LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
("the Group" or "Liquid Telecom")
FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 31 August 2019

Continued operational progress despite economic headwinds

29 October 2019

Leading pan-African telecoms group Liquid Telecom, a subsidiary of Econet Global, today announces its unaudited financial results for the quarter ended 31 August 2019.

Highlights

- Reported revenues were USD 185.1 million and adjusted EBITDA[2] of USD 53.9 million, post IFRS 16 (USD 45.9 million pre IFRS 16).
- Post IFRS 16 cash generated from operations was USD 20.5 million (USD 11.4 million pre IFRS 16).
- Pre IFRS 16 closing net debt was USD 656.4 million resulting in a net debt to adjusted EBITDA ratio of 3.25x.
- Revenues and profits were mainly impacted by the Zimbabwean economy (including the currency devaluation). The South African currency (Rand) had a relatively small impact on performance.
- Second quarter adjusted EBITDA[2] decreased 6.3 per cent on a pre IFRS 16 basis reflecting the currency devaluation in Zimbabwe. Outside of Zimbabwe adjusted EBITDA was up 44 per cent versus the second quarter 2018-19.
- Strong recovery in South Africa with pre IFRS 16 Adjusted EBITDA increasing from USD 23.7 million (H1 2018-19) to USD 40.1 million (H1 2019-20) driven by the Wholesale and Enterprise segments.
- Good development in the wholesale segment in the Rest of Africa in particular from a number of sales to Mobile Network Operators (MNOs) in Kenya.
- Effective cost management across the business as we realise the benefit of our improved operating model.
- The foreign exchange translation loss relating to the Zimbabwean currency is USD 355.9 million and is largely non-cash. Hyper-inflation accounting has not been applied to these accounts but will apply for full-year 2019-20.
- We have renegotiated the Revolving Credit Facility (RCF) in order to realign the covenants more closely with the bond and extend the maturity to April 2022.
- Kate Hennessy was appointed as Group CFO replacing Phil Moses. Kate started the role on 4 October 2019.
- Invested USD 25.1 million capital expenditure (net of disposals) focussing on our backbone network, data centre infrastructure in South Africa and connecting enterprise customers to the "One Africa" network.
- In June, the large-scale 15 year roaming agreement with MTN South Africa went live.
- In July, we agreed to invest in South Sudan to connect businesses and government organisations to the rest of Africa and the world. The first phase is expected to be finished by the end of the year.

	Q2 2019-20 (Post IFRS 16)	Q2 2019-20 (Pre IFRS 16)	Q2 2018-19	Q2 Pre IFRS 16 Change
	(USDm)	(USDm)	(USDm)	(%)
Revenue	185.1	185.1	170.5	8.6
Adjusted EBITDA	53.9	45.9	49.0	(6.3)
Cash generated from operations	20.5	11.4	71.2	(84.0)
Net Debt[1]	755.3	656.4	714.1	(8.1)
Net debt / adjusted EBITDA (x)	3.46	3.25	2.93	n/a

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

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

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

Chief Executive Officer, Nic Rudnick, commented:
"Our progress during the quarter has been good, despite currency headwinds, as we implement our strategy of expanding our fibre footprint and monetising the network through our broadened portfolio, notably in data centres and cloud services, across our platform. Importantly, I am pleased to report that South Africa and Kenya have started to demonstrate good growth driven by the monetisation of our backbone routes and increased demand from enterprise customers.

Through the quarter we have continued to expand the reach of our network. This expansion is exemplified by our current plans to connect East to West as illustrated by our increased offering in the DRC and the connection of South Sudan onto our "One Africa" broadband network. In addition to this, through the quarter we have continued to connect more sites for MNOs, SMEs and government buildings and reach more retail customers through our Fibre to the Home (FTTH) and fixed Long Term Evolution (LTE) network coverage. Our cross-border network, data centre offering and digital transformation strategy remains a significant competitive advantage for the Group as we further strengthen our relationships with enterprise and wholesale customers. The expansion of our South Africa Data Centre business continues notably in Johannesburg as demand for hyperscale infrastructure remains high and we are continuing to assess the possibility of appropriate forms of financing in order to quicken the pace of our growth as we recognise the longer investment cycle and different capital structures required.

In conclusion, we have developed a strong customer-led offering and we are evolving the way in which we engage our stakeholders ensuring that our digital transformation delivers a high-class user experience and access into the cloud. These actions are delivering growth in our operations."

Group Chairman, Strive Masiyiwa, added:
"On behalf of the Board, I am pleased with the overall performance of the Group – particularly our underlying EBITDA growth. South Africa and Kenya have been key growth markets for the Group and the greater focus on further monetising our Pan-African broadband network is paying off.

Following the new investment from CDC Group plc we have continued to invest in our plans to connect Africa from East to West which will enable us to provide services to more customers across the continent. Another step in this plan is our investment in the Democratic Republic of Congo (DRC) and South Sudan. As part of our governance structure, the Board Strategy and Investment Committee scrutinises and prioritises those projects that provide the best mix of returns and ensures that we are investing within our means.

The Board continues to consider further strategic options for raising capital, notably in data centres, in order to provide additional funding to accelerate the Group's growth plans and service the demands of our hyperscale data centre customers. The disciplined execution of our corporate strategy continues to cement our competitive advantage as we continue to build Africa's digital future."

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

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

For more information, visit www.liquidtelecom.com

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OPERATIONAL AND FINANCIAL REVIEW

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

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

Wholesale Data

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

Enterprise

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

Retail

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

Wholesale Voice

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

Key performance indicators (KPIs)

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

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

Footnotes:

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

Kilometres of fibre grew marginally as the Group started the next phase of the rollout of a section on its backbone routes in South Africa.

The number of data centre racks sold decreased slightly during the quarter as a number of small customers decreased their space. We are continuing to further develop our South African data centres on the back of hyperscale and enterprise customer demand.

During the second quarter of 2019-20 we secured a total of USD 58.5 million in new total contract value (TCV) compared with a total of USD 80.0 million for the first quarter 2019-20.

In the second quarter, churn levels decreased to their lowest since the issuance of the bond (when it was at its historical low) due to the improvement in the network in South Africa.

The service activation pipeline decreased from USD 4.5 million per month as at 31 May 2019 to USD 2.6 million (MRR only) as at 31 August 2019 mainly due to good service delivery in South Africa in the quarter.

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

- Enabling a large MNO in South Africa to gain capacity on National Long Distance (NLD) 5 and 6 routes in order to deliver their FTTH strategy.
- An agreement with a non-profit organisation in South Africa to provide up to 325 colleges with connectivity and layer two services over a three year period.
- A three year agreement with a South African governmental entity to provide connectivity hosting and cloud services.
- Maintenance services for an MNO in South Africa on a number of National Long Distance routes.
- IP transit for a number of MNOs through DRC.
- Connectivity for a number of enterprise customers in the mining and financial industries in Zambia between one and three years.
- Connectivity, hosting and cloud services for a number of enterprises in Zimbabwe across the financial, transport, construction, mining, consumer groups in addition to governmental agencies over a range of one to three years.
- A national MPLS VPN and dedicated Internet Access to a large Zimbabwean MNO over the forthcoming year.
- Co-location services to a number of financial institutions in Kenya for between one and three years.

Revenue

Revenue per segment	For the six-month period ended			For the three-month period ended		
	31 August 2019	31 August 2018	2019 versus 2018	31 August 2019	31 August 2018	2019 versus 2018
	(USDm)	(USDm)	(%)	(USDm)	(USDm)	(%)
Data and Other services	**265.6**	**274.3**	**(3.2)**	**147.1**	**133.2**	**10.4**
Wholesale data	123.4	111.0	11.2	77.9	54.8	42.2
Enterprise	124.2	135.5	(8.3)	62.4	64.3	(3.0)
Retail	18.0	27.8	(35.3)	6.8	14.1	(51.8)
Wholesale voice	**74.0**	**74.5**	**(0.7)**	**38.0**	**37.3**	**1.9**
Total Revenue	**339.6**	**348.8**	**(2.6)**	**185.1**	**170.5**	**8.6**

In the first half of the year revenue decreased 2.6 per cent to USD 339.6 million. In the second quarter, revenue increased 8.6 per cent to USD 185.1 million (Q1 2018-19: USD 178.3 million) reflecting an improved performance in South Africa in both the enterprise and wholesale segments partially offset by an overall subdued performance in the other countries, notably Zimbabwe. This is after a negative impact due to the variation in the Rand (USD 5.1 million) and the economic downturn in Zimbabwe (USD 25.8 million).

Wholesale Data

In the first half of 2019-20 revenue increased 11.2 per cent. In the second quarter revenue increased by 42.2 per cent to USD 77.9 million (Q2 2018-19: USD 54.8 million) reflecting the initiation of the MTN roaming deal in June, the delivery of services to a number of MNOs on the NLD 5 and 6 and 1 to 4 routes in South Africa and continued growth in Kenya. In the second quarter, this was partially offset by the negative impact of the economic downturn in Zimbabwe (c. USD 14.8 million) and the Rand devaluation (c. USD 1.4 million).

As part of our funding strategy for the expansion of our fibre network, it remains important to secure wholesale infrastructure contracts (typically over 10 to 15 years) such as IRUs because they provide significant up-front cash inflows to partially fund the initial capital expenditure. On the back of these contracts, we have continued to invest in long-haul routes (notably NLD 5 & 6) 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 versus the second quarter in 2018-19 particularly in South Africa driven by the need for the local retention of data and low latencies. We are seeing strong demand from global cloud providers and we are continuing to look to expand our data centres notably in Johannesburg. In total we have a potential capacity of more than 6,000 racks and a future potential of 78.0 MegaWatts (MW) available power across our footprint.

Enterprise

In the first half of the year revenue decreased 8.3 per cent. In the second quarter, revenues decreased by 3.0 per cent versus the prior year to USD 62.4 million (Q2 2018-19: USD 64.3 million). The decline primarily reflects the strong Rand in the comparative period (USD 3.2 million) and the impact of the currency devaluation in Zimbabwe (USD 5.8 million). Underlying this, the increase mainly relates to one-off revenue from the Eastern Cape government contract.

By the end of the second quarter, the number of enterprise customers increased to 11,290 customers (Q2 2018-19: 10,694 customers) primarily driven by a number of wins with small to medium sized customers in South Africa and the eastern region notably in Kenya.

Following the announcement of our digital transformation strategy we continue to expect that our renewed focus on enterprise customers will deliver growth in the coming quarters notably through monthly recurring revenue. As part of this focus on the Enterprise customer in June, we announced that we would hold our first cloud conference with Microsoft in Mauritius to help local business improve their understanding and use of cloud services to maximise their productivity and growth.

Large governmental and non-governmental agencies rely on our transmission backbone and digital service capabilities to implement critical services to businesses and citizens. The largest contracts this quarter came from government entities, the financial sector, consumer and mining corporates, for connectivity, VoIP and data centre co-location services.

Retail

In the first half of the year revenue decreased 35.3 per cent. For the second quarter revenues decreased by 51.8 per cent to USD 6.8 million (Q2 2018-19: USD 14.1 million) vs the prior year. This reduction was due to the currency devaluation in Zimbabwe and the planned CDMA switch off in South Africa which took place in the second quarter 2019-20. This was partially offset by strong customer demand elsewhere for our services delivering an overall increase in broadband customers (FTTH and LTE) by 14.3 per cent to 74,527.

Wholesale Voice

In the first half of the year revenue was approximately flat. In the second quarter of 2019-20 revenue increased by 1.9 per cent to USD 38.0 million as compared with the same period last financial year (Q2 2018-19: USD 37.3 million). Total volume of minutes for the quarter decreased by 11 per cent to 298 million minutes (Q2 2018-19: 332 million minutes) with average revenue per minute increasing by 14.2 per cent to 12.8 US cents (Q1 2018-19: 11.2 US cents).

The decrease in minutes and increase in the average revenue per minute continues industry trends in the voice market.

Gross profit

In the year we adopted IFRS 16 ("Leases") resulting in an improvement in gross profit of USD 11.9 million in the first half of the year. The second quarter increase in gross profit was USD 5.3 million.

Gross Profit	For the six-month period ended					
	31 August 2019 (Post IFRS 16)	IFRS 16 impact	31 August 2019 (Pre IFRS 16)	31 August 2018	2019 versus 2018 (Post IFRS 16)	2019 versus 2018 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Revenue	339.6	-	339.6	348.8	(2.6)	(2.6)
Costs per quarterly financial statements	(141.5)	(11.9)	(153.4)	(127.7)	10.8	20.1
Gross Profit	**198.1**	**11.9**	**186.2**	**221.1**	**(10.4)**	**(15.8)**
Gross Profit Margin (%)	**58.3**	**n/a**	**54.8**	**63.4**	**(5.1)pp**	**(8.5)pp**

Gross Profit	For the three-month period ended					
	31 August 2019 (Post IFRS 16)	IFRS 16 impact	31 August 2019 (Pre IFRS 16)	31 August 2018	2019 versus 2018 (Post IFRS 16)	2019 versus 2018 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Revenue	185.1	-	185.1	170.5	8.6	8.6
Costs per quarterly financial statements	(84.7)	(5.3)	(90.0)	(64.7)	30.9	39.1
Gross Profit	**100.4**	**5.3**	**95.1**	**105.8**	**(5.1)**	**(10.1)**
Gross Profit Margin (%)	**54.2%**	**n/a**	**51.4%**	**62.1%**	**(7.8)pp**	**(10.7)pp**

In the first half pre IFRS 16 gross profit reduced by 15.8 per cent. In the second quarter gross profit was less by 10.1 per cent to USD 95.1 million (Q2 2018-19: USD 105.8 million) on a pre IFRS 16 basis reflecting the impact of the currency devaluation in Zimbabwe and Rand fluctuations. In addition, gross profit margins have reduced primarily due to the large roaming deal with MTN which, as previously guided, is at a lower gross profit percentage of revenue (margin).

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

Total overheads and other income

The application of IFRS 16 has reduced reported overheads and other income by USD 5.0 million in the first half of 2019-20 and USD 2.7 million in the second quarter.

Total Overheads and Other Income	**For the six-month period ended**					
	31 August 2019 (Post IFRS 16)	IFRS 16 impact	31 August 2019 (Pre IFRS 16)	31 August 2018	2019 versus 2018 (Post IFRS 16)	2019 versus 2018 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Other income	0.7	0.0	0.7	0.5	40.0	40.0
Selling, distribution and marketing costs	(5.1)	(0.1)	(5.2)	(8.4)	(39.3)	(38.1)
Administrative costs	(42.4)	(4.9)	(47.3)	(55.4)	(23.5)	(14.6)
Staff costs	(46.9)	0.0	(46.9)	(60.9)	(23.0)	(23.0)
Total overheads and Other income	**(93.7)**	**(5.0)**	**(98.7)**	**(124.2)**	**(24.5)**	**(20.5)**
% to Total Revenue	**(27.6)**	***n/a***	**(29.1)**	**(35.6)**	***8.0pp***	***6.5pp***

Total Overheads and Other Income	**For the three-month period ended**					
	31 August 2019 (Post IFRS 16)	IFRS 16 impact	31 August 2019 (Pre IFRS 16)	31 August 2018	2019 versus 2018 (Post IFRS 16)	2019 versus 2018 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Other income	0.4	0.0	0.4	0.3	33.3	33.3
Selling, distribution and marketing costs	(2.6)	(0.0)	(2.6)	(4.5)	(42.2)	(42.2)
Administrative costs	(21.2)	(2.7)	(23.9)	(25.4)	(16.5)	(5.9)
Staff costs	(23.2)	0.0	(23.2)	(27.2)	(14.7)	(14.7)
Total overheads and Other income	**(46.6)**	**(2.7)**	**(49.3)**	**(56.8)**	**(18.0)**	**(13.2)**
% to Total Revenue	**(25.1)**	***n/a***	**(26.6)**	**(33.3)**	***8.3pp***	***6.8pp***

In the first half total overheads and other income (pre IFRS 16) decreased by 20.5 per cent. In the second quarter total overheads and other income (pre IFRS 16) decreased by 13.2 per cent to USD 49.3 million (Q2 2018-19: USD 56.8 million).

In the second quarter, on a pre IFRS 16 basis, selling, distribution and marketing costs decreased 42.2 per cent to USD 2.6 million (Q2 2018-19: USD 4.5 million). This follows a decrease in marketing costs and lower bad debt provisions.

Pre IFRS 16 administration costs decreased by 5.9 per cent to USD 23.9 million (Q2 2018-19: USD 25.4 million) following the realisation of the benefit of the restructuring, notably in South Africa where we migrated legacy services and retail stores to another provider, lower costs associated with the capital structuring and fund raising processes in the prior year, reduced headcount and the currency changes already noted. The IFRS 16 impact was USD 2.7 million.

Staff costs in the second quarter also decreased by 14.7 per cent to USD 23.2 million (Q2 2018-19: USD 27.2 million) reflecting a further reduction of employee numbers due to the realisation of the benefit of the reduction in personnel in prior quarters in South Africa, the merging of Hai and CEC Liquid in Zambia, named Liquid Telecom Zambia, delivering a headcount for the Group at the end of the period of 2,095 (Q2 2018-19: 2,455).

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**					
	31 August 2019 (Post IFRS 16)	IFRS 16 impact	31 August 2019 (Pre IFRS 16)	31 August 2018	2019 versus 2018 (Post IFRS 16)	2019 versus 2018 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Adjusted EBITDA	**104.4**	**16.8**	**87.6**	**96.9**	**7.7**	**(9.6)**
Depreciation, impairment and amortisation	(62.4)	(15.9)	(46.5)	(50.5)	23.6	(7.9)
Operating Profit	**42.0**	**0.9**	**41.1**	**46.4**	**(9.5)**	**(11.4)**
Restructuring costs	(0.5)	-	(0.5)	-	n/a	n/a
Acquisition and other investment costs	(0.3)	-	(0.3)	(0.7)	(57.1)	(57.1)
Interest income	1.8	-	1.8	3.3	(45.5)	(45.5)
Finance costs	(38.9)	(4.6)	(34.3)	(34.6)	12.4	(0.9)
Foreign exchange (loss) / gain	(358.3)	-	(358.3)	(5.4)	n/a	n/a
Share of profit of associate	0.0	-	0.0	0.0	n/a	n/a
(Loss)/Profit before tax	**(354.2)**	**(3.8)**	**(350.4)**	**9.1**	**n/a**	**n/a**
Tax expense	(3.1)	-	(3.1)	(8.7)	(64.4)	(64.4)
(Loss)/Profit for the period	**(357.3)**	**(3.8)**	**(353.5)**	**0.4**	**n/a**	**n/a**

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

Adjusted EBITDA	For the three-month period ended					
	31 August 2019 (Post IFRS 16)	IFRS 16 impact	31 August 2019 (Pre IFRS 16)	31 August 2018	2019 versus 2018 (Post IFRS 16)	2019 versus 2018 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Adjusted EBITDA	**53.9**	**8.0**	**45.9**	**49.0**	**10.0**	**(6.3)**
Depreciation, impairment and amortisation	(32.0)	(8.3)	(23.7)	(25.5)	25.5	(7.1)
Operating Profit/(Loss)	**21.9**	**(0.3)**	**22.2**	**23.5**	**(6.8)**	**(5.5)**
Restructuring costs	(0.0)	-	(0.0)	-	n/a	n/a
Acquisition and other investment costs	(0.2)	-	(0.2)	(0.5)	(60.0)	(60.0)
Interest income	0.9	-	0.9	2.6	(65.4)	(65.4)
Finance costs	(19.2)	(2.5)	(16.7)	(17.0)	12.9	(1.8)
Foreign exchange (loss) / gain	(165.6)	-	(165.6)	(3.7)	n/a	n/a
Share of profit of associate	(0.0)	-	(0.0)	0.0	n/a	n/a
(Loss)/Profit before tax	**(162.2)**	**(2.8)**	**(159.4)**	**4.9**	**n/a**	**n/a**
Tax expense	(0.6)	-	(0.6)	(5.2)	(88.5)	(88.5)
(Loss)/Profit for the period	**(162.8)**	**(2.8)**	**(160.1)**	**(0.3)**	**n/a**	**n/a**

In the second quarter of the year post IFRS 16 adjusted EBITDA was USD 53.9 million with the IFRS 16 impact of USD 8.0 million. Pre IFRS 16 adjusted EBITDA decreased by 6.3 per cent to USD 45.9 million (Q2 2018-19: USD 49.0 million). The fluctuations in the Zimbabwe economy had a negative impact on adjusted EBITDA of USD 16.2 million with the variation in the Rand negatively impacting by USD 2.3 million. Thus, underlying growth in EBITDA was c. USD 15 million (c. 30 per cent).

Depreciation, impairment and amortisation in the second quarter increased by 25.5 per cent to USD 32.0 million (Q2 2018-19: USD 25.5 million) principally driven by changes under IFRS 16. Pre IFRS 16, depreciation decreased 6.9 per cent to USD 23.7 million because of the impact of the currency devaluation in Zimbabwe partially offset by the investment in the fibre network and Data Centres in South Africa.

The aggregation of the above led to a decrease in pre IFRS 16 operating profit in the second quarter of 5.5 per cent to USD 22.2 million. (Q2 2018-19: USD 23.5 million)

There were no restructuring costs in the second quarter. In addition, acquisition and other investment costs were minimal following the finalisation of the USD 180 million investment from CDC Group Plc.

Pre IFRS 16 finance costs in the second quarter, remained approximately flat at USD 16.7 million (Q2 2018-19: USD 17.0 million) following the repayment of the RCF in April. In addition, the accounting for leases under IFRS 16 increased reported finance costs by USD 2.5 million.

Foreign exchange losses incurred in the quarter were predominantly non-cash and due to the translation of US Dollar intercompany trade payables and liabilities from our Zimbabwean operation to the parent company and subsidiaries.

Tax expense for the second quarter of 2019-20 was USD 0.6 million (Q2 2018-19: USD 5.2 million) where the majority of the tax was incurred in Zimbabwe.

As a result of the above, in the second quarter we delivered a loss of USD 160.1 million (Q2 2018-19: loss USD 0.3 million) due to the translational impact of the depreciation of the Zimbabwean currency.

Cash generated from operations

Cashflow	**For the six-month period ended**					
	31 August 2019 (Post IFRS 16)	IFRS 16 impact	31 August 2019 (Pre IFRS 16)	31 August 2018	2019 versus 2018 (Post IFRS 16)	2019 versus 2018 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Cash generated from operations	**47.2**	**17.6**	**29.6**	**89.8**	**(47.4)**	**(67.0)**
Tax paid	(2.9)	-	(2.9)	(11.0)	(73.6)	(73.6)
Net cash from / (used in) operating activities	**44.3**	**17.6**	**26.7**	**78.8**	**(43.8)**	**(66.1)**
Net cash used in investing activities	(55.7)	-	(55.7)	(32.0)	74.1	74.1
Of which capital expenditure (net of disposals)	(57.5)	-	(57.5)	(94.7)	(39.3)	(39.3)
Net cash (used in)/from financing activities	54.1	(17.6)	71.7	(45.9)	(217.9)	(256.2)
Net (decrease) / increase in cash and cash equivalent	**42.7**	**-**	**42.7**	**0.9**	**4,644.4**	**4,644.4**

Cashflow	**For the three-month period ended**					
	31 August 2019 (Post IFRS 16)	IFRS 16 impact	31 August 2019 (Pre IFRS 16)	31 August 2018	2019 versus 2018 (Post IFRS 16)	2019 versus 2018 (Pre IFRS 16)
	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)
Cash generated from operations	**20.5**	**(9.1)**	**11.4**	**71.2**	**(71.2)**	**(84.0)**
Tax paid	(0.8)	-	(0.8)	(2.5)	(68.0)	(68.0)
Net cash from / (used in) operating activities	**19.7**	**(9.1)**	**10.6**	**68.8**	**(71.4)**	**(84.6)**
Net cash (used in)/from investing activities	(24.2)	-	(24.2)	(6.5)	272.3	272.3
Of which capital expenditure (net of disposals)	(25.1)	-	(25.1)	(46.9)	(46.5)	(46.5)
Net cash used in financing activities	(41.9)	9.1	(32.8)	(33.0)	27.0	(6.0)
Net (decrease) / increase in cash and cash equivalent	**(46.4)**	**-**	**(46.4)**	**29.3**	**(258.4)**	**(258.4)**

Cash flow generated from operations reduced in the second quarter, pre IFRS 16, to USD 11.4 million as a result of working capital timing differences and realised foreign exchange losses.

Cash tax paid, primarily in Zimbabwe in the quarter is lower than the prior year.

Net cash used in investing activities is higher than the second quarter of the prior year given the recovery of cash (from the investment in content) in the second quarter of 2018-19. Capital expenditure in the current quarter is lower than prior year, reflecting a more prudent investment programme.

Pre IFRS16 net cash from financing activities is broadly flat year on year, comprising mainly the interest on the bond. On a post IFRS 16 basis, cash outflow on financing activities has increased by USD 8.9 million due to the lease costs arising on adoption of IFRS 16.

Capital investment and network developments

During the first half of the year we invested USD 57.5 million (net of disposal proceeds). In the second quarter, we invested, net of disposal proceeds, USD 25.1 million (Q2 2018-19: USD 46.9 million) of capital expenditure, to support the long-term growth across our data segments. This capital expenditure was largely in line with our strategy of expanding our fibre footprint from South to North and East to West and within the countries in which we operate (with services such as access through DWDM, LTE, Metro through GPON) in order to monetise the backbone network already in place and continuing to be built through the year. As the Group invests within its financial constraints and we look to finance further meaningful data centre investment through other means, additional future investment will focus on the platforms on which customers can access the cloud services that we offer. This means the customer will be able to connect into the cloud on-net and with the flexibility they need.

In Wholesale Data over the quarter we continued our investment in additional backbone fibre spurs and metropolitan fibre networks and we broadened the reach of our network serving additional wholesale customers by connecting more mobile base stations. In South Africa, during the year we continued to invest in the NLD routes 5 and 6 that connect Cape Town to Durban, the upgrade 600 Points of Presence (POP) sites and cabinets for POP expansion and maintenance of our satellite offering. Additionally, although on a smaller scale, we invested in our data centre offering with the majority focussed on Johannesburg and Cape Town where demand has been strong.

In the DRC we finalised the investment in our backbone network between Lubumbashi and Kinshasa as we deliver a significant step in order to connect East to West and build on important foundations as part of our growth strategy. We have also invested in our satellite offering having been awarded a licence for enterprise customers.

In Kenya, during the quarter we finished the investment required to provide an MNO an additional 500G of capacity between Nairobi and Tororo. Additionally, we finalised the link between Kenya and South Sudan as we develop our offering from north to south and bought an IRU from Johannesburg to Dar Es Salaam to provide additional capacity.

In Zimbabwe, we are progressing further into phase two of the Harare to Masvingo dualisation and improvement in the metro fibre ring as well as upgrading the core network to improve capacity notably for the education sector. This is in addition to our development in Zambia where we are upgrading the VoIP network (switches and routers) in order to provide higher quality services to customers and expanding our LTE offering.

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

In the Enterprise segment we have continued invest in our systems in order to provide a platform for customers to buy and bill for cloud services and further changes in the way we work will continue to occur to meet our customers' needs over the coming quarters.

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, such as the Western Cape, and corporates, such as financial institutions. This led to further investment in metro and local access fibre infrastructure on the back of these contracts. We also connected more enterprise customers in Zambia. In combination, as part of our broader digital transformation strategy we have continued to rollout our services across our Odin platform to new destination with improved ticketing and billing systems.

Gross / Net Debt

	31 August 2019 (Post IFRS 16) (USDm)	31 August 2019 (IFRS 16 Impact) (USDm)	31 August 2019 (Pre IFRS 16) (USDm)	31 May 2019 (Post IFRS 16) (USDm)	31 May 2019 (IFRS 16 Impact) (USDm)	31 May 2019 (Pre IFRS 16) (USDm)
Total Gross Debt	**855.0**	**(98.9)**	**756.1**	**871.4**	**(98.4)**	**773.0**
Long term borrowings including interest accrued	801.0	(68.3)	732.7	801.0	(68.3)	732.7
Short term portion of long-term borrowings	43.9	(30.6)	13.3	59.4	(30.1)	29.3
Unamortised arrangement fees	10.1		10.1	11.0		11.0
Less: Unrestricted cash	**99.7**		**99.7**	**157.3**		**157.3**
Net debt	**755.3**	**(98.9)**	**656.4**	**714.1**	**(98.4)**	**615.7**
Last twelve months EBITDA	**218.6**	**(16.6)**	**201.8**	**213.6**	**(8.8)**	**204.8**
Last twelve months interest	**77.8**	**(4.6)**	**73.2**	**75.6**	**(2.2)**	**73.5**
Covenants						
Gross debt / LTM EBITDA (x)			3.74			3.77
Net Debt / LTM EBITDA (x)			3.25			3.01
Interest / LTM EBITDA (x)			2.76			3.18

As at Q1 we report our covenants on a pre IFRS 16 basis, per the terms of our financing documents.

Pre IFRS 16 total gross debt decreased to USD 756.1 million compared to USD 773.0 million as at 31 May 2019 primarily due to the payment of the half yearly interest on the bond. This results in a gross debt to adjusted EBITDA multiple of 3.74 (pre IFRS 16). Pre IFRS 16 net debt, as at 31 August 2019, stood at USD 656.4 million compared to USD 615.7 million as at 31 May 2019. Pre IFRS 16 net debt to EBITDA pre IFRS 16 was 3.25x.

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

The Group has recently re-negotiated its RCF to both extend the tenor to April 2022 and amend the covenants. The net debt to EBITDA ratio has been increased as set out in the table below, the interest cover ratio has been amended to be backwards looking rather than forwards looking and the debt service cover ratio is no longer required.

Relevant period expiring	**Existing Ratio**	**Revised ratio**
31 August 2019	3.50	4.25
30 November 2019	3.50	4.25
28 February 2020	3.25	4.25
31 May 2020	3.25	4.25
31 August 2020	3.00	4.25
30 November 2020	3.00	4.25
28 February 2021	2.75	3.75
31 May 2021	2.75	3.75
31 August 2021	2.75	3.75
30 November 2021	2.75	3.75
28 February 2022	n/a	3.25

Strive Masiyiwa
Group Chairman

Nic Rudnick
Chief Executive Officer

Kate Hennessy
Group Chief Financial Officer

29 October 2019

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 6 months and 3 months ended 31 August 2019

		6 months ended		3 months ended	
	Notes	**31/08/2019**	**31/08/2018**	**31/08/2019**	**31/08/2018**
		USD'000	**USD'000**	**USD'000**	**USD'000**
		(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Revenue	3	339,629	348,808	185,117	170,545
Interconnect related costs		(62,404)	(60,455)	(32,076)	(28,340)
Data and network related costs		(98,245)	(92,280)	(62,580)	(47,383)
Other income		733	543	425	279
Selling, distribution and marketing costs		(5,138)	(8,374)	(2,612)	(4,531)
Administrative expenses		(23,252)	(30,393)	(11,201)	(14,360)
Staff costs		(46,909)	(60,904)	(23,162)	(27,248)
Depreciation, impairment and amortisation		(62,360)	(50,469)	(31,963)	(25,453)
Operating profit		**42,054**	**46,476**	**21,948**	**23,509**
Restructuring costs	4	(460)	-	(14)	-
Acquisition and other investment costs		(335)	(663)	(212)	(491)
Interest income	5	1,806	3,271	938	2,626
Finance costs	6	(38,887)	(34,611)	(19,168)	(16,970)
Foreign exchange loss	2.2	(358,317)	(5,353)	(165,640)	(3,684)
Share of profits / (loss) of associate		8	20	(4)	2
Profit / (loss) before taxation		(354,131)	9,140	(162,152)	4,992
Tax expense	7	(3,122)	(8,717)	(648)	(5,152)
Profit / (loss) for the period		**(357,253)**	**423**	**(162,800)**	**(160)**
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss:					
Translation profit / (loss) on accounting for foreign entities		86,025	(122,841)	59,431	(79,203)
Other comprehensive loss for the period		86,025	(122,841)	59,431	(79,203)
Total comprehensive loss for the period		**(271,228)**	**(122,418)**	**(103,369)**	**(79,363)**
Profit / (loss) attributable to:					
Owners of the company		(357,305)	(9,057)	(162,828)	(4,604)
Non-controlling interest		52	9,480	28	4,444
		(357,253)	**423**	**(162,800)**	**(160)**
Total comprehensive loss attributable to:					
Owners of the company		(270,990)	(131,266)	(103,315)	(83,446)
Non-controlling interest		(238)	8,848	(54)	4,083
		(271,228)	**(122,418)**	**(103,369)**	**(79,363)**
Loss per share					
Basic (Cents per share)	24	(292.30)	(8.12)	(133.21)	(4.13)

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 August 2019

	Notes	31/08/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Non-current assets			
Goodwill	8	125,909	137,341
Intangible assets	9	141,386	153,126
Property, plant and equipment	10	577,182	786,596
Right-of-Use assets	11	96,141	-
Investment in associate		452	480
Investments at FVTOCI		10,814	10,814
Deferred tax assets		33,142	34,938
Investments at amortised cost		322	1,384
Long-term receivables		102	437
Total non-current assets		**985,450**	**1,125,116**
Current assets			
Inventories		1,507	11,701
Trade and other receivables	13	188,770	172,586
Taxation		812	451
Cash and cash equivalents	12	99,690	93,275
Restricted cash and cash equivalents	12	1,615	1,807
Total current assets		**292,394**	**279,820**
Total assets		**1,277,844**	**1,404,936**
Equity and liabilities			
Capital and reserves			
Share capital		3,638	3,638
Share premium		251,446	251,446
Convertible preference shares		180,000	-
(Accumulated loss) / Retained earnings		(346,919)	7,008
Foreign currency translation reserve		65,522	(20,793)
Total equity attributable to owners of the parent		**153,687**	**241,299**
Non-controlling interests		10,220	10,458
Total equity		**163,907**	**251,757**
Non-current liabilities			
Long-term borrowings	14	732,653	732,790
Long-term lease liabilities	15	68,344	-
Other long-term payables		13,655	15,046
Deferred revenue	17	46,403	54,422
Deferred tax liabilities		21,655	62,909
Total non-current liabilities		**882,710**	**865,167**
Current liabilities			
Short-term portion of long-term borrowing	14	13,303	87,246
Short-term portion of long-term lease liabilities	15	30,596	-
Trade and other payables	16	152,929	151,812
Short-term provisions		14,626	22,632
Deferred revenue	17	16,683	21,960
Taxation		3,090	4,362
Total current liabilities		**231,227**	**288,012**
Total equity and liabilities		**1,277,844**	**1,404,936**

Approved by the Board of Directors and authorised for issue on 28 October 2019.

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 months and 3 months ended 31 August 2019

Group

	Notes	Share capital	Share premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated loss) / Retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD	USD'000	USD'000	USD'000	USD'000
At 1 March 2018 (as previously reported)		3,319	116,765	-	79,831	233,646	94,019	527,580
Adjustments - IFRS 15		-	-	-	-	(6,889)	(218)	(7,107)
At 1 March 2018		3,319	116,765	-	79,831	226,757	93,801	520,473
(Loss) / profit for the period		-	-	-	-	(9,057)	9,480	423
Foreign exchange loss		-	-	-	(122,209)	-	(632)	(122,841)
Dividend paid	21	-	-	-	-	(13,500)	-	(13,500)
At 31 August 2018 (unaudited)		**3,319**	**116,765**	**-**	**(42,378)**	**204,200**	**102,649**	**384,555**
At 1 March 2019 (as previously reported)		3,638	251,446	-	(20,793)	7,008	10,458	251,757
Adjustments - IFRS 16	2	-	-	-	-	3,378	-	3,378
At 1 March 2019		3,638	251,446	-	(20,793)	10,386	10,458	255,135
Issue of convertible preference shares		-	-	180,000	-	-	-	180,000
Profit / (loss) for the period		-	-	-	-	(357,305)	52	(357,253)
Foreign exchange profit / (loss)		-	-	-	86,315	-	(290)	86,025
At 31 August 2019 (unaudited)		**3,638**	**251,446**	**180,000**	**65,522**	**(346,919)**	**10,220**	**163,907**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS
for the 6 months and 3 months ended 31 August 2019

	Notes	6 months ended 31/08/2019 USD'000 (Unaudited)	6 months ended 31/08/2018 USD'000 (Unaudited)	3 months ended 31/08/2019 USD'000 (Unaudited)	3 months ended 31/08/2018 USD'000 (Unaudited)
Cash flows from operating activities:					
(Loss) / profit before tax		(354,131)	9,140	(162,152)	4,992
Adjustments for:					
Depreciation, impairment and amortisation		62,360	50,469	31,963	25,453
Bad debts provision		209	88	1,079	693
Bad debts recovered		-	(211)	-	(2)
Decrease in provisions		(6,181)	(2,475)	(787)	(3,873)
Foreign exchange loss		333,771	2,462	142,021	1,436
(Profit) / loss on disposal of fixed assets		(41)	31	(17)	-
Interest income	5	(1,806)	(3,271)	(938)	(2,626)
Finance costs	6	38,887	34,611	19,168	16,970
Share of (profit)/loss from associate		(8)	(20)	4	(2)
		73,060	90,824	30,341	43,041
Working capital changes:					
Decrease / (increase) in inventories		305	(7,143)	(850)	(16,357)
(Increase) / decrease in trade and other receivables		(50,770)	17,332	(29,127)	36,274
Increase / (decrease) in trade and other payables		26,077	(9,974)	32,132	5,692
(Decrease) / increase in deferred revenue		(9,359)	2,833	(10,700)	(363)
Increase / (decrease) in accruals		8,150	(4,313)	(1,201)	2,442
(Decrease) / increase in unfavourable contracts		(282)	226	(143)	518
Cash generated from operations		47,181	89,785	20,452	71,247
Income tax paid		(2,924)	(11,027)	(826)	(2,473)
Net cash generated from operating activities		44,257	78,758	19,626	68,774
Cash flows from investing activities:					
Interest income	5	1,806	3,059	939	2,456
Acquisition of other investments		-	(310)	-	(139)
Recovery of related party advance		-	60,000	-	38,000
Purchase of property, plant and equipment	10	(47,517)	(85,835)	(17,233)	(44,779)
Proceeds on disposal of property, plant and equipment		71	18	46	14
Purchase of intangible assets	9	(10,263)	(8,906)	(8,080)	(2,083)
Proceeds on disposal of intangible assets		194	-	194	-
Net cash used in investing activities		(55,709)	(31,974)	(24,134)	(6,531)
Cash flows from financing activities:					
Dividend paid		-	(13,500)	-	-
Finance costs		(32,480)	(32,705)	(31,317)	(31,595)
Issue of convertible preference shares		180,000	-	-	-
Decrease in lease liabilities		(17,604)	-	(9,124)	-
(Decrease) / increase in long-term loan borrowings		(75,793)	312	(1,432)	(1,383)
Net cash generated from / (used in) financing activities		54,123	(45,893)	(41,873)	(32,978)
Net increase / (decrease) in cash and cash equivalents		42,671	891	(46,381)	29,265
Cash and cash equivalents at beginning of the period		95,082	163,655	158,842	133,363
Translation of cash with respect to foreign subsidiaries		(36,448)	(4,300)	(11,156)	(2,382)
Cash and cash equivalents at end of the period		**101,305**	**160,246**	**101,305**	**160,246**
Represented by:					
Cash and cash equivalents		99,690	157,379	99,690	157,379
Restricted cash and cash equivalents		1,615	2,867	1,615	2,867
		101,305	**160,246**	**101,305**	**160,246**

1. General information

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

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

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 August 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

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

2.1 Going concern

The directors have reviewed the consolidated cash flow projections of the group for the twelve months from the date of signing of the consolidated interim financial statements. Taking into account the available cash position as at 31 August 2019, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

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

<u>Funding facilities</u>
The group is currently funded from a combination of equity, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in April 2022) and USD 23.3 million of locally provided Revolving Credit Facilities (maturity in FY 20 and FY 21) and term loans (maturity in FY 20 to FY 22) in Zambia, of which USD 16.6 million is outstanding at 31 August 2019. The RCF was fully drawn as at 28 February 2019, but was repaid in full in April 2019 and is undrawn as at 31 August 2019.

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

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

<u>Cash position</u>
As at 31 August 2019, the group has an unrestricted cash position of USD 99.7 million (28 February 2019: USD 93.3 million). Of this amount, USD 6.8 million (28 February 2019: USD 49.1 million) is held in Zimbabwe in ZWL$ translated at the balance sheet date at a ZWL$:USD exchange rate of 10.7:1 (28 February 2019: ZWL$:USD 2.5:1).

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

2. Accounting policies (continued)

2.1 Going concern (continued)

New equity finance

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

Operational performance

For the 6 months ended 31 August 2019, the group reported an operating profit of USD 42.1 million (31 August 2018: USD 46.5 million) and a net cash inflow from operating activities of USD 44.3 million (31 August 2018: USD 78.8 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects. Following the currency changes in Zimbabwe, the group continues to monitor the situation locally and takes mitigating actions where possible.

In light of this and based on the assessment made and articulated in the reasons set out above, the directors are of the opinion, that the adoption of the going concern assumption for the preparation of the condensed consolidated interim financial statements as of 31 August 2019 is appropriate.

2.2 Zimbabwean currency

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

For the 6 month period to 31 August 2019, there has been further movement in the ZWL$:USD rate and the group has used an average rate of 5.8 to translate earnings in Zimbabwe and a closing rate of 10.7 to translate the statement of financial position at 31 August 2019. Of the $358.3 million of foreign exchange loss in condensed interim consolidated statement of profit and loss, Zimbabwe contributed $355.9 million. The foreign exchange loss arises on the retranslation of USD denominated intra-group debt at the statement of financial position date.

Local economic conditions in Zimbabwe continue to react to the deterioration in the ZWL$:USD exchange rate. During the first half of 2019, the group observed that the conditions in Zimbabwe were indicative of a hyperinflationary economy, resulting in a rapid increase in the inflation rate, which as at 30 June 2019 was in excess of 100%. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, that the factors and characteristics to apply the financial reporting in IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe have been met. It has therefore been determined that hyperinflation accounting should be applied for accounting periods ending on or after 1 July 2019. However, at that time, no official inflation statistics or indices had been published. Unofficial inflation indices were available, these did not accurately reflect the conditions and did not compensate for the significant deterioration of the ZWL$:USD exchange rate based on the basket of goods selected. The directors were therefore of the opinion that the group is unable to accurately report under the requirements of IAS 29 for the period to 31 August 2019. The directors continue to keep the position under review and note that official indices have now been published and so will apply IAS 29 for the year ending 28 February 2020.

2.3 Accounting policies

The accounting policies applied by the group in the preparation of the condensed interim consolidated financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2019 with the exception of IFRS 16 "Leases", which was adopted as at 1 March 2019.

Impact of initial application of IFRS 16 "Leases"

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

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

2. Accounting policies (continued)

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

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

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

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

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

After the commencement date, the right-of-use asset has been measured applying a cost model. To apply a cost model, the entity shall measure the right-of-use asset at cost:

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

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

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

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

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

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

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

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

2. Accounting policies (continued)

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

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

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

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

Consolidated Statement of Financial Position	Previously Reported USD'000 (Audited)	IFRS 16 Impact USD'000 (Unaudited)	Adjusted USD'000 (Unaudited)
Non-current assets			
Right-of-Use assets (note 11)	-	107,760	107,760
Impact on total non-current assets	-	107,760	107,760
Equity and liabilities			
Capital and reserves			
Retained earnings	7,008	3,378	10,386
Impact on total equity	7,008	3,378	10,386
Non-current liabilities			
Long-term lease liabilities	-	72,507	72,507
Impact on total non-current liabilities	-	72,507	72,507
Current liabilities			
Trade and other payables *(accruals for lease smoothing liability)*	56,383	(3,378)	53,005
Short-term portion of long-term lease liabilities	-	35,253	35,253
Impact on total current liabilities	56,383	31,875	88,258

The impact of IFRS 16 on the consolidated interim statement of profit or loss for the 6 months ended 31 August 2019 is as follows:

	31/08/2019 USD'000 (Unaudited)
Increase in Adjusted EBITDA	16,816
Increase in Depreciation, impairment and amortisation (note 11)	(15,943)
Increase in Operating profit	873
Increase Finance costs (note 6)	(4,638)
Net impact on loss for the period	(3,765)

The application of IFRS 16 for the 6 months ended 31 August 2019 had a negative impact on the consolidated interim statement of profit or loss of USD 3.8 million. Adjusted EBITDA (as defined in note 3) increased by USD 16.8 million as operating lease rentals were previously expensed on a straight line basis over the lease term and were disclosed under administrative expenses. Under IFRS 16 depreciation of the Right-of-Use asset and interest costs associated with the Lease Liability are recorded in the consolidated interim statement of profit or loss under depreciation, impairment and amoritisation and finance costs, respectively.

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

2. Accounting policies (continued)

2.4 Critical accounting judgements and key sources of estimation uncertainty

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

Material judgements

Application of IFRS 15: Revenue from contracts with customers

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

Application of IFRS 9: Financial instruments

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

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

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

Application of IFRS 16 "Leases"

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

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

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

Material estimates

Royal Bafokeng Holdings - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited (“RBH”). The agreements include an “On-Sale” clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 31 August 2019. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.3 million of share value will be issued to RBH.

2. Accounting policies (continued)

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

Material estimates (continued)

Deferred taxation assets

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

Impairment of goodwill

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

Residual value and useful life

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

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

3. Segment information

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

Group revenue can be classified into four revenue streams:

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

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

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

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

3. Segment information (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 6 months ended 31 August 2019

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	73,525	15,802	25,443	37,232	-	(28,596)	123,406
Enterprise	86,636	8,072	27,711	1,781	-	-	124,200
Retail	2,381	11,685	3,950	-	-	-	18,016
Wholesale voice traffic	6,101	-	6	76,955	-	(9,055)	74,007
Inter-segmental revenue	(6,566)	(519)	(4,079)	(26,487)	-	37,651	-
Group External Revenue	**162,077**	**35,040**	**53,031**	**89,481**	**-**	**-**	**339,629**
Adjusted EBITDA	47,177	12,923	20,201	36,565	(12,117)	(335)	104,414
Depreciation, impairment and amortisation							(62,360)
Restructuring costs							(460)
Acquisition and other investment costs							(335)
Interest income							1,806
Finance costs							(38,887)
Foreign exchange loss							(358,317)
Share of profits of associate							8
Loss before taxation							**(354,131)**
Tax expense							(3,122)
Loss for the period							**(357,253)**

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
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
Wholesale voice traffic	9,500	-	6	78,903	-	(13,932)	74,477
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
Depreciation, impairment and amortisation							(50,469)
Restructuring costs							-
Acquisition and other investment costs							(663)
Interest income							3,271
Finance costs							(34,611)
Foreign exchange loss							(5,353)
Share of profits of associate							20
Profit before taxation							**9,140**
Tax expense							(8,717)
Profit for the period							**423**

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 2019

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	56,937	4,712	12,778	19,330	-	(15,844)	77,913
Enterprise	46,262	2,063	13,175	921	-	-	62,421
Retail	541	4,163	2,092	-	-	-	6,796
Wholesale voice traffic	2,910	-	4	38,753	-	(3,680)	37,987
Inter-segmental revenue	(3,184)	(283)	(2,717)	(13,340)	-	19,524	-
Group External Revenue	**103,466**	**10,655**	**25,332**	**45,664**	**-**	**-**	**185,117**
Adjusted EBITDA	29,983	2,609	8,639	18,150	(6,786)	1,316	53,911
Depreciation, impairment and amortisation							(31,963)
Restructuring costs							(14)
Acquisition and other investment costs							(212)
Interest income							938
Finance costs							(19,168)
Foreign exchange loss							(165,640)
Share of profits of associate							(4)
Loss before taxation							**(162,152)**
Tax expense							(648)
Loss for the period							**(162,800)**

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
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
Wholesale voice traffic	5,245	-	4	39,561	-	(7,464)	37,346
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
Depreciation, impairment and amortisation							(25,453)
Restructuring costs							-
Acquisition and other investment costs							(491)
Interest income							2,626
Finance costs							(16,970)
Foreign exchange loss							(3,684)
Share of profits of associate							2
Profit before taxation							**4,992**
Tax expense							(5,152)
Loss for the period							**(160)**

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

4. Restructuring costs

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

	6 months ended		3 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Redundancy costs	430	-	-	-
Other costs	30	-	14	-
	460	**-**	**14**	**-**

5. Interest income

	6 months ended		3 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest received - bank / external	1,616	3,079	838	2,534
Interest received - inter-group (note 18)	190	192	100	92
	1,806	**3,271**	**938**	**2,626**

6. Finance costs

	6 months ended		3 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest on bank overdraft and loans	1,455	1,817	292	573
Finance cost on Senior Secured Notes	31,025	31,025	15,513	15,513
Finance arrangement fees	1,769	1,769	884	884
Interest expense on lease liabilities	4,638	-	2,479	-
	38,887	**34,611**	**19,168**	**16,970**

7. Taxation

	6 months ended		3 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Current taxation	2,857	7,109	510	2,841
Deferred taxation	(1,062)	927	(462)	1,984
Withholding taxation	1,327	681	600	327
Total taxation	**3,122**	**8,717**	**648**	**5,152**

	6 months ended		3 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Profit / (loss) before taxation	(354,131)	9,140	(162,152)	4,992
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(90,492)	3,699	(43,465)	1,904
Tax effect of non-deductible expenses	89,571	1,699	44,430	1,290
Tax effect of non-taxable income	2,747	(3,046)	3,221	(2,361)
Foreign tax credit	(3,304)	(4,012)	(1,704)	(1,560)
Effect of tax losses not recognised as deferred tax assets	3,802	10,022	(2,529)	5,457
Tax effect of utilised unrecognised tax losses	(529)	(326)	95	95
Withholding taxation	1,327	681	600	327
	3,122	**8,717**	**648**	**5,152**

7. Taxation (continued)

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

	31/08/2019 USD'000 (Unaudited)	31/08/2018 USD'000 (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%

8. Goodwill

	31/08/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Cost		
Opening balance	137,341	162,069
Foreign exchange loss	(11,432)	(24,728)
Closing balance	**125,909**	**137,341**

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

	31/08/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	657	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	112,931	122,199
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	125,909	**137,341**

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

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

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

9. Intangible assets

Group

	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Other Intangible Assets USD'000	Total USD'000
Cost:							
At 1 March 2018 (Audited)	24,467	44,741	114,139	65,868	2,858	31,209	283,282
Purchases	5,622	3,698	2,616	-	3,928	-	15,864
Disposals	-	(1,289)	-	-	(2,746)	-	(4,035)
Transfers	-	40	-	-	(40)	-	-
Transfers from Property, plant and equipment (note 10)	-	-	2,183	-	-	-	2,183
Foreign exchange differences	(2,876)	(6,503)	(4,549)	(12,974)	-	(1,979)	(28,881)
At 28 February 2019 (Audited)	27,213	40,687	114,389	52,894	4,000	29,230	268,413
Purchases	285	1,020	8,197	-	761	-	10,263
Disposals during the year	-	-	-	-	(194)	-	(194)
Transfers	-	76	-	-	(76)	-	-
Transfers to Property, plant and equipment (note 10)	-	(1,053)	-	-	-	-	(1,053)
Foreign exchange differences	(5,343)	(3,541)	(2,158)	(4,784)	-	(1,034)	(16,860)
At 31 August 2019 (Unaudited)	22,155	37,189	120,428	48,110	4,491	28,196	260,569
Accumulated amortisation:							
At 1 March 2018 (Audited)	6,610	36,768	39,815	4,921	-	11,816	99,930
Amortisation	1,849	3,304	7,846	4,730	-	9,253	26,982
Disposals	-	(1,289)	-	-	-	-	(1,289)
Transfers to property, plant and equipment (note 10)	-	-	780	-	-	-	780
Foreign exchange differences	(765)	(5,366)	(2,131)	(792)	-	(2,062)	(11,116)
At 28 February 2019 (Audited)	7,694	33,417	46,310	8,859	-	19,007	115,287
Amortisation	742	1,571	3,922	1,712	-	4,326	12,273
Transfers to property, plant and equipment (note 10)	-	(808)	-	-	-	-	(808)
Foreign exchange differences	(1,499)	(2,883)	(1,077)	(493)	-	(1,617)	(7,569)
At 31 August 2019 (Unaudited)	6,937	31,297	49,155	10,078	-	21,716	119,183
Carrying amount:							
At 28 February 2019 (Audited)	19,519	7,270	68,079	44,035	4,000	10,223	153,126
At 31 August 2019 (Unaudited)	15,218	5,892	71,273	38,032	4,491	6,480	141,386

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

During the period ended 31 August 2019, the group acquired a 15 year Indefeasible Right-Of-Use ("IRU"), through Liquid Telecommunications DRC S.A.R.L, in the Democratic Republic of Congo ("DRC'') for USD 7.6 million. This IRU will increase our network coverage in DRC.

10. Property, plant and equipment

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Data centres[1]	Work in progress	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:									
At 1 March 2018 (Audited)	78,482	11,112	37,472	91,663	8,767	-	76,024	987,732	1,291,252
Additions	4,960	1,888	6,485	3,865	1,621	-	25,243	144,436	188,498
Disposals	-	(363)	(753)	(247)	(580)	-	(5,741)	(17,672)	(25,356)
Transfers	4,630	135	117	3,860	-	-	(25,632)	16,890	-
Transfer from / (to) intangible assets (note 9)	-	-	-	-	-	-	-	(2,183)	(2,183)
Transfer to inventory	-	-	7	-	-	-	-	-	7
Foreign exchange differences	(7,507)	(630)	(4,861)	(5,333)	(152)	-	(9,721)	(96,584)	(124,788)
At 28 February 2019 (Audited)	80,565	12,142	38,467	93,808	9,656	-	60,173	1,032,619	1,327,430
Additions	38	172	371	210	99	80	25,927	20,620	47,517
Disposals	-	(556)	(111)	-	(64)	-	-	(317)	(1,048)
Transfers	(53,507)	(159)	(5,394)	316	-	127,129	(8,913)	(59,472)	-
Transfer from Intangible assets (note 9)	-	-	-	-	-	1,053	-	-	1,053
Foreign exchange differences[2]	(5,345)	(2,701)	(3,261)	(8,268)	(4,267)	(4,513)	(12,653)	(265,992)	(307,000)
At 31 August 2019 (Unaudited)	21,751	8,898	30,072	86,066	5,424	123,749	64,534	727,458	1,067,952
Accumulated depreciation									
At 1 March 2018 (Audited)	17,692	8,385	29,358	68,367	6,151	-	(2,257)	398,723	526,419
Depreciation	1,701	981	3,447	9,552	882	-	-	53,433	69,996
Disposals	-	(322)	(742)	(228)	(500)	-	-	(130)	(1,922)
Transfer from Intangible assets (note 9)	-	-	-	-	-	-	-	(780)	(780)
Foreign exchange differences	(2,586)	(494)	(3,726)	(1,262)	(110)	-	-	(44,701)	(52,879)
At 28 February 2019 (Audited)	16,807	8,550	28,337	76,429	6,423	-	(2,257)	406,545	540,834
Depreciation	466	367	1,944	4,302	289	1,611	-	25,123	34,102
Disposals	-	(555)	(84)	-	(62)	-	-	(316)	(1,017)
Transfers	(9,649)	(160)	(5,244)	(391)	-	29,917	-	(14,473)	-
Transfer from Intangible assets (note 9)	-	-	-	-	-	808	-	-	808
Foreign exchange differences[2]	(827)	(1,193)	(2,411)	(5,113)	(2,380)	(1,307)	-	(70,726)	(83,957)
At 31 August 2019 (Unaudited)	6,797	7,009	22,542	75,227	4,270	31,029	(2,257)	346,153	490,770
Carrying amount:									
At 28 February 2019 (Audited)	63,758	3,592	10,130	17,379	3,233	-	62,430	626,074	786,596
At 31 August 2019 (Unaudited)	14,954	1,889	7,530	10,839	1,154	92,720	66,791	381,305	577,182

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

[1] During the period ended 31 August 2019, assets relating to the Data Centre line of business were transferred into a separate class of asset. Of the USD 127.1 million transferred, USD 8.1 million relates to additions during the period.

[2] The significant foreign exchange difference arising in the period ended 31 August 2019 is primarily due to the deterioration of the RGTS:USD exchange rate from 2.5:1 at 28 February 2019 to 10.7:1 at 31 August 2019.

11. Right-of-Use assets

	Land and buildings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:						
Opening adjustment on 1 March 2019 - IFRS 16	53,209	23	34,850	1,793	17,885	107,760
Additions	3,829	-	3,414	-	2,407	9,650
Foreign exchange differences	(4,970)	-	6	(68)	(787)	(5,819)
At 31 August 2019 (Unaudited)	52,068	23	38,270	1,725	19,505	111,591
Accumulated depreciation:						
Depreciation	5,605	4	6,179	298	3,857	15,943
Foreign exchange differences	(339)	-	-	(9)	(145)	(493)
At 31 August 2019 (Unaudited)	5,266	4	6,179	289	3,712	15,450
Carrying amount:						
At 31 August 2019 (Unaudited)	46,802	19	32,091	1,436	15,793	96,141

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

	31/08/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Cash and bank balances	95,952	77,222
Money market deposits	3,738	16,053
Cash and cash equivalents	**99,690**	**93,275**
Restricted cash and cash equivalents	**1,615**	**1,807**
Total cash and cash equivalents	**101,305**	**95,082**

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

Cash and cash equivalents include USD 6.8 million (28 February 2019: USD 49.1 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 10.7:1 (28 February 2019: ZWL$:USD 2.5:1). See note 2.2 - Zimbabwean currency for more detailed disclosure on ZWL$.

13. Trade and other receivables

	31/08/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Trade receivables	106,709	122,767
Allowance for doubtful debts	(29,001)	(32,096)
Affiliated entities (note 18)	37,031	34,055
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**114,739**	**124,726**
Short-term inter-company receivables (note 18)	6,146	7,051
Sundry debtors	32,077	11,636
Deposits paid	7,679	4,596
Transaction taxes receivable in various jurisdictions	404	-
Prepayments	24,025	24,577
Prepayments to related parties (note 18)	3,700	-
	188,770	**172,586**

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

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

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

In addition to the current items not yet due of USD 36.9 million (28 February 2019: USD 60.8 million) for the group, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts. Taking into account undertakings received, management considers that there has been no significant change in the assumptions about risk and probability of default and as such the amounts are still considered recoverable. The ageing of these items is shown in the table below.

	Ageing of past due but not impaired	
	31/08/2019	28/02/2019
	USD'000	USD'000
Group	(Unaudited)	(Audited)
31 - 60 days	19,600	15,205
61 - 90 days	9,554	6,659
91 - 120 days	3,499	5,966
121 + days	45,142	36,090
Total ageing of past due but not impaired	**77,795**	**63,920**
Current items	36,944	60,806
Total trade and affiliated entities receivables, net of allowance for doubtul debts	**114,739**	**124,726**

13. Trade and other receivables (continued)

Included in amounts past due but not impaired are USD 37.0 million (28 February 2019: USD 34.0 million) of receivables from the Econet Group. Refer to note 18 for the total breakdown of Econet Group trade receivables.

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

	31/08/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	12,766	14,672
USD 730 million 8.5% Senior Secured Notes	719,887	718,118
	732,653	**732,790**
Short term portion of long term borrowings (including interest accrued):		
Stanbic Bank of Zambia Limited	3,813	3,813
USD 730 million 8.5% Senior Secured Notes	8,273	8,273
USD 10 million Cisco loan facility	159	1,137
USD 73 million revolving credit facility	136	73,083
Other short term borrowings	922	940
	13,303	**87,246**

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million Senior Secured notes. In November 2017, further USD 180.0 million Senior Secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The Senior Secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 28 February 2019 and 31 August 2019, the USD 730.0 million 8.5% Senior Secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a senior secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

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

As at 31 August 2019, Liquid Telecommunications Zambia Limited has a USD 15.3 million term loan and USD 8.0 million of Revolving Credit Facilities with Stanbic Bank of Zambia. The company guarantees up to USD 6.5 million in aggregate of these facilities. The facility agreement also includes first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The term loan is denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from June 2017. The Revolving Credit Facilities are denominated in USD, bear interest at the rate of Libor plus 6% and are repayable by December 2020. As at 31 August 2019, the outstanding balance on the term loan is USD 8.6 million (28 February 2019: USD 10.5 million) and USD 8.0 million (28 February 2019: USD 8.0 million) on the Revolving Credit Facility.

The USD 0.1 million (28 February 2019: USD 1.1 million) balance on the loan facility agreement between Liquid Telecommunications Limited and Cisco Capital is denominated in USD, bears interest at the rate of 3.07% and is repayable by October 2019. Liquid Telecommunications Holdings Ltd provides a guarantee up to the amount outstanding.

15. Lease liabilities

	31/08/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Long-term portion of lease liabilities	68,344	-
Short-term portion of lease liabilities	30,596	-
	98,940	**-**

16. Trade and other payables

	31/08/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Trade accounts payable	78,700	76,301
Payable balance to affiliated entities (note 18)	3,010	3,155
Short-term inter-company payables (note 18)	68	-
Accruals	56,571	56,383
Staff payables	2,277	1,746
Transaction taxes due in various jurisdictions	-	3,494
Unfavourable contracts	603	579
Senior secured notes premium	1,930	1,930
Other short term payables	9,770	8,224
	152,929	**151,812**

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is generally charged at 2% per annum on the outstanding balance. The 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.

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

17. Deferred revenue

	31/08/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Audited)
Long-term portion of deferred revenue	46,403	54,422
Short-term portion of deferred revenue	16,683	21,960
	63,086	**76,382**

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

18. Related party transactions and balances

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

18. Related party transactions and balances (continued)

	6 months ended		3 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Sales of goods and services				
Econet Global related group companies	28,282	61,047	9,857	30,204
Purchase of goods and services				
Econet Global related group companies	13,574	14,023	6,791	7,044
Management fees paid and expensed				
Econet Global related group companies	120	750	60	375
Management fees received				
Econet Global related group companies	3	-	2	-
Dividend paid				
Econet Global Limited	-	13,500	-	-
Interest income				
Econet Global related group companies	190	192	100	92
Administration fees paid				
DTOS Limited	180	100	115	53

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

	31/08/2019	28/02/2019
	USD'000 (Unaudited)	USD'000 (Audited)
Short term intercompany receivables		
Econet Global related group companies	6,146	7,051
Short term intercompany payables		
Econet Global related group companies	68	-
Receivables balances from affiliated entities		
Econet Global related group companies	37,031	34,055
Payable balance to affiliated entities		
Econet Global related group companies	3,010	3,155
Prepayments		
Econet Global related group companies	3,700	-

19. Capital commitments

	31/08/2019	28/02/2019
	USD'000 (Unaudited)	USD'000 (Audited)
At 31 August 2019 the group was committed to making the following capital commitments:		
Authorised and contracted	44,380	40,925

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

20. Post balance sheet events

Zimbabwean currency

The ZWL$:USD exchange rate has continued to deteriorate since the statement of financial position date. These movements in the ZWL$:USD rate from 10.7:1 will impact the results, assets, liabilities and reserves of the group in the coming period. As at 24 October 2019, the official interbank rate was ZWL$:USD 15.6:1.

USD 73.0 million Revolving Credit Facilities ("RCF")

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

21. Dividend

No dividends were declared for the 6 months ended 31 August 2019 (28 February 2019: USD 13.5 million paid). The dividends for the full year ended 28 February 2019 were declared in fulfilment of the Econet Strategic Support agreement ("SSA") and paid to Econet Wireless Group only - all other shareholders renounced their right to these dividends. The SSA was amended to USD 1 per annum on 15 October 2018 effective from 1 March 2019.

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

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

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
31 August 2019				
Investments	-	-	10,814	10,814
Unfavourable contract	-	-	10,656	10,656
Total	**-**	**-**	**21,470**	**21,470**
28 February 2019				
Investments	-	-	10,814	10,814
Unfavourable contract	-	-	11,058	11,058
Total	**-**	**-**	**21,872**	**21,872**

Investments

As of 31 August 2019, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value. Accordingly, the investments are classified under level 3 of the fair value hierarchy.

	31/08/2019	28/02/2019
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Opening balance	10,814	12,447
Additions	-	310
Impairment	-	(1,943)
Closing balance	10,814	10,814

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

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

Unfavourable 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 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.

	31/08/2019 USD'000 (Unaudited)	28/02/2019 USD'000 (Audited)
Opening balance	11,058	10,539
Adjustment	442	1,582
Unwinding of interest	(57)	(518)
Charge to Cost of sales	(667)	(146)
Foreign exchange (loss)/gain	(120)	(399)
Closing balance	10,656	11,058

23. 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. Accrued interest of USD 31.0 million has been excluded from the borrowings as at 31 August 2019.

24. Loss per share

	6 months ended		3 months ended	
	31/08/2019 USD'000 (Unaudited)	31/08/2018 USD'000 (Unaudited)	31/08/2019 USD'000 (Unaudited)	31/08/2018 USD'000 (Unaudited)
Basic loss per share (Cents per share)	(292.30)	(8.12)	(133.21)	(4.13)

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	(357,305)	(9,057)	(162,828)	(4,604)

	31/08/2019 USD'000 (Unaudited)	31/08/2018 USD'000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share for the period/year ended	122,236,964	111,531,175

At 31 August 2019, the share capital of USD 3.6 million represents 122,236,964 ordinary shares (2018: 111,531,175 ordinary shares - 100,000,000 ordinary shares relating to the share conversion and 11,531,175 ordinary shares issued to the Royal Bafokeng Holdings Limited as part of the exchange of Royal Bafokeng Holdings Limited's shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in Liquid Telecommunications Holdings Limited) with a par value of USD 0.0297541580 each.

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the group to Econet Wireless Private Limited (Zimbabwe) ("EWZ") in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe ("LTZ") (51%) for total consideration of USD 135.0 million. Pursuant to arrangements between the Liquid Telecommunications Holdings Limited ("LTH") and EWZ made in connection with the LTZ share acquisition, these shares have restricted rights and are redeemable until such time as all final approvals have been received. Management anticipate that the final approval from the Reserve Bank of Zimbabwe, the last condition to be satisfied, will be received in due course. In the event that this last condition is not satisfied by 31 December 2019 (or such other date agreed by the parties), ownership of the shares shall revert to LTH.

25. Reconciliation

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

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

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

	Unaudited Statement of profit or loss USD'000 (Unaudited)	Reclassification of network costs USD'000 (Unaudited)	Revised statement of profit or loss USD'000 (Unaudited)
6 months ended 31 August 2019:			
Revenue	339,629	-	339,629
Interconnect related costs	(62,404)	-	(62,404)
Data and network related costs	(98,245)	19,165	(79,080)
Gross Profit			198,145
Other income	733	-	733
Selling, distribution and marketing costs	(5,138)	-	(5,138)
Administrative expenses	(23,252)	(19,165)	(42,417)
Staff costs	(46,909)	-	(46,909)
Adjusted EBITDA	**104,414**	**-**	**104,414**
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
Selling, distribution and marketing costs	(8,374)	-	(8,374)
Administrative expenses	(30,393)	(24,994)	(55,387)
Staff costs	(60,904)	-	(60,904)
Adjusted EBITDA	**96,945**	**-**	**96,945**
3 months ended 31 August 2019:			
Revenue	185,117	-	185,117
Interconnect related costs	(32,076)	-	(32,076)
Data and network related costs	(62,580)	9,968	(52,612)
Gross Profit			100,429
Other income	425	-	425
Selling, distribution and marketing costs	(2,612)	-	(2,612)
Administrative expenses	(11,201)	(9,968)	(21,169)
Staff costs	(23,162)	-	(23,162)
Adjusted EBITDA	**53,911**	**-**	**53,911**
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
Selling, distribution and marketing costs	(4,531)	-	(4,531)
Administrative expenses	(14,360)	(11,046)	(25,406)
Staff costs	(27,248)	-	(27,248)
Adjusted EBITDA	**48,962**	**-**	**48,962**

25. Reconciliation (continued)

25.2 Reconciliation of Operating profit to Adjusted EBITDA

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

	6 months ended		3 months ended	
	31/08/2019	31/08/2018	31/08/2019	31/08/2018
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Operating profit	42,054	46,476	21,948	23,509
Add back:				
Depreciation, impairment and amortisation	62,360	50,469	31,963	25,453
Adjusted EBITDA (note 3)	**104,414**	**96,945**	**53,911**	**48,962**