(18,395)	(2,930)	942	77
Net cash generated from operating activities		152,410	181,025	45,824	84,858
Cash flows from investing activities:					
Interest income		5,278	3,128	1,609	55
Acquisition of business operations		-	(17,589)	-	83
Acquisition of other investments		(310)	(63,162)	-	(2,450)
Recovery of related party advance		60,000	-	-	-
Purchase of property, plant and equipment	10	(173,966)	(190,662)	(37,967)	(45,137)
Proceeds on disposal of property, plant and equipment		9,973	2,359	6,246	(272)
Purchase of intangible assets	9	(14,393)	(11,250)	(2,233)	1,385
Proceeds on disposal of intangible assets		256	2,693	256	(498)
Proceeds from held to maturity investments		-	245	(1,848)	180
Decrease in long term receivables		-	5,000	-	166
Net cash used in investing activities		(113,162)	(269,238)	(33,937)	(46,488)
Cash flows from financing activities:					
Dividend paid	18	(13,500)	(13,500)	-	(13,500)
Finance costs		(64,819)	(55,887)	(31,199)	(32,666)
Issue of subsidiary share capital & equity loans to minorities		-	68	-	-
Issue of share capital		-	22,222	-	22,222
Acquisition of minority interests in foreign operations		(35,000)	-	(31,500)	-
Increase in long term loan borrowings		65,263	129,822	66,366	3,259
Net cash (used in) / generated from financing activities		(48,056)	82,725	3,667	(20,685)
Net (decrease) / increase in cash and cash equivalents		(8,808)	(5,488)	15,554	17,685
Cash and cash equivalents at beginning of the period		163,655	152,736	78,372	135,992
Translation of cash with respect to foreign subsidiaries		(59,765)	16,407	1,156	9,978
Cash and cash equivalents at end of the period		**95,082**	**163,655**	**95,082**	**163,655**
Represented by:					
Cash and cash equivalents	11	93,275	160,718	93,275	160,718
Restricted cash and cash equivalents	11	1,807	2,937	1,807	2,937
		95,082	**163,655**	**95,082**	**163,655**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the 12 months ended 28 February 2019

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 financial statements are presented in United States Dollars (USD) as this is the currency in which the majority of the group's transactions are denominated. The functional currencies of the subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira, Tanzanian Shilling, Sudanese Pound and Real Time Gross Settlement (RTGS).

On 1 October 2018, the company acquired the remaining shares in Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited) (50%) for a total consideration of USD 35.0 million.

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the company to Econet Wireless Private Limited (Zimbabwe) in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe (51%) for total consideration of USD 135.0 million.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the 12 months ended 28 February 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.

Going concern

The directors have reviewed the consolidated cash flow projections of Liquid Telecommunications Holdings Limited ("the group") for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 28 February 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 retained earnings, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in January 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 18.5 million is outstanding at the balance sheet date. The RCF was fully drawn at the balance sheet date, but was repaid in full in April 2019.

<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 financial year 2020 and are of the opinion that it will not have any impact on the going concern of the group.

<u>Cash position</u>
As at 28 February 2019, the group has an unrestricted cash position of USD 93.3 million (28 February 2018: USD 160.7 million). Of this amount, USD 49.1 million is held in Zimbabwe in RTGS. Following the announcement of the currency changes in Zimbabwe on 22 February 2019, the group has translated the Zimbabwe cash at the balance sheet date at a RTGS:USD exchange rate of 2.5:1. Prior to this event, the cash balance in Zimbabwe at the balance sheet date would have been equivalent to USD 120.8 million (28 February 2018: USD 88.3 million translated at RTGS:USD 1:1).

2. Accounting policies (continued)

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 year ended 28 February 2019, the group reported an operating profit of USD 81.5 million (2018: 97.0 million) and a net cash inflow from operating activities of USD 152.4 million (USD 181.0 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects. Following the currency changes in Zimbabwe, the proportion of the group's total operating profit for the year and cash balance at the end of the year represented by Zimbabwe, has reduced compared to the prior year.

Based on the assessment made and articulated in the reasons set out above, the directors are of the opinions, that the adoption of the going concern assumption for the preparation of the financial statements as of 28 February 2019 is appropriate.

Zimbabwean Real Time Gross Settlement (RTGS)

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.

For the year under review, judgements have been applied in determining an exchange rates of RTGS:USD of 2.5:1 retrospectively for the period 1 October 2018 to 28 February 2019. The events taken into account in forming this judgement include the recent announcement of the Zimbabwean business to increase its prices to customers by a factor of 2.5 as permitted by the Zimbabwean Regulator and the range of trading rates experienced during the period.

In accordance with the requirements of IAS 21 "The effects of changes in foreign exchange rates", the group considers the effective date of the functional currency change to be 1 October 2018 and has retrospectively applied the official exchange rate of RTGS:USD 2.5:1 to its statement of profit and loss for the period of 1 October 2018 to 28 February 2019. With the financial results now reflected in RTGS, the statement of financial position at 28 February 2019 has been translated to USD presentation currency using an exchange rate of 2.5:1.

The impact of the currency changes have been reflected as follows:

Statement of financial position

• As the change in functional currency was effective from 1 October 2018, the opening statement of financial position at this date was converted to RTGS using the official rate of RTGS:USD 2.5:1.

• Following the conversion of the statement of financial position, an immediate assessment of the value of the assets and liabilities was performed, resulting in an adjustment of USD 93.3 million, included in foreign exchange loss in the consolidated statement of profit or loss. The adjustment was calculated by identifying the underlying value of each statement of financial position item, by reference to the original currency and assessing whether the new RTGS value was representative of the realisable value. Had a rate of RTGS:USD 4.0:1 been used, the adjustment would have been USD 116.6 million. In respect of the cash and cash equivalents element, the bank balance of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe group (LTZ), which was previously reflected at USD 120.8 million when the rate was 1:1, was converted at 2.5:1 to give a balance in RTGS. The fair value assessment resulted in an adjustment of USD 57.9 million to reflect the actual value of the RTGS funds held. This adjustment is included in the USD 93.3 million foreign exchange loss referenced above. This USD 57.9 million adjustment also forms part of the USD 59.8 million translation of cash with respect to foreign operations disclosed in the consolidated statement of cash flow.

• Any movements between 1 October 2018 and 28 February 2019 were reviewed to determine the appropriate values at which the transactions occurred.

• Having arrived at the RTGS statement of financial position on 28 February 2019, the closing exchange rate of RTGS:USD 2.5:1 was applied to convert all line items on the statement of financial position to the presentation currency, which is USD.

2. Accounting policies (continued)

Zimbabwean Real Time Gross Settlement (RTGS) (continued)

<u>Statement of profit or loss</u>

• As the currency changes were effective from 1 October 2018, transactions prior to this date have been maintained at a rate of RTGS:USD 1:1.

• Transactions that took place between 1 October 2018 and 28 February 2019 were analysed and split between USD transactions and RTGS transactions depending on the underlying currency of the transaction.

• All transactions that were incurred in USD were translated at 2.5:1 to arrive at RTGS equivalent. All transactions incurred in RTGS were kept at RTGS values.

• The impact of the retrospective change in functional currency in Zimbabwe resulted in decreased earnings of USD 29.6 million for the period from 1 October 2018 to 22 February 2019 translated at a RTGS:USD rate of 2.5:1. Had a rate of RTGS:USD 4.0:1 been used, the impact would have been USD 52.9 million. Going forward the company plans to mitigate further adverse currency impact in Zimbabwe by adjusting prices, as and when approved by the Regulator.

Accounting policies

The accounting policies applied by the group in the preparation of the condensed 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 2018 with the exception of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments", which were adopted as at 1 March 2018.

Changes in accounting policies - IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 “Revenue from Contracts with Customers”, was mandatorily effective for accounting periods beginning on or after 1 January 2018 and was adopted by the group for the financial year commencing 1 March 2018.

The group has applied the modified retrospective approach for the adoption of IFRS 15. The results reported from 1 March 2018, the date of initial application, will be as if the standard had always been applied. The group has elected to apply IFRS 15 only to contracts that were not completed contracts at the date of initial application and the comparative periods will not be restated under the new standard.

The standard sets out the requirements for recognising revenue from contracts with customers and has impacted how the group recognises revenue, using a five-step process which is applied below.

1. Identify the contract: the group has contracts in each of the following 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; and
• Retail data and other services - primarily data services sold to consumers and small businesses in Africa.
• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers;

Revenue is measured based on the consideration to which the group expects to be entitled from a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. Depending on whether certain criteria are met, revenue is recognised:

• Over time, in a manner that best reflects the delivery of the company’s performance obligations; or
• At a point in time, when control of the goods or services is transferred to the customer.

2. Identify the performance obligations: The group identifies deliverables in contracts with customers that qualify as separate “performance obligations”. Some of the contracts relating to the revenue sources above contain multiple deliverables or performance obligations. The group assesses whether there are distinct performance obligations at the start of each contract and throughout the performance of the contracts. The performance obligations identified will depend on the nature of individual customer contracts, which will typically be the provision of equipment to customers and the delivery of services provided to customers.

2. Accounting policies (continued)

Changes in accounting policies - IFRS 15 "Revenue from Contracts with Customers" (continued)

3. Determine the transaction price: The transaction price is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer, that is, when the performance obligation is satisfied.

4. Allocate the transaction price: The transaction price receivable from customers is allocated across the group's performance obligations under the contracts on a relative stand-alone selling price basis. Revenue will then be recognised either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer. Stand-alone selling prices will be based on observable sales prices and where stand-alone selling prices are not directly observable, estimates of stand-alone selling prices will be required.

5. Recognise revenue as and when the performance obligations are satisfied.

The group accounts for a contract with a customer only when; there is evidence of an arrangement, the group can identify each party's rights regarding the goods and services to be transferred, the contract has commercial substance and collectability is reasonably assured.

• Wholesale data and other services: The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue (NRR), and secondly the provisioning of monthly services, the Monthly Recurring Revenue (MRR).

Generally, these contracts only have one performance obligation, the provisioning of a monthly service that is satisfied over time. Therefore, both the NRR and MRR components of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account equipment and data rates determined at market related prices with the client for the NRR and MRR components. Deferred revenue is raised for the NRR payment received upfront. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

Wholesale data and other services also include the construction and sale of long-haul fibre infrastructure. At the completion of each stage, control is transferred to the customer once they have accepted this completion of the stage and therefore the performance obligation is satisfied. There is generally also a maintenance aspect to these contracts, which is recognised over the term of the contract once obligations are met. Once transferred to the customer and accepted by the customer, revenue is recognised and a receivable is raised for any outstanding payments. The transaction price is determined by the signed contract.

• Enterprise data and other services: These contracts consist of two parts; firstly the installation of the equipment and/or connection of the service and secondly the provisioning of monthly services. The installation of equipment performance obligation is satisfied on completion of installation as ownership is transferred. The provisioning of a monthly service is recognised monthly as the service is delivered monthly. Unused data cannot be transferred to a following month. The transaction price is determined by the signed contract, which takes into account equipment and data rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

• Retail data and other services: These contracts consist of two parts; firstly the installation of the equipment and/or connection of the service and secondly the provisioning of monthly services. The installation of equipment performance obligation is satisfied on completion of installation as ownership is transferred. The provisioning of a monthly service is recognised monthly as the service is delivered monthly. Unused data cannot be transferred to a following month. The transaction price is determined by the signed contract, which takes into account equipment and data rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

• Wholesale voice traffic: The performance obligation relating to wholesale voice traffic is to provide voice minutes for the duration of the call until termination. The transaction price is determined based on agreed upon per minute rates and the duration of the call. Revenue relating to wholesale voice is recognised at the point the call is terminated as this is the point the service is delivered to the customer. Customers are invoiced monthly based for their voice usage and a receivable is raised as the service has been delivered.

Revenue Recognition is applied to individual contracts with customers. However, the International Accounting Standards Board (IASB) recognized that there may be situations in which it may be more practical for an entity to combine contracts for revenue recognition purposes rather than attempt to account for each contract separately.

2. Accounting policies (continued)

Changes in accounting policies - IFRS 15 “Revenue from Contracts with Customers” (continued)

In addition to revenue recognition for revenue streams mentioned above, based on the nature of the group's business operations, from time to time management enters into contracts with customers that include unique contractual terms and other elements that fall outside of the group's general contract terms and conditions. Such contracts are considered dynamic in nature and encapsulate other performance obligations which are not in line with the group's main business operations. These contracts are entered into on an ad-hoc basis for larger contracts and as a result are accounted for separately.

The revenue streams and performance obligations stated above are also in line with those reviewed by the Chief Operating Decision Maker (CODM) when analysing segment results.

Presentation of assets and liabilities related to contracts with customers

IFRS 15 uses the terms ‘contract asset’ and ‘contract liability’ to describe what might more commonly be known as ‘accrued revenue’ and ‘deferred revenue’, however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The group has opted to use accrued revenue and deferred revenue.

The group’s accounting policies for its revenue streams are disclosed in detail in note 2 below. Apart from providing more extensive disclosures for the group’s revenue transactions, the application of IFRS 15 has had an impact on the financial position of the group as at 1 March 2018. The amount of adjustment for each financial statement line item affected by the application of IFRS 15 is illustrated below.

The following adjustments were made to the opening balance of equity and deferred revenue on 1 March 2018.

Consolidated Statement of Financial Position	**As previously reported**	**IFRS 15 impact**	**Restated**
	USD'000	**USD'000**	**USD'000**
	(Audited)	**(Unaudited)**	**(Unaudited)**
Equity and liabilities			
Capital and reserves			
Retained earnings	233,646	(7,432)	226,214
Non-controlling interests	93,745	(559)	93,186
Impact on total equity		(7,991)	
Non-current liabilities			
Deferred revenue	53,702	5,829	59,531
Deferred tax liabilities	46,955	211	47,166
Impact on total non-current liabilities		6,040	
Current liabilities			
Deferred revenue	27,188	1,951	29,139
Impact on total current liabilities		1,951	

Changes in accounting policies - IFRS 9 "Financial Instruments"

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives and, as such, the transition adjustment in opening retained earnings has been quantified as described further below. The group has therefore calculated the difference between the previous carrying amounts and the new carrying amounts at the date of initial application and has recorded these in opening retained earnings as at 1 March 2018.

Additionally, the group adopted consequential amendments to IFRS 7 Financial Instruments: "Disclosures" that were applied to the disclosures for 2019 and to the comparative period.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities, and
2. Impairment of financial assets.

2. Accounting policies (continued)

Changes in accounting policies - IFRS 9 "Financial Instruments" (continued)

Details of these new requirements as well as their impact on the group's consolidated financial statements are described below.

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 March 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 March 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 March 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 March 2018 have not been restated.

(a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 have been measured at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
• debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
• equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the group has made an irrevocable election to present subsequent changes in fair value of an equity investment that is neither held for trading, nor contingent consideration recognised by an acquirer in a business combination, in other comprehensive income at its initial recognition.

In the current year, the group has not identified any debt investments that meet the amortised cost or fair value through other comprehensivce income (FVTOCI) criteria as measured at FVTPL.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

The directors of the company have reviewed and have assessed the group's and the company's existing financial assets as at 1 March 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification and measurement:

• Previously, under IAS 39, the investments were classified as 'Available-for-sale' and measured at cost. 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 and have been designated at FVTOCI. The change in fair value on these equity instruments continues to accumulate in the investment revaluation reserve.

• Financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9, as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the group's financial assets.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires the application of an expected credit loss model (ECL) as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is, therefore no longer necessary for a credit loss event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on trade receivables and other receivables and contract assets.

2. Accounting policies (continued)

Changes in accounting policies - IFRS 9 "Financial Instruments" (continued)

In particular, IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also allows a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and other receivables, and contract assets.

As the group has elected to not restate comparatives, the group has recognised the full amount of credit losses that would be expected to be incurred over the full recovery period of trade receivables, contract assets recognised under IFRS 15 and finance lease receivables at the date of initial recognition of those assets.

The amount of adjustment for each financial statement line item affected by the application of IFRS 19 is illustrated below.

Consolidated Statement of Financial Position	**Previously reported**	**IFRS 9 impact**	**Adjusted**
	USD'000	**USD'000**	**USD'000**
Current assets			
Trade and other receivables (Allowance for doubtful debts)	277,278	(1,758)	275,520
Impact on total current assets		(1,758)	
Equity and liabilities			
Capital and reserves			
Retained earnings	233,646	(749)	232,897
Non-controlling interests	93,745	(764)	92,981
Impact on total equity		(1,513)	
Non-current liabilities			
Deferred tax liabilities	46,955	245	47,200
Impact on total non-current liabilities		245	

(c) Classification and measurement of financial liabilities

Under IAS 39, all financial liabilities were measured and classified at amortised cost. There has been no change in the measurement and classification under IFRS 9.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the group’s financial liabilities.

Impact of standard issue but not yet applied - IFRS 16 "Leases"

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

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or lease loan obligation is recognised.

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting.

2. Accounting policies (continued)

The group is assessing the impact of the accounting changes that will arise under IFRS 16; however, the following changes to lessee accounting will have a material impact as follows:

• Right-of-use assets will be recorded for assets that are leased by the group; currently no lease assets are included on the group's consolidated statement of financial position for operating leases.

• Liabilities will be recorded for future lease payments in the group's consolidated statement of financial position for the "reasonably certain" period of the lease, which may include future lease periods for which the group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported on 28 February 2019.

• Lease expenses will be for depreciation of 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. Currently operating lease rentals are expensed on a straight-line basis over the lease term.

• Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

A high volume of transactions will be impacted by IFRS 16 and material judgements are required in identifying and accounting for leases. Therefore, the group is continuing to assess the impact of these and other accounting changes that will arise under IFRS 16 and cannot reasonably estimate the impact; however, the changes highlighted above will have a material impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows after the group's adoption on 1 March 2019.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period.

Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The group plans to apply the cumulative restropective approach.

The directors anticipate that these IFRSs will be applied on their effective dates in the financial statements of future periods. The directors have not yet assessed the potential impact of the application of these amendments, other than those mentioned above.

The lease payment for the year ended 28 February 2019 was USD 19.7 million (2018: USD 30.0 million).

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 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 2018. 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 year is appropriate.

2. Accounting policies (continued)

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

Material judgements (continued)

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 assessment of whether the contractual terms of such financial asset 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.

Material estimates

Royal Bafokeng Holdings - On sale agreement

In October 2017, the company entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holding Limited ("RBH"). The agreements include an "On-Sale" clause whereby the company 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 28 February 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 1.2 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.2 million of share value will be issued to RBH.

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.

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 use 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 present value of the recoverable amount.

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, that 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, amortisation and impairment, and is also presented before recognising the following items:

- Restructuring costs
- Acquisition and other investment costs
- Foreign exchange (loss) / gain
- Impact of change in functional currency in Zimbabwe
- Share of profits of associate

The following is an analysis of the group's revenue and results by reportable segment for the 12 months ended 28 February 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	86,334	60,776	42,151	77,195	-	(50,125)	216,331
Enterprise	170,790	25,066	52,893	5,453	-	-	254,202
Retail	9,359	31,077	7,404	-	-	-	47,840
Wholesale voice traffic	17,854	-	11	163,993	-	(31,321)	150,537
Inter-segmental revenue	(14,081)	(916)	(5,910)	(60,539)	-	81,446	-
Group External Revenue	**270,256**	**116,003**	**96,549**	**186,102**	**-**	**-**	**668,910**
EBITDA including impact for retrospective change in functional currency	65,136	53,623	19,627	76,299	(23,005)	(10,174)	181,506
Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	-	29,583	-	-	-	-	29,583
Adjusted EBITDA	65,136	83,206	19,627	76,299	(23,005)	(10,174)	211,089

Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	(29,583)
Depreciation, impairment and amortisation	(99,414)
Restructuring costs	(5,757)
Acquisition and other investment costs	(5,269)
Interest income	5,589
Finance costs	(73,528)
Foreign exchange loss	(91,780)
Share of profits of associate	62
Loss before taxation	(88,591)
Tax expense	(27,540)
Loss for the period	(116,131)

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 12 months ended 28 February 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	81,638	74,268	36,411	73,432	-	(46,420)	219,329
Enterprise	183,325	27,692	48,161	6,065	-	-	265,243
Retail	13,637	29,040	6,787	-	-	-	49,464
Wholesale voice traffic	24,245	-	18	147,083	-	(24,434)	146,912
Inter-segmental revenue	(10,882)	(873)	(3,461)	(55,638)	-	70,854	-
Group External Revenue	**291,963**	**130,127**	**87,916**	**170,942**	**-**	**-**	**680,948**
Adjusted EBITDA	59,542	68,042	18,011	69,351	(22,005)	(1,552)	191,389
Depreciation, impairment and amortisation							(94,347)
Acquisition and other investment costs							(2,494)
Interest income							3,383
Finance costs							(78,961)
Foreign exchange loss							(1,314)
Share of profits of associate							76
Profit before taxation							17,732
Tax expense							(17,594)
Profit for the period							138

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 28 February 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	31,873	9,823	10,297	13,728	-	(8,840)	56,881
Enterprise	39,432	3,834	13,857	2,037	-	-	59,160
Retail	1,616	5,923	1,873	-	-	-	9,412
Wholesale voice traffic	3,725	-	3	43,985	-	(9,523)	38,190
Inter-segmental revenue	(3,952)	(238)	(1,698)	(12,475)	-	18,363	-
Group External Revenue	**72,694**	**19,342**	**24,332**	**47,275**	**-**	**-**	**163,643**
EBITDA including adjustment for retrospective change in function currency	29,942	6,597	4,486	14,498	(7,171)	(2,982)	45,370
Impact of retrospective change in functional currency (3 month period 1 December 2018 - 22 February 2019)	-	17,955	-	-	-	-	17,955
Adjusted EBITDA	29,942	24,552	4,486	14,498	(7,171)	(2,982)	63,325
Impact of retrospective change in functional currency (3 month period 1 December 2018 - 22 February 2019)							(17,955)
Depreciation, impairment and amortisation							(26,518)
Restructuring costs							1,050
Acquisition and other investment costs							(1,732)
Interest income							1,732
Finance costs							(21,741)
Foreign exchange loss							6,894
Share of profits of associate							25
Loss before taxation							5,080
Tax expense							(6,280)
Loss for the period							(1,200)

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 28 February 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	22,148	36,745	9,661	18,429	-	(10,814)	76,169
Enterprise	51,340	6,856	12,618	1,305	-	-	72,119
Retail	3,276	7,549	1,767	-	-	-	12,592
Wholesale voice traffic	5,468	-	2	35,691	-	(7,103)	34,058
Inter-segmental revenue	(3,351)	(169)	(727)	(13,670)	-	17,917	-
Group External Revenue	**78,881**	**50,981**	**23,321**	**41,755**	**-**	**-**	**194,938**
Adjusted EBITDA	16,424	32,500	3,966	16,549	(9,291)	2,467	62,615
Depreciation, impairment and amortisation							(22,327)
Acquisition and other investment costs							(1,329)
Interest income							310
Finance costs							(17,273)
Foreign exchange loss							(555)
Share of profits of associate							16
Profit before taxation							21,457
Tax expense							(14,727)
Profit for the period							6,730

4. Restructuring costs

On 1 October 2018, the group commenced a restructuring of its operations, primarily in Liquid Telecommunications South Africa (Pty) Ltd, Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and Zimbabwe Online (Private) 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.

	12 months ended		3 months ended	
	28/02/2019	28/02/2018	28/02/2019	28/02/2018
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Redundancy costs	4,685	-	(1,165)	-
Employee support costs	441	-	92	-
Legal fees	175	-	60	-
Other costs	456	-	(37)	-
	5,757	**-**	**(1,050)**	**-**

5. Interest income

	12 months ended		3 months ended	
	28/02/2019	28/02/2018	28/02/2019	28/02/2018
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Interest received - bank / external	5,251	2,443	1,650	422
Interest received - inter-group (note 16)	338	940	82	(112)
	5,589	**3,383**	**1,732**	**310**

6. Finance costs

	12 months ended		3 months ended	
	28/02/2019	28/02/2018	28/02/2019	28/02/2018
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Interest on bank overdraft and loans	7,940	14,980	5,344	(10,952)
Finance cost on Senior Secured Notes	62,050	39,298	15,512	15,512
Finance arrangement fees amortised	3,538	24,683	885	12,713
	73,528	**78,961**	**21,741**	**17,273**

7. Tax

	12 months ended		3 months ended	
	28/02/2019	28/02/2018	28/02/2019	28/02/2018
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Current taxation	11,760	8,674	190	6,284
Deferred taxation	14,088	7,657	5,348	8,200
Withholding taxation	1,692	1,263	742	243
Total taxation	**27,540**	**17,594**	**6,280**	**14,727**

	12 months ended		3 months ended	
	28/02/2019	28/02/2018	28/02/2019	28/02/2018
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Profit / (loss) before taxation	(88,591)	17,732	5,080	21,457
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(28,591)	11,492	(7,736)	9,964
Tax effect of non-deductible expenses	64,638	3,295	29,712	5,562
Tax effect of non-taxable income	(5,667)	-	(712)	87
Tax effect of foreign tax credit	(7,997)	(7,019)	(1,428)	(6,265)
Effect of tax losses not recognised as deferred tax assets	4,147	8,563	(13,633)	2,560
Tax effect of utilised unrecognised tax losses	(682)	-	(665)	2,576
Withholding taxation	1,692	1,263	742	243
	27,540	**17,594**	**6,280**	**14,727**

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:

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
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	26%	26%

8. Goodwill

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Cost		
Opening balance	162,069	145,833
Acquisition of subsidiaries	-	2,183
Foreign exchange differences	(24,728)	14,053
Closing balance	**137,341**	**162,069**

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.

	28/02/2019 USD'000 (Audited)	28/02/2018 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	2,821	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	122,199	146,927
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	137,341	**162,069**

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	Other Intangible Assets USD'000	Total USD'000
Cost:							
At 1 March 2017 (Audited)	23,524	38,041	85,935	56,055	3,154	26,417	233,126
Acquisition of subsidiaries	-	-	-	1,581	-	-	1,581
Purchases	-	2,804	17,671	-	306	-	20,781
Disposals	(1,784)	(496)	-	-	(68)	-	(2,348)
Reclassification	-	540	8,047	-	(540)	-	8,047
Transfers from / (to) property, plant and equipment (note 10)	296	(27)	190	-	6	-	465
Foreign exchange differences	2,431	3,879	2,296	8,232	-	4,792	21,630
At 28 February 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 during the year	-	(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
Accumulated amortisation:							
At 1 March 2017 (Audited)	4,266	30,381	23,299	50	-	734	58,730
Amortisation	1,413	3,300	7,123	4,409	-	9,953	26,198
Disposals	469	(124)	-	-	-	-	345
Transfers to property, plant and equipment (note 10)	-	(4)	-	-	-	-	(4)
Reclassification	-	-	8,047	50	-	(50)	8,047
Foreign exchange differences	462	3,215	1,346	412	-	1,179	6,614
At 28 February 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 during the year	-	(1,289)	-	-	-	-	(1,289)
Transfers from 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
Carrying amount:							
At 28 February 2018 (Audited)	17,857	7,973	74,324	60,947	2,858	19,393	183,352
At 28 February 2019 (Audited)	19,519	7,270	68,079	44,035	4,000	10,223	153,126

During the year ended 28 February 2019, the group acquired a 20 year Operating Licence, through in 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 year ended 28 February 2018, the additions related to a Fibre Optical IRU that was acquired in Botswana for the non-controlling shareholder's contribution to Liquid Telecommunications Botswana (Pty) Limited with a value of USD 9.5 million. The balance of the Fibre Optical IRUs additions related to Mauritius.

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	Work in progress USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:								
At 1 March 2017 (Audited)	56,875	10,227	30,711	77,720	8,362	41,505	804,658	1,030,058
Acquisition of subsidiaries	-	26	68	633	54	-	653	1,434
Additions	13,447	1,130	4,059	8,129	692	72,514	90,691	190,662
Disposals	-	(772)	(569)	(870)	(342)	(659)	(2,072)	(5,284)
Transfers	2,895	18	259	4,788	-	(42,983)	35,023	-
Transfer from / (to) intangible assets (note 9)	303	-	-	(276)	-	(492)	-	(465)
Transfer to inventory	-	-	-	-	-	(9)	-	(9)
Foreign exchange differences	4,962	483	2,944	1,539	1	6,148	58,779	74,856
At 28 February 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 to intangible assets (note 9)	-	-	-	-	-	-	(2,183)	(2,183)
Transfer from 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
Accumulated depreciation								
At 1 March 2017 (Audited)	14,249	7,765	23,382	57,039	5,157	(2,257)	323,732	429,067
Acquisition of subsidiaries	-	14	43	266	34	-	41	398
Depreciation	1,844	960	3,796	10,150	1,230	-	49,835	67,815
Disposals	-	(738)	(135)	(280)	(278)	-	(1,769)	(3,200)
Transfers	19	-	6	74	-	-	(99)	-
Transfer from intangible assets (note 9)	-	-	-	4	-	-	-	4
Foreign exchange differences	1,580	384	2,266	1,114	8	-	26,983	32,335
At 28 February 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 to 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
Carrying amount:								
At 28 February 2018 (Audited)	60,790	2,727	8,114	23,296	2,616	78,281	589,009	764,833
At 28 February 2019 (Audited)	63,758	3,592	10,130	17,379	3,233	62,430	626,074	786,596

Refer to note 13 for securities on property, plant and equipment.

11. Cash and cash equivalents and restricted cash and cash equivalents

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Cash and bank balances	77,222	140,718
Money market deposits	16,053	20,000
Cash and cash equivalents	**93,275**	**160,718**
Restricted cash and cash equivalents	**1,807**	**2,937**

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

Cash and cash equivalents include USD 49.1 million in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of RTGS:USD of 2.5:1. See note 2 - Zimbabwean Real Time Gross Settlement (RTGS) for more detailed disclosure on RTGS.

12. Trade and other receivables

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Trade receivables	122,767	114,676
Allowance for doubtful debts	(32,096)	(27,123)
Affiliated entities (note 16)	34,055	48,571
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**124,726**	**136,124**
Short-term inter-company receivables (note 16)	7,051	74,420
Sundry debtors	11,636	17,642
Deposits paid	4,596	4,078
Prepayments	24,577	29,941
Prepayments to related parties (note 16)	-	15,073
	172,586	**277,278**

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 repayble within six months.

In addition to the current items not yet due of USD 60.6 million (28 February 2018: USD 82.4 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, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable. The ageing of these items is shown in the table below.

12. Trade and other receivables (continued)

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Ageing of past due but not impaired		
31 - 60 days	15,205	18,589
61 - 90 days	6,659	6,343
91 - 120 days	5,966	5,270
121 + days	36,090	23,501
Total ageing of past due but not impaired	**63,920**	**53,703**
Current items	60,806	82,421
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**124,726**	**136,124**

Included in amounts past due but not impaired are USD 36.3 million (28 February 2018: USD 23.5 million) of receivables from the Econet Group. Refer to note 16 for the total breakdown of Econet Group trade receivables.

13. Short term portion of long term borrowings and long term borrowings

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Long term borrowings:		
Stanbic Bank of Zambia Limited	14,672	15,529
USD 730 million 8.5% Senior Secured Notes	718,118	714,546
USD 10 million Cisco loan facility	-	1,125
Other long term borrowings	-	14
	732,790	**731,214**
Short term portion of long term borrowings:		
Stanbic Bank of Zambia Limited	3,813	3,847
USD 730 million 8.5% Senior Secured Notes	8,273	8,273
USD 10 million Cisco loan facility	1,137	1,927
USD 73 million revolving credit facility (repaid in full in April 2019)	73,083	-
Other short term borrowings	940	972
	87,246	**15,019**

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, 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 (previously known as CEC Liquid Telecommunications 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.

13. Short-term portion of long-term borrowings and long-term borrowings (continued)

In addition to the bonds, the group has a USD 73.0 million Revolving Credit Facility agreement between the company, The Mauritius Commercial Bank (participation previously owned by Citibank, N.A.), Standard Bank of South Africa, Standard Finance (Isle of Man) Limited, Standard Chartered Bank and ING Bank N.V. 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 (previously known as CEC Liquid Telecommunications 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 at 28 February 2019, the company has drawn down all of the facility. The facility was repaid in full in April 2019.

As at 28 February 2019, Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications 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 (previously known as CEC Liquid Telecommunications 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 28 February 2019, the outstanding balance on the term loan is USD 10.5 million and USD 8.0 million on the Revolving Credit Facility.

The USD 1.1 million balance on the loan facility agreement between Liquid Telecommunication Limited and Cisco Capital is denominated in USD, bears interest at the rate of 3.07% and is repayable by October 2019. The company provides a guarantee up to the amount outstanding.

In the prior year the group repaid the following loans:
- The ZAR 2.95 billion loan facility between Neotel (Pty) Limited (currently known as Liquid Telecommunications South Africa (Pty) Limited), Standard Bank of South Africa Limited and Nedbank Limited,
- The USD 300 million loan facility agreement between the company and Standard Bank of South Africa Limited , and
- The long term payable to Tata Communications International Pte Limited amounting USD 56.5 million.

14. Trade and other payables

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Trade accounts payable	76,301	96,120
Payable balance to affiliated entities (note 16)	3,155	4,358
Accruals	56,383	62,341
Staff payables	1,746	3,005
Transaction taxes due in various jurisdictions	3,494	5,275
Unfavourable contracts	579	1,156
Senior Secured notes premium	1,930	1,930
Other short term payables	8,224	7,373
	151,812	**181,558**

The average credit period granted 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 charged at 2% per annum on certain outstanding balances. The company 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.

Amounts payable to affiliated entities and related companies 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.

15. Deferred revenue

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Long term portion of deferred revenue	54,422	53,702
Short term portion of deferred revenue	21,960	27,188
	76,382	**80,890**

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. The opening balance as at 1 March 2018 has been restated to show the impact of IFRS 15 as described in note 2.

16. Related party transactions and balances

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 and Omni Broadcast Limited (Uganda) 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. The transactions between related parties are entered into at arm's length in accordance with the group's

	12 months ended		3 months ended	
	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)	28/02/2019 USD'000 (Unaudited)	28/02/2018 USD'000 (Unaudited)
Sales of goods and services				
Econet Global related group companies	102,529	107,948	20,987	47,360
Purchase of goods and services				
Econet Global related group companies	29,399	29,965	8,063	7,248
Management fees received				
Econet Global related group companies	9	-	4	-
Management fees paid and expensed				
Econet Global related group companies	1,500	1,500	375	375
Dividend paid				
Econet Global Limited	13,500	13,500	-	13,500
Interest income				
Econet Global related group companies	338	940	82	(112)
Administration fees paid				
DTOS Limited	309	258	96	59

16. Related party transactions and balances (continued)

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

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
Short term intercompany receivables		
Econet Global related group companies	7,051	74,420
Receivables balances from affiliated entities		
Econet Global related group companies	34,055	48,571
Payable balance to affiliated entities		
Econet Global related group companies	3,155	4,358
Prepayments		
Econet Global related group companies	-	15,073
Acquisition of minority interest in subsidiary		
Econet Global related group companies	135,000	-

17. Capital commitments

	28/02/2019 USD'000 (Audited)	28/02/2018 USD'000 (Audited)
At 29 February 2019, the group was committed to making the following capital commitments:		
Authorised and contracted	40,925	43,539

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

18. Dividend

Dividends of USD 29.5 million were declared and USD 13.5 million paid on 31 May 2018 (28 February 2018: USD 13.5 million paid). The dividends for the full year 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 dividends were declared in accordance with the SSA for the full year ended 28 February 2019, where Econet Wireless International Limited agreed to provide Liquid Telecommunications Holdings Limited with strategic support, engineering network design services and certain business opportunities. Liquid Telecommunications Holdings Limited may elect to pay the fee by way of special dividend, which accrues to Econet Global Limited to the exclusion of all other shareholders to the company. The SSA was amended to USD 1 on 15 October 2018 and is effective from 1 March 2019.

19. 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).

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

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
28 February 2019				
Investments	-	-	10,814	10,814
Unfavourable contracts	-	-	11,058	11,058
Total	**-**	**-**	**21,872**	**21,872**
28 February 2018				
Unfavourable contracts	-	-	10,539	10,539
Total	**-**	**-**	**10,539**	**10,539**

Investments

As at 28 February 2018, 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. Accordingly, the investments are classified under level 3 of the fair value hierarchy.

	28/02/2019
	USD'000
	(Audited)
Opening balance	12,447
Additions	310
Impairment	(1,943)
Closing balance	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.

Unfavourable contract

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.

	28/02/2019	28/02/2018
	USD'000	USD'000
	(Audited)	(Audited)
Opening balance	10,539	11,543
Adjustment	1,582	1,818
Unwinding of interest	(518)	(2,142)
Charge to cost of sales	(146)	(993)
Foreign exchange (gain) / loss	(399)	313
Closing balance	11,058	10,539

20. Non-cash transactions

During the current financial year, the group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

• In 2019, the group acquired the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe by issue of 10,705,789 ordinary shares of the company to Econet Wireless Zimbabwe Limited amounting to USD 135.0 million.

• In 2019 the group acquired the remaining 2.5% non-controlling interest in Liquid Telecommunications Operations DRC S.A.R.L for a non-cash consideration of USD 450,000.

• In 2019, there were several disposals and acquisitions of property, plant and equipment and intangible assets between some subsidiaries at cost/carrying value.

• In 2018 additional USD 9.5 million of Fibre Optical IRU's relates to a non-controlling shareholder's investment in Liquid Telecommunications Botswana (Pty) Limited.

• In 2018 the Royal Bafokeng Holdings Limited exchange of their shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in Liquid Telecommunications Holdings Limited resulted in a non-cashflow amount of USD 94.9 million.

21. (Loss) / earnings per share

	12 months ended		3 months ended	
	28/02/2019	28/02/2018	28/02/2019	28/02/2018
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Basic (loss) / earnings per share (Cents per share)	(65.20)	(12.56)	0.03	(2.53)

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

(Loss) / profit attributable to owners of the company	(72,739)	(12,895)	34	(2,598)

	28/02/2019	28/02/2018
	USD'000 (Audited)	USD'000 (Audited)
Weighted average number of ordinary shares for the purpose of basic earnings per share for the period ended	111,560,506	102,685,342

At 28 February 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 Holding Limited as part of the exchange of Royal Bafokeng Holding 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) in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe (51%) for total consideration of USD 135.0 million. Pursuant to arrangements between the company 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. Management anticipate that the final approval from the Reserve Bank of Zimbabwe, the last condition to be satisfied, will be received in due course. In the event that the LTZ share acquisition does not fully close by 31 December 2019 (or such other date agreed by the parties), ownership of the shares shall revert to the company.

22. Post balance sheet events

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

Following the currency changes in Zimbabwe announced on 22 February 2019, the RTGS:USD exchange rate has continued to deteriorate since the balance sheet date. These movements in the RTGS:USD rate from 2.5:1 will impact the results, assets, liabilities and reserves of the group in the coming period. As at 12 June, the official interbank rate was RTGS:USD 5.7:1.

23. Change in presentation

During the year ended 28 February 2018 the group changed its presentation of the statement of profit or loss and its statement of cashflows as follows:

a) In the statement of profit of loss, the group has standardised its statement of profit or loss to comply with IAS 1 nature of expense method of presentation. The change resulted in new disclosure items of Interconnect related costs and Data and network related costs replacing the Cost of sale line item.

b) In the statement of cashflows, the group has moved the finance costs paid line item from cash flows from operating activities to cashflows from financing activities to more accurately show cashflows related to financing of the group activities.

	12 months 28/02/2018 USD'000 (Audited)	3 months ended 28/02/2018 USD'000 (Unaudited)
Consolidated Statements of Profit or Loss		
As previously reported:		
Cost of sales	254,131	61,620
Administrative expenses	102,649	29,843
	356,780	**91,463**
Currently reported:		
Interconnect related costs	121,141	29,256
Data and network related costs	176,413	44,285
Administrative expenses	59,227	17,920
	356,781	**91,461**
Consolidated Statements of Cash Flows		
Cash flows from operating activities:	55,887	32,666
Cash flows from financing activities:	(55,887)	(32,666)
	-	-

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

	Unaudited Statement of profit or loss USD'000 (Audited)	Reclassification of network costs USD'000 (Audited)	Revised statement of profit or loss USD'000 (Audited)
12 months ended 28 February 2019:			
Revenue	668,910	-	668,910
Interconnect related costs	(119,875)	-	(119,875)
Data and network related costs	(178,413)	45,145	(133,268)
Gross Profit			415,767
Other income	1,832	-	1,832
Dividend received	629	-	629
Selling, distribution and marketing costs	(18,787)	-	(18,787)
Administrative expenses	(57,362)	(45,145)	(102,507)
Staff costs	(115,428)	-	(115,428)
	181,506	-	181,506
Impact of change in functional currency in Zimbabwe	29,583	-	29,583
Adjusted EBITDA	211,089	-	211,089

23. Change in presentation (continued)

	Unaudited Statement of profit or loss	Reclassification of network costs	Revised statement of profit or loss
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Audited)
12 months ended 28 February 2018:			
Revenue	680,948	-	680,948
Interconnect related costs	(121,141)	-	(121,141)
Data and network related costs*	(176,413)	43,424	(132,989)
Gross Profit			426,818
Other income	1,343	-	1,343
Selling, distribution and marketing costs	(19,258)	-	(19,258)
Administrative expenses	(59,227)	(43,424)	(102,651)
Staff costs	(114,863)	-	(114,863)
Adjusted EBITDA	**191,389**	**-**	**191,389**

	Unaudited Statement of profit or loss	Reclassification of network costs	Revised statement of profit or loss
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Audited)
3 months ended 28 February 2019:			
Revenue	163,643	-	163,643
Interconnect related costs	(28,164)	-	(28,164)
Data and network related costs	(42,560)	10,011	(32,549)
Gross Profit			102,930
Other loss	1,308	-	1,308
Selling, distribution and marketing costs	(7,589)	-	(7,589)
Administrative expenses	(14,606)	(10,011)	(24,617)
Staff costs	(26,662)	-	(26,662)
	45,370	-	45,370
Impact of change in functional currency in Zimbabwe	17,955	-	17,955
Adjusted EBITDA	63,325	-	63,325

	Unaudited Statement of profit or loss	Reclassification of network costs	Revised statement of profit or loss
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Audited)
3 months ended 28 February 2018:			
Revenue	194,938	-	194,938
Interconnect related costs	(29,256)	-	(29,256)
Data and network related costs	(44,285)	11,923	(32,362)
Gross Profit			133,320
Other loss	552	-	552
Selling, distribution and marketing costs	(9,894)	-	(9,894)
Administrative expenses	(17,920)	(11,923)	(29,843)
Staff costs	(31,520)	-	(31,520)
Adjusted EBITDA	**62,615**	**-**	**62,615**