LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED UNAUDITED FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF-YEAR ENDED 31 AUGUST 2018

Continued progress towards delivering Africa's digital future

11 OCT 2018

Leading pan-African telecoms group Liquid Telecom, a subsidiary of Econet Global, today announces its financial results for the second quarter and half-year ended 31 August 2018.

Financial highlights for H1

- Revenue growth of 11 per cent to USD 348.8 million delivering 20 per cent Adjusted EBITDA growth at USD 96.9 million – a margin of 27.8 per cent.
- Cash generated from operations increased over 100 per cent to USD 89.8 million.
- As at 31 August 2018 net debt of USD 604.4 million represents 2.93x the last twelve months EBITDA.

	H1 2018-19	H1 2017-18	Reported change
	Unaudited	Unaudited	Unaudited
	(USDm)	(USDm)	(%)
Revenue	348.8	315.1	10.7
Adjusted EBITDA [2]	96.9	81.1	19.5
Cash generated from operations	89.8	44.5	101.8
Net Debt [1]	604.4	613.2	(1.4)

[1] Net debt as at 31 August 2018 is defined as gross debt less unrestricted cash and cash equivalent.

[2] Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, and is also presented after adjusting for the following items: acquisition and other investment costs, foreign exchange (loss)/ gain, and share of profit from associate

Strategic and operational highlights in Q2

- Following the signing of a Memorandum of Understanding with Telecom Egypt to enable the historic achievement of connecting "Cape to Cairo" with a terrestrial fibre route, the connection was delivered in September
- Our fibre footprint increased by 1,048 kilometres to 53,132 kilometres in the second quarter following additional investment in long-haul routes in South Africa and metro networks principally in South Africa, Eastern and Southern Africa and Fibre to the Home (FTTH) networks in Eastern and Southern Africa
- We expanded our product capabilities through further investment in our South African data centres (SADC) primarily in Johannesburg and Cape Town and the expansion of our East Africa Data Centre (EADC) in Nairobi
- We have further strengthened our executive management team through the appointment of Group Chief Operating Officer, Ahmad Mokhles in June and Stephane Duproz, as Chief Executive Officer for our Data Centres business in July. In September, Kate Hennessey re-joined the Group as Chief of Corporate Development
- In August, the Board approved the appointment of additional independent directors – Dr. Donald Kaberuka, Dr. Omobola Johnson and Cristina Duarte
- After the period, we initiated the process to restructure our South African entity as part of our strategy to digitally transform the way we serve customers and manage our business

Chief Executive Officer, Nic Rudnick, commented:

"We have made continued progress during the second quarter 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. This is reflected in our strong revenue and EBITDA performance.

We have continued to expand our fibre footprint, delivered further expansion of the 'South Africa Data Centre' (SADC) business with the build of a second phase, in Cape Town, which will be delivered in October 2018 and we have connected more sites for Mobile Network Operators (MNOs), SMEs and government buildings across our network. Additionally, we have broadened our Fibre to the Home (FTTH) and fixed LTE network coverage and delivered more digital services including the installation and delivery of our unified communications platform and Microsoft cloud products in several of our territories.

As part of the long-term development of the Group we are restructuring our South African business to align with our strategy to deliver our own, and our customers' digital transformation. The proposed changes are not only necessary for growth but are designed to make us even more relevant and effective for our customers.

The digital transformation of the Group represents far more than just a set of new products across our 'Digital Market Place' - it is central to our transition from being a supplier of connectivity and related services to becoming a fully integrated digital solutions provider. This means we are not only transforming our offering but are also evolving the way 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. Our development against this strategy, during the half year, has been positive and I am confident that both the Group and operational management teams have the knowledge, resources and skills to deliver over the coming quarters."

Group Executive Chairman, Strive Masiyiwa, added:

"On behalf of the Board, on the 13th July, I was delighted to sign an MOU with Telecom Egypt and other partners to enable the first Cape to Cairo terrestrial fibre route. This historic achievement is further proof of our contribution in advancing the economic development of Africa. Following this, in September, we delivered the connection which is a further step towards delivering our vision. Management is now working on the development of an East-West cable linking Port Sudan to Lagos.

I would like to welcome Dr Donald Kaberuka, Dr Omobola Johnson and Christina Duarte to the Board. Donald is the immediate former President of the African Development Bank, and is now Chairman, Managing Partner, and co-founder of SouthBridge, a pan-African financial and investment firm. He serves as Special Envoy of the African Union on the Peace Fund and Sustainable Financing of the Union and was Finance Minister of Rwanda between 1997 and 2005. Omobola is a former Minister of Communication Technology for the Federal Republic of Nigeria where she was responsible for executing government policy in the ICT sector and established a government seeded IT innovation fund to support entrepreneurs in the ICT sector. She previously worked for Accenture. Cristina has vast experience across the public and private sectors, serves many organisations in an advisory capacity and has served Cape Verde as Minister of Finance, Planning and Public Administration. She is a Member of the United Nations Committee of Experts on Public Administration, established by the Economic and Social Council (ECOSOC). She is a Member of the United Nations High-Level Advisory Board on Economic and Social Affairs. The development of our Board composition and management team has further strengthened our governance and capabilities.

The Board continues to consider its strategic options for raising capital in order to provide additional funding to accelerate the Group's growth plans. Building on our continued strong performance and improved capital structure, 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 (UK time) 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, spanning over 50,000km, 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, Microsoft Azure and innovative digital content provision including Netflix and Kwesé TV 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, spanning over 50,000km, and operate state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, in addition to further data centres in Harare and Kigali, with a combined potential capacity of over 6,000 racks.

The Group is split into four segments Wholesale voice, Wholesale data, Enterprise and Retail.

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 frequent on the international voice transit market and provide a stable and reliable service for our customers.

Wholesale data

Alongside this, 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.

Enterprise

Our enterprise segment provides solutions to large-scale corporate and governmental consumers of bandwidth with complex, multi-country connectivity, colocation 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.

Key performance indicators (KPI)

The following table sets out the Groups' key financial and operating measures by division since the full-year 2017-18.

	(Q1) 2017-18	(Q2) 2017-18	(Q3) 2017-18	(Q4) 2017-18	FY 2017-18	(Q1) 2018-19	(Q2) 2018-19
Operating measures							
Wholesale voice							
Total wholesale voice minutes (in millions) on our network [8]	382	402	380	306	1,471	323	332
Wholesale data							
Number of kilometres of fibre [1]	46,975	48,019	49,104	50,061	50,061	52,084	53,132
Number of Data Centre racks sold[4]	688	696	720	1,078	1,078	1,092	1,436
Enterprise							
Number of enterprise customers [5]	9,677	10,452	10,859	11,050	11,050	10,889	11,220
Retail							
Number of Retail customers[6]	112,360	112,484	113,316	115,607	115,607	121,201	126,167
Financial Measures							
Average churn rate [2]	0.84%	1.18%	1.87%	2.11%	1.55%	1.58%	1.55%
New sales ("sold TCV for new services", USD million) [3]	67.5	63.1	109.4	49.4	289.4	38.8	107.2
Service Activation Pipeline ('MRR backlog") (USD 000) [7]	1,368	1,889	4,479	4,515	4,515	3,844	3,066

Footnotes:

[1] Represents the total number of kilometres (including backbone, metro and FTTX) over which fibre is installed at a given time. Multiple fibre cables or ducts within the same trench are only counted once.

[2:] 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.

[3] 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.

[4] Represents the number of racks in a data centre or colocation facility sold and billed to wholesale or enterprise customers at a given time.

[5] Represents the total number of enterprise customers at a given time.

[6] Represents the number of broadband customers (including subscription customers and prepaid customers) by each operation at a given time. The number of customers includes the non-active customers (referred to as suspended customers) that were active less than 30 days before the end of the period.

[7] 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..

[8] 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.

In the second quarter, churn levels were similar to the first quarter of 2018-19 and the full year in the last financial year. During the period we secured a total of USD 146.0 million in new total contract value (TCV) versus first half 2017-18 of USD 130.6 million. The first half of 2018-19 included several one-off sales which are irregular in nature.

Key contracts that are in the service activation pipeline included: the provision of multi-site WLAN connectivity and VOIP services for large corporates and regional governments in South Africa; managed connectivity and dark fibre IRUs on key fibre routes (e.g. NLD 7 and 8 routes and up-front payments for NLD 5 and 6 routes) and 100Gbps backbone connectivity for a large global cloud provider in South Africa; last mile access for a large telecoms group; IP transit for a cross border customers; direct internet access with a multi-national airline; co-location and data centre hosting services for mobile operators, cloud service providers and financial institutions; Microsoft ExpressRoute and international VOIP connectivity for a financial services customer; IP transit services to mobile operators and other Internet Service Providers (ISP's) across our footprint and Microsoft Office365 and Azure subscriptions to corporates.

The service activation pipeline decreased from USD 3.8 million per month as at May 31 2018 to USD 3.1 million (MRR only) as at 31 August mainly driven by the increased delivery of projects overall through the period.

Revenue

Revenue per segment	For the six-month period ended			For the three-month period ended		
	31 August 2018	31 August 2017	H1 2018-19 versus H1 2017-18	31 August 2018	31 August 2017	Q2 2018-19 versus Q2 2017-18
	Unaudited	Unaudited		Unaudited	Unaudited	
	(USDm)	(USDm)	%age	(USDm)	(USDm)	%age
Wholesale voice traffic	**74.5**	**73.9**	**0.8**	**37.3**	**39.5**	**(5.4)**
Data and Other services	**274.3**	**241.2**	**13.7**	**133.2**	**123.2**	**8.1**
Wholesale	111.0	88.9	24.9	54.8	46.9	17.0
Enterprise	135.5	128.1	5.8	64.3	63.9	0.7
Retail	27.8	24.2	14.9	14.1	12.5	12.8
Total Revenue	**348.8**	**315.1**	**10.7**	**170.5**	**162.7**	**4.8**

In the first half of this year, we grew revenue by 10.7 per cent to USD 348.8 million. In the second quarter, revenue grew by 4.8 per cent to USD 170.5 million (Q2 2017-18: USD 162.7 million) following a strong performance from our data segments notably in wholesale data and retail, offset by currency impact primarily as a result of weakening of the Rand

In addition, we adopted IFRS 15 from 1 March 2018 which resulted in the Group amortising its non-recurring installation revenue over the life of the contract. This has resulted in a USD 7.1 million prior-year adjustment to our equity and an increase in our deferred revenue brought forward of USD 7.1 million. There is no material impact on the income statement.

Wholesale voice

Wholesale voice revenue for the first half of 2018-19 was approximately flat. For the second quarter revenue decreased by 5.4 per cent to USD 37.3 million (Q2 2017-18: USD 39.5 million) with total minutes decreasing by 19.7 per cent to 332 million minutes (Q2 2017-18: 402 million minutes). However, average revenue per minute increased 17.3 per cent to 11.5 US cents (Q2 2017-18: 9.8 US cents).

The decrease in minutes is primarily due to a reduction of trading to low revenue per minute destinations like the USA. There is also loss of traffic to Lesotho due to an increase in the termination rate as well as a general loss of traffic to Eritrea and Burundi as compared with the same time last year.

However, we terminated more traffic in destinations such as Nigeria, Morocco, Ethiopia and South Africa as we leveraged our scale and agreed more competitive rates with our African partners in the wholesale and retail segments where we aggregate traffic and deliver it directly to the respective African networks. Such deals are important to the development of gross margins within this segment versus those attained by switching normal wholesale traffic. Thus our average revenue per minute increased.

Wholesale data

In the first half of 2018-19 revenue increased by 24.9 per cent. In the second quarter of 2018-19 revenue increased by 17.0 per cent to USD 54.8 million (Q2 2017-18: USD 46.9 million), principally due to a strong performance of IP backhaul services, increased satellite broadcast revenue in the Southern region and IP transit in the DRC. Good performance in our Southern and Eastern operations was partially offset by South Africa where the first half of the previous year included a number of one off sales such as NLD 7 and 8. We have started to invest in NLD 5 and 6 in the second quarter of 2018-19 and received a portion of the initial upfront payment after the period end.

Revenues for the second quarter were driven by several significant long-term contracts for dark fibre, international leased lines and IP backhaul to MNOs, Kwese (Satellite) and IP transit. 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 newlybuilt long distance routes, such as NLD 7 and 8, and connected a significant number of MNO base stations. We connected over 2,000 homes as part of a multi-year fibre infrastructure contract where we are providing wholesale FTTH connections to a mobile operator in Eastern Africa. This is aligned with our strategy to expand and leverage our network which provides fast and reliable connectivity to the busiest 4G mobile base stations across our fibre footprint.

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. 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 are adding 160 racks to the East Africa Data Centre in Nairobi, resulting in a total 480 racks, with a fourth floor available for further expansion. In South Africa, we are building significantly 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. In total we have a potential capacity of more than 6,000 racks and up to 80.5 MegaWatts (MW) of available power across our footprint.

In June 2018 we were awarded our Botswana network facility and service licence which will enable us to provide further redundancy to our Southern region and the north.

Enterprise

In the first half of 2018-19 enterprise revenues increased by 5.8 per cent to USD 135.5 million (H1 2017-18: USD 128.1 million) and flat in the second quarter at USD 64.3 million (Q2 2017-18: USD 63.9 million). The lower growth relative to prior period is due to challenging markets in South Africa, notably a weakening of the Rand, partially mitigated by consistently strong growth in the Southern and other African regions.

By the end of the second quarter, the number of enterprise customers increased to 11,220 customers (Q1 2018-19: 10,889 customers) primarily through a large number of wins in the SME market.

Following the acquisition of Neotel in February 2017, we grew our enterprise sales team and launched focused sales, advertising and marketing campaigns specifically designed to improve the visibility of our value proposition to selected industry verticals. We aim to take advantage of cross-selling and up-selling opportunities and provide pan-African digital services solutions to global and international companies based in South Africa in addition to our other locations.

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 June, we announced the availability of Microsoft Azure Stack, 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 will be able to directly offer Azure Stack services to businesses operating in our Southern and Eastern regions. The launch marks the first time that the Azure Stack platform will be available locally in these markets, offering businesses greater flexibility, security and cost savings by deploying hybrid cloud architecture and scenarios.

Retail

Retail revenue in the first half of 2018-19 was USD27.8 million, a 14.9 per cent increase year-on-year (H1 2017-18: USD 24.2 million). For the second quarter revenue increased by 12.8 per cent to USD 14.1 million (Q2 2017-18: USD 12.5 million)

The performance in the second quarter was driven by increased service take-up of the fibre to the home (FTTH GPON) service and from our new fixed wireless LTE broadband services, partially offset by a small reduction in CDMA customers.

New FTTH customers, have driven service penetration growth (as a per cent of premises passed), with an average 39.3 per cent of premises passed (Q1 2018-19: 37.8 per cent, Q2 2017-18: 33.1 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 ARPU over time. FTTH networks were expanded in 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. The number of fixed LTE customers continues to increase, driven by an aggressive commercial effort and the deployment of base stations with further sites expected to be delivered in the third quarter. We also introduced new broadband data bundles from our FTTH packages.

Gross profit

Gross Profit	For the six-month period ended			For the three-month period ended		
	31 August 2018	31 August 2017	H1 2018-19 versus H1 2017-18	31 August 2018	31 August 2017	Q2 2018-19 versus Q2 2017-18
	Unaudited	Unaudited		Unaudited	Unaudited	
	(USDm)	(USDm)	%age	(USDm)	(USDm)	%age
Gross Profit	**221.1**	**188.0**	**17.6**	**105.9**	**96.1**	**10.2**
Gross Margin %	**63.4%**	**59.7%**	**3.7pp**	**62.1%**	**59.1%**	**3pp**

In the first half of 2018-19, total gross profit was USD 221.1 million, 17.6 per cent above the first half of 2017-18.

The gross profit margin in the first half of the year improved from 59.7 percent to 63.4 percent when compared to last year primarily driven by continued strong growth in high margin wholesale data and an improvement in wholesale voice margins as a result of the mix of traffic to higher margin destinations and lower overall traffic. It was also aided by a solid performance in our Retail segment driven by the growth in fixed line broadband.

Liquid Telecom continues to focus on its strategy of broadening the product portfolio, expanding the fibre footprint, spectrum monetisation and digital transformation and this diversified business model has helped maintain its competitiveness within the Wholesale Data space.

Total overheads and other income

Total Overheads and Other Income	For the six-month period ended			For the three-month period ended		
	31 August 2018	31 August 2017	H1 2018-19 versus H1 2017-18	31 August 2018	31 August 2017	Q2 2018-19 versus Q2 2017-18
	Unaudited	Unaudited		Unaudited	Unaudited	
	(USDm)	(USDm)	%age	(USDm)	(USDm)	%age
Other income	0.5	0.9	(37.9)	0.3	0.5	(41.9)
Selling and distribution costs	(7.7)	(5.8)	32.8	(4.0)	(2.3)	73.9
Administrative costs	(56.0)	(47.1)	18.9	(25.9)	(23.4)	10.7
Staff costs	(60.9)	(55.0)	10.7	(27.2)	(28.5)	(4.2)
Total overheads and Other income	**(124.1)**	**(107.0)**	**16.0**	**(56.8)**	**(53.7)**	**6.1**
% to Total Revenue	***35.6%***	***33.9%***	***1.7pp***	***33.3%***	***33.0%***	***0.3pp***

In the first half overheads and other income increased by 16.0 per cent year-on-year to USD 124.1 million. Overheads as a percentage of revenue in the first half increased to 35.6 per cent from 33.9 per cent in the first half 2017-18.

In the second quarter, overheads as a percentage of revenue increased year-on-year from 33.0 percent to 33.3 percent as a result of increases in selling and distribution costs and admin costs partially offset by a reduction in staff costs.

Selling and distribution costs increased 73.9 per cent to USD 4.0 million. This was driven by an increase in the write off of bad debt as several ISPs closed in Uganda due to the recent economic challenges. We have implemented IFRS 9 and it has had an immaterial impact on the results.

Administration costs increased by 10.7 per cent to USD 25.9 million in the second quarter following the investment in network support as the scale of the Group increased and we expanded our digital services offering with a partial offset because of the weakening of the currency in South Africa. In addition, we migrated computer services away from a previous supplier as part of the integration into Liquid South Africa and we improved the governance structure of the Group.

Staff costs in the second quarter decreased by 4.2 per cent to USD 27.2 million (Q2 2017-18: USD 28.5 million) despite the increase in our employee numbers to 2,455 in the second quarter (Q2 2017-18: 2,230). This is principally due to the reversal of bonus accruals and also a weakening of the currency in South Africa offset in part by the continued expansion of our product, sales, commercial and engineer teams in South Africa, Kenya and Zimbabwe as we expand the network and increase our product portfolio. We recently announced a restructuring of our South African business which will result in the reduction of staff numbers.

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 six-month period ended			For the three-month period ended		
	31 August 2018	31 August 2017	H1 2018-19 versus H1 2017-18	31 August 2018	31 August 2017	Q2 2018-19 versus Q2 2017-18
	Unaudited	Unaudited		Unaudited	Unaudited	
	(USDm)	(USDm)	%age	(USDm)	(USDm)	%age
Adjusted EBITDA	**96.9**	**81.1**	**19.5**	**49.0**	**42.5**	**15.2**
Adjusted EBITDA margin %	***27.8%***	***25.7%***	**2.1 pp**	***28.7%***	***26.1%***	**2.6 pp**
Depreciation, impairment and amortisation	(50.5)	(46.4)	8.9	(25.5)	(23.4)	8.8
Acquisition costs	(0.7)	(1.0)	(32.0)	(0.5)	(0.7)	(28.1)
Operating Profit	**45.8**	**33.8**	**35.7**	**23.0**	**18.4**	**24.8**
Interest income	3.3	1.7	90.7	2.6	0.6	372.3
Finance costs	(34.6)	(42.0)	(17.6)	(17.0)	(28.0)	(39.3)
Share of profit of associate	0.0	0.0	n/a	0.0	0.0	n/a
Foreign exchange (loss) / gain	(5.4)	(1.3)	n/a	(3.7)	0.3	n/a
Profit before tax	**9.1**	**(7.8)**	**n/a**	**5.0**	**(8.6)**	**n/a**
Tax expense	(8.7)	(1.5)	n/a	(5.2)	(0.6)	n/a
Profit for the period	**0.4**	**(9.3)**	**n/a**	**(0.1)**	**(9.1)**	**n/a**

(1) Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, and is also presented after adjusting for the following items: acquisition and other investment costs, foreign exchange (loss)/ gain, and share of profit from associate

Adjusted EBITDA in the first half of 2018-19 increased by 19.5 per cent to USD 96.9 million and in the second quarter by 15.2 per cent to USD 49.0 million. This increase is driven largely by strong performances in higher margin segments such as wholesale data and retail offset by the support of our network and the migration of computer services.

Depreciation, impairment and amortisation increased by 8.8 per cent to USD 25.5 million in the second quarter principally driven by amortisation of purchase price adjustments relating to the acquisition of Neotel, and impairment of a cable project which has now been discontinued.

Operating Profit in the second quarter grew by 24.8 per cent to USD 23.0 million (Q2 2017-18: USD 18.4 million) Finance costs decreased by 39.3 per cent to USD 17.0 million, predominantly due to the one-off expense of finance fees as part of the refinancing of the term loan on issuing and our tap of the bond in 2017-18.

FX losses incurred due to revaluation of intercompany loans and trading balances primarily due to the depreciation of the South Africa Rand.

Profit before tax in the second quarter of 2018-19 was USD 5.0 million (Q2 2017-18: USD 8.6 million loss).

Tax expense for the second quarter of 2018-19 was USD 5.2 million following the good performance in Zimbabwe, Zambia and Mauritius.

As a result of the above, we delivered a loss of USD 0.1 million versus a loss of USD 9.1 million in Q2 in the prior year.

Cash generated from operations

Cashflow	For the six-month period ended			For the three-month period ended		
	31 August 2018	31 August 2017	H1 2018-19 versus H1 2017-18	31 August 2018	31 August 2017	Q2 2018-19 versus Q2 2017-18
	Unaudited	Unaudited		Unaudited	Unaudited	
	(USDm)	(USDm)	%age	(USDm)	(USDm)	%age
Cash generated from operations	**89.8**	**44.5**	**101.8**	**71.2**	**26.8**	**165.6**
Tax paid	(11.0)	(1.9)	n/a	(2.5)	(1.5)	n/a
Net cash (used in)/ from operating activities	**78.8**	**42.6**	**85.0**	**68.8**	**25.3**	**172.0**
Net cash used in investing activities	(32.0)	(147.5)	78.3	(6.5)	(92.3)	92.9
Net cash used in financing activities	(45.9)	37.4	n/a	(33.0)	49.9	n/a
Net increase / (decrease) in cash and cash equivalent	0.9	(67.4)	n/a	29.3	(17.1)	n/a

Cash flow generated from operations in the first half of 2018-19 increased 102 per cent to USD 89.8 million due to strong growth in EBITDA in the second quarter, explained previously, and the improvement in working capital during the period. This was driven by a reduction in trade receivables in our Zimbabwe and Mauritius businesses partially offset by an increase in inventories as we invested in new LTE equipment and a reduction in trade payables.

Tax paid in the first half primarily represents the "current tax" charge for the full-year 2017-18 and various excise duties and with-holding taxes.

Net cash from operations increased 85.0 percent in the first half versus the prior year as a result of the movements above.

Net cash used in investing activities in the first half of the year decreased by 78.3 per cent to USD 32.0 million as a result of the receipt of USD 60 million from Econet Group for the unwinding of the investment in Econet Media Limited. This is offset by capital expenditure of USD 94.7 million.

Net cash used in financial activities includes the payment of a dividend of USD 13.5 million for the full-year management fee under the strategic management agreement. In addition, finance costs of USD 32.7 million were paid which principally related to the first half interest payment on the Senior Secured Notes.

Capital investment and network developments

During the first half of 2018-19, we invested USD 94.7 million (H1 2017-18: USD 107.3 million; Q2 2018-19 USD 46.9m) 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 and the broadening of our product portfolio notably through our National Long Distance (NLD 5&6) and access projects in addition to our LTE and data centre offerings.

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

In the first half we were awarded our nationwide fibre wholesale and retail licences in Botswana, paid for our DRC operating licence and received the renewal of our 15-year licence in Zimbabwe. These licences are an important facet in delivering our strategy to connect the African Continent East and West as well as North and South. We are also continuing to partner with national authorities to provide fast broadband over satellite to primary schools in Eastern Africa for the next 5 years.

In the first half, having paid for our nation-wide fibre wholesale and retail licence in DRC, we continued to invest in long-haul, metro and fibre access infrastructure this financial year. In Zimbabwe, we completed a new fibre project between Harare and Mutare to provide further physical network redundancy and reliability across the region.

In South Africa, we initiated the investment in the National Long-Distance routes 5 and 6 that connect Cape Town to Durban. This is an important part of our investment strategy is to provide connectivity to customers, with MNOs as anchor tenants and adding both enterprise and retail customers. In addition, we invested in our network to upgrade POP sites and cabinets for POP expansion.

And in Kenya we instigated 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 and better interconnect neighbouring countries such as Ethiopia, Uganda, and Tanzania, as well as provide 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 started to provide dark fibre to towers for a large wholesale customer as they roll out their LTE network.

Separately we are continuing to invest in active telecommunication equipment to increase 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 to support our growth in data traffic. We have also made additional investments in core network and IT infrastructure in South Africa, which will enable strong growth in connectivity and digital services across our footprint as part of our strategy to diversify into value-add services.

In the enterprise segment we have continued to work on aligning our South African operations business model with customer demand and proposed solutions for our South African enterprise customers closer to that offered by our other African operations. 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.

We also continued to invest significantly in our infrastructure in South Africa 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 Kenya, in the first quarter, we upgraded the Wimax network from 16D to 16E (with a path to LTE) in Nairobi and Mombasa to better serve our enterprise customers that are not on fibre.

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, some of which were won in the first quarter from organisations (such as United Nations agencies across our footprint) and from financial institutions. This lead to further investment in metro and local access fibre infrastructure on the back of these contracts.

We continued the expansion of our data centres in South Africa and Kenya, on the back of a contract with a global cloud services provider, strong demand for co-location in Kenya and interconnecting points of presence and internet exchanges.

For the retail segment, during the quarter, we continued building fibre-to-the-home (FTTH) local access networks with our GPON technology, connecting over 1000 new premises across our FTTH footprint driving our penetration up to 39.3 per cent (Q1 2018-19: 37.8%). We have started the roll-out of FTTH in Uganda and in Tanzania in select areas.

We are continuing to extend the coverage of our fixed wireless access networks (mainly using 4G LTE technology) in Zambia and Zimbabwe and the rest of Africa that enable us to deliver broadband Internet access to customers outside of our FTTH areas. We have completed the installation and brought on air over 345 LTE base stations to significantly extend this coverage.

In South Africa, we maintain an extensive LTE and CDMA network serving around 60,000 active customers (based on 30 day), offering voice and Internet access services.

Gross / Net Debt

	31 August 2018	**28 February 2018**
	Unaudited	Unaudited
	(USDm)	(USDm)
Total Gross Debt	**761.8**	**761.7**
Less: Unrestricted cash	157.4	160.7
Net debt	**604.4**	**601.0**
Last twelve months EBITDA	**206.2**	**191.5**
Covenants		
Gross debt / LTM EBITDA (x)	3.69	3.98
Net Debt / LTM EBITDA (x)	2.93	3.14

Net debt, as at 31 August 2018, stood at USD 604.4 million compared to USD 601.0 million as at 28 February 2018. Total gross debt was flat versus the full year.

For further information on the constitution of our gross debt please refer to note 12 of the attached financial statements.

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

Strive Masiyiwa
Group Executive Chairman

Nic Rudnick
Chief Executive Officer

Phil Moses
Chief Finance Officer

11 October

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 6 months and 3 months ended 31 August 2018

	Notes	6 months ended 31/08/2018 USD'000 (Unaudited)	6 months ended 31/08/2017 USD'000 (Unaudited)	3 months ended 31/08/2018 USD'000 (Unaudited)	3 months ended 31/08/2017 USD'000 (Unaudited)
Revenue	3	348,808	315,135	170,545	162,682
Interconnect related costs		(60,455)	(59,776)	(28,340)	(32,067)
Data and network related costs		(92,280)	(87,794)	(47,383)	(44,334)
Other income		543	872	279	476
Selling, distribution and marketing costs		(7,771)	(5,797)	(3,975)	(2,247)
Administrative expenses		(30,996)	(26,605)	(14,916)	(13,537)
Staff costs		(60,904)	(54,950)	(27,248)	(28,456)
Adjusted EBITDA	3	96,945	81,085	48,962	42,517
Depreciation, impairment and amortisation		(50,469)	(46,354)	(25,453)	(23,390)
Acquisition and other investment costs		(663)	(975)	(491)	(683)
Operating profit		45,813	33,756	23,018	18,444
Interest income	4	3,271	1,715	2,626	556
Finance costs	5	(34,611)	(42,001)	(16,970)	(27,961)
Foreign exchange (loss) / profit		(5,353)	(1,308)	(3,684)	337
Share of profits of associate		20	44	2	27
Profit / (loss) before taxation		9,140	(7,794)	4,992	(8,597)
Tax expense	6	(8,717)	(1,494)	(5,152)	(552)
Profit / (loss) for the period		**423**	**(9,288)**	**(160)**	**(9,149)**
Other comprehensive (loss) / profit					
Items that may be reclassified subsequently to profit or loss:					
Translation (loss) / profit on accounting for foreign entities		(122,841)	6,138	(79,203)	8,410
Other comprehensive (loss) / profit for the period		(122,841)	6,138	(79,203)	8,410
Total comprehensive loss for the period		**(122,418)**	**(3,150)**	**(79,363)**	**(739)**
Profit / (loss) attributable to:					
Owners of the company		(9,057)	(12,170)	(4,604)	(11,691)
Non-controlling interest		9,480	2,882	4,444	2,542
		423	**(9,288)**	**(160)**	**(9,149)**
Total comprehensive loss attributable to:					
Owners of the company		(131,266)	(5,775)	(83,446)	(3,817)
Non-controlling interest		8,848	2,625	4,083	3,078
		(122,418)	**(3,150)**	**(79,363)**	**(739)**
Loss per share					
Basic and diluted (Cents per share)	20	(8.12)	(12.17)	(4.13)	(11.69)

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 August 2018

	Notes	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Non-current assets			
Goodwill	7	130,888	160,522
Intangible assets	8	162,035	185,921
Property, plant and equipment	9	726,308	764,866
Investment in associate		422	506
Investments		10,815	12,447
Deferred tax assets		31,816	37,115
Held to maturity investments		3,418	3,206
Long-term receivables		1,093	1,153
Total non-current assets		**1,066,795**	**1,165,736**
Current assets			
Inventories		37,269	31,310
Trade and other receivables	11	187,183	277,278
Taxation		457	957
Cash and cash equivalents	10	157,379	160,718
Restricted cash and cash equivalents	10	2,867	2,937
Total current assets		**385,155**	**473,200**
Total assets		**1,451,950**	**1,638,936**
Equity and liabilities			
Capital and reserves			
Share capital		3,319	3,319
Share premium		116,765	116,765
Retained earnings		204,200	233,646
Foreign currency translation reserve		(42,378)	79,831
Total equity attributable to owners of the parent		**281,906**	**433,561**
Non-controlling interests		102,649	94,019
Total equity		**384,555**	**527,580**
Non-current liabilities			
Long-term borrowings	12	733,106	731,214
Long-term provisions		-	922
Other long-term payables		15,315	15,880
Deferred revenue	14	50,535	53,702
Deferred tax liabilities		50,298	47,736
Total non-current liabilities		**849,254**	**849,454**
Current liabilities			
Short-term portion of long-term borrowings	12	15,026	15,019
Trade and other payables	13	156,897	201,321
Short-term provisions		11,114	8,523
Deferred revenue	14	29,017	27,188
Taxation		6,087	9,851
Total current liabilities		**218,141**	**261,902**
Total equity and liabilities		**1,451,950**	**1,638,936**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 months and 3 months ended 31 August 2018

Group

	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
(Loss) / profit for the period		-	-	-	(12,170)	2,882	(9,288)
Foreign exchange gain		-	-	6,395	-	(257)	6,138
At 31 August 2017 (Unaudited)		**1**	**2,333**	**1,057**	**271,412**	**149,635**	**424,438**
At 1 March 2018 (Audited)		3,319	116,765	79,831	233,646	94,019	527,580
Adjustments - IFRS 15	2	-	-	-	(6,889)	(218)	(7,107)
At 1 March 2018 (Unaudited)		3,319	116,765	79,831	226,757	93,801	520,473
(Loss) / profit for the period		-	-	-	(9,057)	9,480	423
Foreign exchange loss		-	-	(122,209)	-	(632)	(122,841)
Dividend paid	17	-	-	-	(13,500)	-	(13,500)
At 31 August 2018 (Unaudited)		**3,319**	**116,765**	**(42,378)**	**204,200**	**102,649**	**384,555**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6 months and 3 months ended 31 August 2018

	Notes	6 months ended 31/08/2018 USD'000 (Unaudited)	6 months ended 31/08/2017 USD'000 (Unaudited)	3 months ended 31/08/2018 USD'000 (Unaudited)	3 months ended 31/08/2017 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit / (Loss) before tax		9,140	(7,794)	4,992	(8,597)
Adjustments for:					
Depreciation	9	35,281	32,619	17,187	16,829
Amortisation	8	13,247	13,643	6,315	6,530
Impairment of investment		1,942	-	1,942	-
Stock written off		76	4	3	3
(Decrease) / Increase in obsolete stock provision		(77)	88	4	28
Bad debts provision		88	3,397	693	2,656
Bad debts recovered		(211)	-	(2)	-
Increase / (decrease) in provisions		122	(60)	44	(3,209)
Foreign exchange loss / (profit)		2,463	203	1,437	(141)
Loss / (profit) on disposal of fixed assets		31	(157)	-	(13)
Interest income	4	(3,271)	(1,715)	(2,626)	(556)
Finance costs	5	34,611	42,001	16,970	27,961
Share of profits of associates		(20)	(44)	(2)	(27)
		93,422	82,185	46,957	41,464
Working capital changes:					
(Increase) / decrease in inventories		(7,143)	(290)	(16,357)	716
Decrease / (increase) in trade and other receivables		17,332	(21,309)	36,274	(5,130)
(Decrease) / increase in trade and other payables		(9,974)	(33,436)	5,692	(13,204)
Increase / (decrease) in deferred revenue		2,833	14,447	(363)	5,067
(Decrease) / increase in accruals		(6,911)	2,419	(1,476)	(2,355)
Increase in unfavourable contracts		226	530	518	265
Cash generated from operations		89,785	44,546	71,245	26,823
Income tax paid		(11,027)	(1,898)	(2,473)	(1,541)
Net cash generated from operating activities		78,758	42,648	68,772	25,282
Cash flows from investing activities:					
Interest income	4	3,059	1,715	2,456	556
Acquisition of other investments		(310)	(298)	(139)	14,932
Recovery of related party advance		60,000	-	38,000	-
Acquisition of subsidiary companies		-	(17,672)	-	(17,672)
Purchase of property, plant and equipment	9	(85,835)	(98,875)	(44,779)	(65,426)
Proceeds on disposal of property, plant and equipment		18	695	14	491
Purchase of intangible assets	8	(8,906)	(8,450)	(2,083)	(429)
Proceeds on disposal of intangible assets		-	391	-	391
Proceeds / (purchase) of held to maturity investments		-	117	-	(60)
Decrease in long term receivables		-	(25,115)	-	(25,056)
Net cash used in investing activities		(31,974)	(147,492)	(6,531)	(92,273)
Cash flows from financing activities:					
Dividend paid		(13,500)	-	-	-
Finance costs		(32,705)	(20,829)	(31,595)	(9,135)
Issue of subsidiary share capital & equity loans to minorities		-	68	-	68
Increase / (decrease) in long-term loan borrowings		312	58,197	(1,383)	58,935
Net cash (used in) / generated from financing activities		(45,893)	37,436	(32,978)	49,868
Net increase / (decrease) in cash and cash equivalents		891	(67,408)	29,263	(17,123)
Cash and cash equivalents at beginning of the period		163,655	152,735	133,363	101,944
Translation of cash with respect to foreign subsidiaries		(4,300)	4,455	(2,380)	4,961
Cash and cash equivalents at end of the period		**160,246**	**89,782**	**160,246**	**89,782**

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: Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira and Tanzanian Shilling.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 August 2018 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 forthcoming period of twelve months from 10 October 2018 up to and including 10 October 2019. Considering the available cash position as of 31 August 2018, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and access to new capital and loan funding, the directors are satisfied that the group, has access to adequate cash resources to settle obligations as these arise and that operations reflect financial sustainability to enable the business to continue in operational existence for the foreseeable future.

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

• The group has successfully completed a capital raising project during the year ended 28 February 2018 which has resulted in USD 730.0 million 8.5% Senior Secured Notes being issued that have no capital repayments until July 2022. Through this, the group repaid existing debt including the term loan of ZAR 2.95 billion (USD 228.0 million) for the acquisition of Liquid Telecommunications South Africa (Pty) Limited which was due in May 2018 and term loans totalling USD 300.0 million repayable over five years until December 2022.

• The group has access to a USD 73.0 million revolving credit facility that can be used for general corporate purposes. As at 31 August 2018 and at the date of reporting, this facility has remained undrawn and can be drawn at any time as long as the group is in compliance with the agreement.

• As at 31 August 2018, the group has an unrestricted cash position of USD 157.4 million as well as a positive net current asset position further enhancing the going concern assumption.

Based on the assessment made and articulated in the reasons set out above, the directors are of the opinion, that the adoption of the going concern assumption for the preparation of the interim financial statements as of 31 August 2018 is justified.

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.

2. Accounting policies (continued)

Changes in accounting policies - IFRS 15

IFRS 15 has been adopted as of 1 March 2018. IFRS 15 introduces a 5-step approach to revenue recognition. Details of these new requirements as well as their impact on the group's consolidated financial statements are described below.

Revenue recognition

The Group recognises revenue from the following major sources:

• Wholesale voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.
• 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 international multinationals, large and medium enterprises in Africa.
• Retail data and other services - primarily data services sold to small and medium-sized enterprises and retail customers in Africa.

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.

Revenue relating to wholesale voice is recognised at the point the call is made as this is the point the service is delivered to the customer. Clients are invoiced monthly based for their voice usage and a receivable is raised as the service has been delivered.

Wholesale data service contracts consist 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. Deferred revenue is raised for the NRR payment received upfront.

Wholesale data services also include the construction and sale of long-haul fibre infrastructure. At the completion of a sub-section, control is transferred to the client once they have accepted this sub-section. On transfer to the client and acceptance, revenue is recognised and a receivable is raised for any outstanding payments.

Enterprise and Retail data service 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 and 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.

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

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

2. Accounting policies (continued)

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	(6,889)	226,757
Non-controlling interests	94,019	(218)	93,801
Impact on total equity		(7,107)	
Non-current liabilities			
Deferred revenue	53,702	5,156	58,858
Impact on total non-current liabilities		5,156	
Current liabilities			
Deferred revenue	27,188	1,951	29,139
Impact on total current liabilities		1,951	

Changes in accounting policies - IFRS 9

IFRS 9 has been adopted by the group on 1 March 2018. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting, and requires certain additional disclosures. The primary changes resulting from IFRS 9 to the group's accounting for financial instruments are as follows:

	IAS 39		**IFRS 9**	
	Measurement	**Classification**	**Measurement**	**Classification**
Non-current assets				
Investments - equity*	At cost	Available-for-sale	At fair value	FVOCI
Held to maturity investments	At amortised cost	Held-to-maturity	At amortised cost	At amortised cost
Long-term receivables	At amortised cost	Loan and receivables	At amortised cost	At amortised cost
Current assets				
Trade receivables	At amortised cost	Loan and receivables	At amortised cost	At amortised cost
	Provision under the incurred loss model		Provision under the expected credit loss model	
Other receivables	At amortised cost	Loan and receivables	At amortised cost	At amortised cost
Cash and cash equivalents**	N/a	N/a	N/a	N/a
Restricted cash and cash equivalents**	N/a	N/a	N/a	N/a
Non-current liabilities				
Long-term borrowings	At amortised cost	At amortised cost	At amortised cost	At amortised cost
Long-term provisions	At amortised cost	At amortised cost	At amortised cost	At amortised cost
Other long-term payables	At amortised cost	At amortised cost	At amortised cost	At amortised cost
Current liabilities				
Short-term portion of long-term borrowings	At amortised cost	At amortised cost	At amortised cost	At amortised cost
Trade and other payables	At amortised cost	At amortised cost	At amortised cost	At amortised cost
Short-term provisions	At amortised cost	At amortised cost	At amortised cost	At amortised cost

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.

The above classification from IAS 39 to IFRS 9 has been made after assessment of the business model of each financial asset and financial liability.

2. Accounting policies (continued)

Changes in accounting policies - IFRS 9 (continued)

*The group has made an irrevocable election at initial recognition to classify the equity investment as Fair Value through Other Comprehensive Income (FVOCI), with all subsequent changes on fair value being recognised in the statement of other comprehensive income.

**Cash and cash equivalents include cash and bank balances and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The application of IFRS 9 will not impact on cash and cash equivalents.

The group elected, under IFRS 9, to recognise 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 application of IFRS 9 has not had a significant impact on the financial position and/or financial performance of the group as of 31 August 2018.

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 and is not expected to have a material impact for the group.

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 31 August 2018.

• 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.

2. Accounting policies (continued)

Impact of standard issue but not yet applied - IFRS 16: Leases (continued)

Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The group has not yet determined which adoption method will be adopted or which expedients will be applied on adoption.

Significant accounting judgements and critical estimates

The significant accounting judgements and critical estimates 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 in addition to the following:

Significant judgements

Cash and cash equivalents located in Zimbabwe

In 2016 the Reserve Bank of Zimbabwe, through Exchange Control Operational Guide 8 (ECOGAD8), introduced prioritisation criteria which are to be followed when making foreign payments. Any foreign payments which are made from bank balances are ranked based on the Reserve Bank of Zimbabwe prioritisation criteria and paid subject to the banking institution having adequate funds with its Foreign Correspondent Banks. The timing of funds flows is therefore dependent on the approvals the company receives.

During the six months ended 31 August 2018 and year ended 28 February 2018, the Zimbabwe operating companies were able to pay cash over to other Liquid Group companies for relevant goods. However, transferring cash from Zimbabwe can be challenging due to the Zimbabwean banking system experiencing liquidity deficits and cash shortages in respect of international payments. In making their judgement and in accordance with general accounting practices, the directors regard US dollars in Zimbabwe on the same basis as else where in the group at a 1:1 US dollar basis and are of the opinion that receivables balances from Zimbabwean operations are not impaired.

The amount of cash held by the Zimbabwe operation companies as at 31 August 2018 was USD 93.6 million (28 February 2018: USD 88.3 million).

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, in particular, whether the group had transferred control of the goods and rendered the services to the customer. The directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate.

Application of IFRS 9: Financial instruments

• Classification of financial assets: The group uses judgement in the assessment of the business model within which the non-equity financial assets are held and 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.

2. Accounting policies (continued)

Significant accounting judgements and estimates (continued)

Critical estimates

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 avaliable against which the deductible temporary differences can be utilized. Assessing the recoverability of deferred income 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.

Impairment of goodwill

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

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 done 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 31 August 2018. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price an additional USD 1.1 million of equity shares will be issued to RBH and if 10% below the agree price an additional USD 2.2 million of equity shares will be issued to RBH.

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 voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers.

Data and other services
Wholesale - primarily data services sold to African mobile network operators and international telecom operators.
Enterprise - primarily data services sold to international multinationals, large and medium enterprises in Africa.
Retail - primarily data services sold to small and medium-sized enterprises and retail customers in Africa.

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

- Acquisition and other investment costs
- Foreign exchange (loss) / gain
- Share of profits of associate
- Stock write off / obsolescence costs
- Impairment expense

The following is an analysis of the group's revenue and results by reportable segment for the 6 months ended 31 August 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
Wholesale voice traffic	9,500	-	6	78,903	-	(13,932)	74,477
Data and other services							
Wholesale	33,760	39,100	21,177	47,267	-	(30,299)	111,005
Enterprise	91,579	15,690	25,947	2,325	-	-	135,541
Retail	5,549	18,284	3,952	-	-	-	27,785
Inter-segmental revenue	(6,595)	(449)	(2,596)	(34,591)	-	44,231	-
Group External Revenue	**133,793**	**72,625**	**48,486**	**93,904**	**-**	**-**	**348,808**
Adjusted EBITDA	23,710	37,386	8,910	45,570	(10,103)	(8,528)	96,945

The following is an analysis of the group's revenue and results by reportable segment for the 6 months ended 31 August 2017.

	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
Wholesale voice traffic	12,476	-	10	71,922	-	(10,456)	73,952
Data and other services							
Wholesale	38,963	20,874	17,117	36,257	-	(24,252)	88,959
Enterprise	88,258	14,026	22,880	2,906	-	-	128,070
Retail	7,243	13,931	2,980	-	-	-	24,154
Inter-segmental revenue	(4,470)	(477)	(1,718)	(28,043)	-	34,708	-
Group External Revenue	**142,470**	**48,354**	**41,269**	**83,042**	**-**	**-**	**315,135**
Adjusted EBITDA	30,358	19,673	8,405	33,685	(8,766)	(2,270)	81,085

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 August 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
Wholesale voice traffic	5,245	-	4	39,561	-	(7,464)	37,346
Data and other services							
Wholesale	15,134	19,453	11,132	25,266	-	(16,178)	54,807
Enterprise	42,120	7,661	13,329	1,183	-	-	64,293
Retail	2,457	9,618	2,024	-	-	-	14,099
Inter-segmental revenue	(3,296)	(227)	(1,670)	(18,449)	-	23,642	-
Group External Revenue	**61,660**	**36,505**	**24,819**	**47,561**	**-**	**-**	**170,545**
Adjusted EBITDA	12,886	18,732	4,935	22,187	(4,689)	(5,089)	48,962

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 August 2017.

	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
Wholesale voice traffic	6,724	-	5	38,083	-	(5,356)	39,456
Data and other services							
Wholesale	19,102	12,974	8,810	19,006	-	(13,035)	46,857
Enterprise	43,347	6,924	11,846	1,767	-	-	63,884
Retail	3,531	7,228	1,726	-	-	-	12,485
Inter-segmental revenue	(2,228)	(245)	(807)	(15,111)	-	18,391	-
Group External Revenue	**70,476**	**26,881**	**21,580**	**43,745**	**-**	**-**	**162,682**
Adjusted EBITDA	14,888	12,480	4,309	16,488	(4,312)	(1,336)	42,517

4. Interest income

	6 months ended		3 months ended	
	31/08/2018	31/08/2017	31/08/2018	31/08/2017
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest received - bank / external	3,079	1,052	2,534	191
Interest received - inter-group (note 15)	192	663	92	365
	3,271	**1,715**	**2,626**	**556**

5. Finance costs

	6 months ended		3 months ended	
	31/08/2018	31/08/2017	31/08/2018	31/08/2017
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank overdraft and loans	1,817	25,352	573	12,313
Finance cost on Senior Secured Notes	31,025	6,233	15,513	6,233
Finance arrangement fees amortised	1,769	10,416	884	9,415
	34,611	**42,001**	**16,970**	**27,961**

6. Taxation

	6 months ended		3 months ended	
	31/08/2018	31/08/2017	31/08/2018	31/08/2017
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation	7,109	1,147	2,841	698
Deferred taxation	927	(230)	1,984	(480)
Withholding taxation	681	577	327	334
Total taxation	**8,717**	**1,494**	**5,152**	**552**

	6 months ended		3 months ended	
	31/08/2018	31/08/2017	31/08/2018	31/08/2017
	USD'000	USD'000	USD'000	USD'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit / (loss) before taxation	9,140	(7,794)	4,992	(8,597)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	3,699	2,022	1,904	1,099
Tax effect of non-deductible expenses	1,699	(1,950)	1,290	(2,537)
Tax effect of non-taxable income	(3,046)	(88)	(2,361)	502
Foreign tax credit	(4,012)	(3,260)	(1,560)	(1,463)
Effect of tax losses not recognised as deferred tax assets	10,022	5,482	5,457	3,588
Tax effect of utilised unrecognised tax losses	(326)	(1,289)	95	(971)
Withholding taxation	681	577	327	334
	8,717	**1,494**	**5,152**	**552**

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:

	31/08/2018	31/08/2017
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Mauritius (tax credit of 80%)	15%	15%
South Africa	28%	28%
Kenya	30%	30%
United Kingdom	19%	19%
Tanzania	30%	30%
Zambia	35%	35%
Zimbabwe	26%	26%

7. Goodwill

	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Cost		
Opening balance	160,522	145,833
Acquisition of subsidiaries	-	635
Foreign exchange (loss) / gain	(29,634)	14,054
Closing balance	**130,888**	**160,522**

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.

	31/08/2018 USD'000 (Unaudited)	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	117,293	146,927
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	4,037	4,037
Transaction Payment Solutions Indian Ocean Limited	245	245
	130,888	**160,522**

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.

8. Intangible assets

Group

	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Other Intangible Assets	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	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	-	-	-	4,149	-	-	4,149
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 9)	296	(27)	190	-	6	-	465
Foreign exchange differences	2,431	3,879	2,296	8,233	-	4,792	21,631
At 28 February 2018 (Audited)	24,467	44,741	114,139	68,437	2,858	31,209	285,851
Purchases	5,623	1,546	404	-	1,333	-	8,906
Transfers from property, plant and equipment (note 9)	-	-	2,294	-	-	-	2,294
Foreign exchange differences	(3,456)	(7,840)	(5,584)	(15,406)	-	(2,454)	(34,740)
At 31 August 2018 (Unaudited)	26,634	38,447	111,253	53,031	4,191	28,755	262,311
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	-	(124)	-	-	-	-	(124)
Transfers to property, plant and equipment (note 9)	-	(4)	-	-	-	-	(4)
Reclassification*	-	-	8,047	50	-	(50)	8,047
Foreign exchange differences	931	3,215	1,346	412	-	1,179	7,083
At 28 February 2018 (Audited)	6,610	36,768	39,815	4,921	-	11,816	99,930
Amortisation	1,000	1,548	3,803	2,043	-	4,853	13,247
Transfers from property, plant and equipment (note 9)	-	-	819	-	-	-	819
Foreign exchange differences	(945)	(6,482)	(2,672)	(946)	-	(2,675)	(13,720)
At 31 August 2018 (Unaudited)	6,665	31,834	41,765	6,018	-	13,994	100,276
Carrying amount:							
At 28 February 2018 (Audited)	17,857	7,973	74,324	63,516	2,858	19,393	185,921
At 31 August 2018 (Unaudited)	19,969	6,613	69,488	47,013	4,191	14,761	162,035

*During the year ended 28 February 2018, a reclassification of USD 8.0 million was made to cost and accumulated amortisation in order to gross up the value of a fibre optical – IRU which was originally recognised at its carrying amount upon the acquisition of Liquid Telecommunications South Africa (Pty) LImited (previously known as Neotel (Pty) Limited in the year ended 28 February 2017.

9. Property, plant and equipment

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	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	-	686	1,467
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 8)	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	987,765	1,291,285
Additions	273	1,043	680	1,549	946	53,429	27,915	85,835
Disposals	-	(343)	(584)	(165)	(38)	(2)	(64)	(1,196)
Transfer to intangible assets (note 8)	-	-	-	-	-	-	(2,294)	(2,294)
Transfers	3,923	135	85	2,902	-	(16,304)	9,259	-
Transfer from inventory	-	-	7	-	-	-	-	7
Foreign exchange differences	(9,119)	(752)	(5,606)	(6,420)	(74)	(14,555)	(115,103)	(151,629)
At 31 August 2018 (Unaudited)	73,559	11,195	32,054	89,529	9,601	98,592	907,478	1,222,008
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 8)	-	-	-	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	760	520	1,698	5,054	477	-	26,772	35,281
Disposals	-	(300)	(584)	(165)	(37)	-	(61)	(1,147)
Transfer to intangible assets (note 8)	-	-	-	-	-	-	(819)	(819)
Foreign exchange differences	(3,135)	(603)	(4,381)	(1,602)	(57)	-	(54,256)	(64,034)
At 31 August 2018 (Unaudited)	15,317	8,002	26,091	71,654	6,534	(2,257)	370,359	495,700
Carrying amount:								
At 28 February 2018 (Audited)	60,790	2,727	8,114	23,296	2,616	78,281	589,042	764,866
At 31 August 2018 (Unaudited)	58,242	3,193	5,963	17,875	3,067	100,849	537,119	726,308

10. Cash and cash equivalents, and Restricted cash and cash equivalents

	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Cash and bank balances	137,379	140,718
Treasury bills	20,000	20,000
Cash and cash equivalents	**157,379**	**160,718**
Restricted cash and cash equivalents	**2,867**	**2,937**

During the year ended 28 February 2018, the group acquired two 90 day Treasury Bills in Zimbabwe each worth USD 10,000,000. The Treasury Bills bear interest of 1% annum. During the period ended 31 August 2018, the Treasury Bills were rolled over for another 90 days and they will mature in November 2018.

As detailed in note 2 (under significant accounting judgements and estimates), extracting cash from Zimbabwe can be challenging due to the Zimbabwean banking system experiencing liquidity deficits and cash shortages in respect of international payments.

11. Trade and other receivables

	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Trade receivables	111,742	114,676
Allowance for doubtful debts	(23,285)	(27,123)
Affiliated entities (note 15)	37,635	48,571
Short-term inter-company receivables (note 15)	4,754	74,420
Sundry debtors	16,670	17,642
Deposits paid	4,324	4,078
Prepayments	34,294	29,941
Prepayments to related parties (note 15)	1,049	15,073
	187,183	**277,278**

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

The 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.

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 continuously throughout the period.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and is repayble within three to six months.

In addition to the current item not yet due of USD 30.0 million (28 February: USD 82.4 million), 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.

	Ageing of past due but not impaired	
	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Group		
31 - 60 days	42,113	18,589
61 - 90 days	13,226	6,343
91 - 120 days	10,091	5,270
121 + days	30,659	23,501
	96,089	**53,703**

11. Trade and other receivables (continued)

As at 31 August 2018, included in past due but not impaired is USD 34.7 million (2018: USD 17.4 million) relating to Econet Group. Refer to note 15 for the total breakdown of Econet Group trade receivables.

12. Short-term portion of long-term borrowings and long-term borrowings

	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	16,578	15,529
USD 730 million 8.5% Senior Secured Notes	716,348	714,546
USD 10 million Cisco loan facility	180	1,125
Other long term borrowings	-	14
	733,106	**731,214**
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	3,872	3,847
USD 730 million 8.5% Senior Secured Notes	8,273	8,273
USD 10 million Cisco loan facility	1,927	1,927
Other short term borrowings	954	972
	15,026	**15,019**

As at 31 August 2018, the USD 15.3 million loan facility and USD 8.0 million revolving credit facility between CEC Liquid Telecommunications Limited and Stanbic Bank of Zambia has the company guaranteeing 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 CEC Liquid Telecommunications Limited. The loan facility 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 facility is denominated in USD, bears interest at the rate of Libor plus 6% and is repayable by October 2019. As at 31 August 2018, CEC Liquid Telecommunications Limited has drawn down all the loan facility and all of the revolving credit facility. The above balances represent the USD 15.3 million loan facility, net of repayment of USD 2.8 million, and the USD 8.0 million revolving credit facility.

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 31 August 2018, 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 with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, 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.

The USD 10 million 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. As at 31 August 2018, there is an amount of USD 2.1 million outstanding.

The group has a USD 73.0 million revolving credit facility agreement between the company, 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 and Liquid Telecommunications South Africa (Pty) 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 31 August 2018, the company has not drawn the facility.

13. Trade and other payables

	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Trade accounts payable	78,459	96,120
Payable balance to affiliated entities (note 15)	2,273	4,358
Short-term inter-company payables (note 15)	41	-
Accruals	63,540	82,104
Staff payables	1,951	3,005
Transaction taxes due in various jurisdictions	-	5,275
Unfavourable contracts	546	1,156
Senior secured notes premium	1,930	1,930
Other short term payables	8,157	7,373
	156,897	**201,321**

The average credit period granted on purchases of goods is 30-60 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.

Amount payable to affiliated entities and related company are unsecured, interest free and repayable on demand.

14. Deferred revenue

	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Long-term portion of deferred revenue	50,535	53,702
Short-term portion of deferred revenue	29,017	27,188
	79,552	**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.

15. 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. During the period, the group entered into the following trading transactions with related parties:

	6 months ended		3 months ended	
	31/08/2018 USD'000 (Unaudited)	31/08/2017 USD'000 (Unaudited)	31/08/2018 USD'000 (Unaudited)	31/08/2017 USD'000 (Unaudited)
Sales of goods and services				
Econet Global related group companies	61,047	34,993	30,204	19,937
Purchase of goods and services				
Econet Global related group companies	14,023	15,395	7,044	6,705

15. Related party transactions and balances (continued)

	6 months ended		3 months ended	
	31/08/2018	**31/08/2017**	**31/08/2018**	**31/08/2017**
	USD'000	**USD'000**	**USD'000**	**USD'000**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Management fees paid and expensed				
Econet Global related group companies	750	750	375	375
Dividend paid				
Econet Global Limited	13,500	-	-	-
Interest income				
Econet Global related group companies	192	663	92	365
Administration fees paid				
DTOS Limited	100	111	53	51

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

	31/08/2018	**28/02/2018**
	USD'000	**USD'000**
	(Unaudited)	**(Audited)**
Short term intercompany receivables		
Econet Global related group companies	4,754	74,420
Short term intercompany payables		
Econet Global related group companies	41	-
Receivables balances from affiliated entities		
Econet Global related group companies	37,635	48,571
Payable balance to affiliated entities		
Econet Global related group companies	2,273	4,358
Prepayments		
Econet Global related group companies	1,049	15,073

16. Capital commitments

	31/08/2018	**28/02/2018**
	USD'000	**USD'000**
	(Unaudited)	**(Audited)**
At 31 August 2018 the group was committed to making the following capital commitments:		
Authorised and contracted	72,717	43,539

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

Acquisition of the remaining shares in CEC Liquid Telecommunication Limited

In May 2018, the company entered into an agreement with CopperBelt Energy Corporation PLC ("CEC") to acquire the remaining 50% of CEC Liquid Telecommunication Limited, a Liquid Telecommunications group subsidiary based in Zambia, for a total consideration of USD 35 million. Subject to a number of conditions precedent, the company will pay USD 3.5 million upon completion of the agreement with the balance of USD 31.5 million being paid by 31 January 2019 latest. Upon completion of the agreement, Liquid Telecommunications group will own 100% of CEC Liquid Telecommunication Limited, which also owns 100% of HAI Telecommunications Limited.

17. Dividend

Dividends of USD 13.5 million were declared and paid on 31 May 2018. The dividends for the full year were declared in fulfilment of the Econet Strategic Support ("SSA") agreement and allocated to Econet Wireless Group only. All other shareholders have renounced their right to the dividend.

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.

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

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

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
31 August 2018				
Investments	-	-	10,815	10,815
Unfavourable contract	-	-	10,330	10,330
Total	**-**	**-**	**21,145**	**21,145**
28 February 2018				
Unfavourable contract	-	-	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.

	31/08/2018
	USD'000
	(Unaudited)
Opening balance	12,447
Additions	310
Impairment	(1,942)
Closing balance	10,815

During the period ended 31 August 2018, 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.

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

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 OA&M charges' present value exceeds the present value of the OA&M charges of a similar IRU purchased at the acquisition date, a liability was raised for the excess OA&M charges. The unfavourable contract is amortised over the remaining period of the contract.

The group purchased Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (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 OA&M relating to an IRU for 19 STM1s. The IRU's OA&M charges' present value exceeds the present value of the OA&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 OA&M charges as at acquisition.

	31/08/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Opening balance	10,539	11,543
Adjustment	907	1,818
Unwinding of interest	(560)	(2,142)
Charge to Cost of sales	(120)	(993)
Foreign exchange (loss)/gain	(436)	313
Closing balance	10,330	10,539

19. Non-cash transactions

In the current financial period, the non-cash portion of finance costs consists of USD 1.8 million of amortised arrangement fees relating to the USD 730 million 8.5% Senior Secured Notes. Incurred arrangement fees of USD 13.7 million are netted off against the borrowings as at 31 August 2018.

20. Loss per share

	6 months ended		3 months ended	
	31/08/2018 USD'000 (Unaudited)	31/08/2017 USD'000 (Unaudited)	31/08/2018 USD'000 (Unaudited)	31/08/2017 USD'000 (Unaudited)
Basic and diluted earnings per share (Cents per share)	(8.12)	(12.17)	(4.13)	(11.69)

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

Loss attributable to owners of the company	(9,057)	(12,170)	(4,604)	(11,691)

	31/08/2018 USD'000 (Unaudited)	31/08/2017 USD'000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the period ended	111,531,175	100,000,000

At 31 August 2018, the share capital of USD 3.3million represents 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 – refer to note 20.3 for more detail) with a par value of USD 0.0297541580 each.

21. Post balance sheet events

On 1 October 2018, Liquid Telecomunication SA (Pty) Ltd ("LTSA") announced that it will commence with a restructure of its operations due to it having developed a new operating model which will see the enhanced automation and digitalisation of the business. The restructure is due to be completed by the end of the financial year.

22. Comparative figures

The accounting for the acquisitions of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) through Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited) and Raha Tanzania Holdings Limited were provisional and based on management's best estimate as at 28 February 2017.

In accordance with IFRS 3, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition.

The acquisition accounting was completed as at 28 February 2018 and the 31 August 2017 figures are retrospectively adjusted as per IFRS. The effect of the retrospective adjustment, on the consolidated statement of profit or loss for periods ended 31 August 2017, is reflected below:

	As at 31/08/2017		Movement
	USD'000 (Unaudited)	USD'000 (Unaudited and restated)	USD'000 (Unaudited)
6 months ended 31 August			
Data and network related costs	86,720	87,794	(1,074)
Depreciation, impairment and amortisation	39,592	46,354	(6,762)
Tax expense	3,059	1,494	1,565
Total	129,371	135,642	(6,271)
3 months ended 31 August			
Data and network related costs	43,797	44,334	(537)
Depreciation, impairment and amortisation	20,009	23,390	(3,381)
Tax expense	1,335	552	783
Total	65,141	68,276	(3,135)

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.

	6 months ended 31/08/2017 USD'000 (Unaudited)	3 months ended 31/08/2017 USD'000 (Unaudited)
Consolidated Statements of Profit or Loss		
As previously reported:		
Cost of sales	126,030	67,098
Administrative expenses	47,072	23,377
	173,102	**90,475**
Currently reported:		
Interconnect related costs	(59,776)	(32,067)
Data and network related costs	(87,794)	(44,334)
	(147,570)	**(76,401)**
Consolidated Statements of Cash Flows		
Cash flows from operating activities:	20,829	9,135
Cash flows from financing activities:	(20,829)	(9,135)
	-	-

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 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
6 months ended 31 August 2018:			
Revenue	348,808	-	348,808
Interconnect related costs	(60,455)	-	(60,455)
Data and network related costs	(92,280)	24,994	(67,286)
Gross Profit			221,067
Other income	543	-	543
Dividend received	-		-
Selling, distribution and marketing costs	(7,771)	-	(7,771)
Administrative expenses	(30,996)	(24,994)	(55,990)
Staff costs	(60,904)	-	(60,904)
Adjusted EBITDA	**96,945**	**-**	**96,945**

23. Change in presentation (continued)

	Unaudited Statement of profit or loss USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
6 months ended 31 August 2017:			
Revenue	315,135	-	315,135
Interconnect related costs	(59,776)	-	(59,776)
Data and network related costs*	(87,794)	20,467	(67,327)
Gross Profit			188,032
Other income	872	-	872
Dividend received	-		-
Selling, distribution and marketing costs	(5,797)	-	(5,797)
Administrative expenses	(26,605)	(20,467)	(47,072)
Staff costs	(54,950)	-	(54,950)
Adjusted EBITDA	**81,085**	**-**	**81,085**

	Unaudited Statement of profit or loss USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
3 months ended 31 August 2018:			
Revenue	170,545	-	170,545
Interconnect related costs	(28,340)	-	(28,340)
Data and network related costs	(47,383)	11,046	(36,337)
Gross Profit			105,868
Other income	279	-	279
Dividend received	-		-
Selling, distribution and marketing costs	(3,975)	-	(3,975)
Administrative expenses	(14,916)	(11,046)	(25,962)
Staff costs	(27,248)	-	(27,248)
Adjusted EBITDA	**48,962**	**-**	**48,962**

	Unaudited Statement of profit or loss USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
3 months ended 31 August 2017:			
Revenue	162,682	-	162,682
Interconnect related costs	(32,067)	-	(32,067)
Data and network related costs*	(44,334)	9,840	(34,494)
Gross Profit			96,121
Other income	476	-	476
Dividend received	-		-
Selling, distribution and marketing costs	(2,247)	-	(2,247)
Administrative expenses	(13,537)	(9,840)	(23,377)
Staff costs	(28,456)	-	(28,456)
Adjusted EBITDA	**42,517**	**-**	**42,517**

* The reclassification includes the restrospective adjustment as described note 22.