LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(Registration Number: 068355 C2/GBL)
ANNUAL FINANCIAL STATEMENTS
28 February 2018

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
28 February 2018

General review

The results of the company's and the group's operations for the year ended 28 February 2018 are fully disclosed in the accompanying audited annual financial statements.

The company's main activity is to carry on the business of a holding company in respect of subsidiary companies all over the world.

The Liquid Telecommunications Group is involved in developing a global telecommunications and technology business with a focus on Africa. Group revenue increased by 98.5% from last year to USD 680.9 million predominately due to the acquisition of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) on 10 February 2017 together with significant growth in revenue coming from the fibre products. Property, Plant and Equipment increased to USD 764.9 million (2017: USD 601.0 million) representing the investment in the fibre network and the expansion of our data centre offering that allows us to provide our customers with a full-service offering of connectivity, hosting and digital services.

The construction of a regional fibre network across Southern, Central and Eastern Africa will continue into the coming financial year to further increase our coverage and it is anticipated that costs will rise to represent the increased staffing and overhead commitment to the roll out. Where acquisitions make commercial sense, these will be considered as an alternative way of expanding our network and customer reach.

It is the group's aim to develop telecommunications and technology opportunities in sub Saharan Africa and to continue to develop the technical services supplied from the United Kingdom both of which will contribute to increasing value in the group.

Major activities

On 1 June 2017, the group acquired 70% of the share capital of Zanlink Limited, a company incorporated in Zanzibar, for a total consideration of USD 3.3 million. Of the consideration, USD 2.7 million represents the net assets acquired and USD 0.6 million goodwill.

In December 2017, the group completed the exchange of Royal Bafokeng Holding's shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in the company giving the group a 100% economic interest in Liquid Telecommunications Holdings South Africa (Pty) Limited. As part of this exchange and in addition to the 100% shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited shares, the company received a cash component of USD 22.2 million.

The group has further successfully completed a capital raising project which has resulted in a USD 730.0 million senior secured notes being issued. Through this, the group was able to repay existing debt including the term loan for the acquisition of Liquid Telecommunications South Africa (Pty) Limited which was due in May 2018. These achievements, along with the integration of new business combinations completed in 2017 resulted in the efficiencies achieved in 2018.

During the year ended 28 February 2018, the company acquired 19.98% of Econet Media Limited for USD 60.0 million. Subsequent to the year end, both parties agreed to reverse the subscription agreement at 28 February 2018. Proceeds of USD 60.0 million from the unwinding are included in short term inter-company receivables.

Going concern

The directors have reviewed the consolidated cash flow projections of Liquid Telecommunications Holdings Limited ("the group"), for the forthcoming period of eighteen months from 1 March 2018 up to and including 30 June 2019. Considering the available cash position as of 28 February 2018, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and access to new capital and loan funding, the directors are satisfied that the group, has access to adequate cash resources to settle obligations as these arise and that operations reflect financial sustainability to enable the business to continue in operational existence for the foreseeable future.

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

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

Going concern (continued)

• On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 30. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on completion of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

• The group has a cash position of USD 160.7 million as well as a positive net current asset position further enhancing the going concern assumption for the group as at 28 February 2018.

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 financial statements as of 28 February 2018 is justified.

Statement of directors' responsibility in respect of the annual financial statements

The directors are required to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the group and the company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with IFRS, laws and regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Incorporation

Liquid Telecommunications Holdings Limited was incorporated on the 26 January 2007 in Mauritius.

Dividends

Dividends of USD 13.5 million were declared during the 2018 financial year (2017: USD 48.9 million, 2016: USD 24.9 million).

Share capital

The issued share capital represents 111,531,175 ordinary shares with a par value of USD 0.0297541580 each (2017 and 2016: 1,000 ordinary shares with par value of USD 1). Refer to note 21 for details.

Investments

Full details of the group's and company's investments in subsidiaries, investments in associates and other investments are disclosed in notes 12 to 14 of the financial statements.

Directors and secretary

The directors of the company during the year under review and up to the date of this report were as follows:

Strive Masiyiwa *	(Appointed 13 May 2008)
Nicholas Trevor Rudnick **	(Appointed 22 October 2007)
Eric Venpin ***	(Appointed 26 January 2007)
Gaetan Lan ***	(Appointed 30 January 2007)
Thomas Amos Ganda Sithole *	(Appointed 12 June 2014) (Resigned 20 June 2017)
Hardwork Pemhiwa Njodzi *	(Appointed 4 November 2016)
Vassi Naidoo *****	(Appointed 4 November 2016)
Anil Dua ****	(Appointed 1 January 2017)
Donald Henry Gips ******	(Appointed 20 June 2017)
David Ronald Wilson *****	(Appointed 6 December 2017)

* Zimbabwean
** German
*** Mauritian
**** British
***** South African
****** American

Secretary	**Registered office**
DTOS Ltd	
10th Floor, Standard Chartered Tower	10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity	19-21 Bank Street, Cybercity
Ebène, 72201	Ebène, 72201
Republic of Mauritius	Republic of Mauritius

Events after the reporting period

Receivables from Econet Group

On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 30. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on completion of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

Acquisition of the remaining shares in CEC Liquid Telecommunications Limited

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

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of Liquid Telecommunications Holdings Limited under Section 166 (d) of the Mauritius Companies Act 2001 for the year ended 28 February 2018.

mong

For DTOS Ltd
Secretary

10th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène, 72201
Republic of Mauritius

Date: 27 June 2018

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Liquid Telecommunications Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group")** set out on pages 8 to 79, which comprise the consolidated and separate statement of financial position as at 28 February 2018, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 28 February 2018, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements of the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Report of the directors and Certificate from the secretary, but does not include consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's and the Group's financial reporting process.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited (cont'd)

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and/or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Deloitte	Agrawal.
Deloitte	**Vishal Agrawal, FCA**
Chartered Accountants	**Licensed by FRC**
27 JUN 2018	

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 28 February 2018

		Group			Company		
	Notes	**28/02/18**	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
		USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Revenue	4	680,948	342,992	306,547	-	-	-
Interconnect related costs		(121,141)	(89,516)	(76,954)	-	-	-
Data and network related costs		(176,413)	(54,672)	(43,441)	-	-	-
Other income	5	1,343	1,861	3,295	1,838	64,336	1,572
Dividend received		-	308	279	30,000	30,309	70,000
Selling, distribution and marketing costs		(19,258)	(7,721)	(6,718)	(2,864)	(1,204)	(987)
Administrative expenses		(59,227)	(25,584)	(24,902)	(18,635)	(13,026)	(14,647)
Staff costs		(114,863)	(51,472)	(43,009)	(2,345)	(2,292)	(912)
Adjusted EBITDA	4	191,389	116,196	115,097	7,994	78,123	55,026
Depreciation, impairment and amortisation		(94,347)	(38,417)	(33,654)	(309)	(5,441)	7,768
Acquisition and other investment costs	5	(2,494)	(4,477)	-	(2,383)	(4,477)	-
Operating profit		94,548	73,302	81,443	5,302	68,205	62,794
Interest income	6	3,383	1,554	728	13,326	10,933	9,861
Finance costs	7	(78,961)	(13,785)	(7,256)	(41,879)	(11,143)	(7,570)
Foreign exchange (loss) / gain	5	(1,314)	2,032	(13,254)	(931)	50	366
Share of profits of associate	13	76	3	-	-	-	-
Profit / (loss) before taxation	5	17,732	63,106	61,661	(24,182)	68,045	65,451
Tax expense		(17,594)	(9,037)	(11,774)	(188)	(156)	(196)
Profit for the year		**138**	**54,069**	**49,887**	**(24,370)**	**67,889**	**65,255**
Other comprehensive income / (loss)							
Items that may be reclassified subsequently to profit or loss:							
Translation gain / (loss) on accounting for foreign entities		81,499	11,019	(9,928)	-	-	-
Fair value gain / (loss) on available-for-sale investments	14	-	1,681	(26,070)	-	-	-
Other comprehensive gain / (loss) for the year		81,499	12,700	(35,998)	-	-	-
Profit / (loss) and total comprehensive income / (loss) for the year		**81,637**	**66,769**	**13,889**	**(24,370)**	**67,889**	**65,255**
Profit / (loss) attributable to:							
Owners of the company		(12,895)	45,688	39,650	(24,370)	67,889	65,255
Non-controlling interest		13,033	8,381	10,237	-	-	-
		138	**54,069**	**49,887**	**(24,370)**	**67,889**	**65,255**
Profit / (loss) and total comprehensive income attributable to:							
Owners of the company		72,275	55,086	3,979	(24,370)	67,889	65,255
Non-controlling interest		9,362	11,683	9,910	-	-	-
		81,637	**66,769**	**13,889**	**(24,370)**	**67,889**	**65,255**
(Loss) / earnings per share							
Basic and diluted (Cents per share)	37	(12.56)	45.69	39.65	(23.73)	67.89	65.25

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as at 28 February 2018

		Group			Company		
	Notes	**28/02/18**	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
		USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Non-current assets							
Goodwill	9	160,522	145,833	9,558	-	-	-
Intangible assets	10	185,921	174,396	71,939	282	94	15,695
Property, plant and equipment	11	764,866	600,991	277,257	97	76	42
Investment in subsidiaries	12	-	-	-	446,539	327,347	102,060
Investment in associates	13	506	378	-	-	-	-
Investments	14	12,447	15,785	26,921	10,810	15,000	6,500
Deferred tax assets	15	37,115	31,173	1,544	-	-	-
Held to maturity investments	16	3,206	2,952	3,353	-	-	-
Long-term receivables	17	1,153	6,409	1,247	153,920	132,360	123,231
Total non-current assets		**1,165,736**	**977,917**	**391,819**	**611,648**	**474,877**	**247,528**
Current assets							
Inventories	18	31,310	22,134	24,382	8	-	-
Trade and other receivables	19	277,278	166,146	66,402	173,314	78,430	45,081
Taxation	8	957	239	1,761	-	-	-
Held to maturity investments	16	-	245	-	-	-	-
Cash and cash equivalents	20	160,718	141,048	33,497	200	53,489	5,368
Restricted cash and cash equivalents	20	2,937	11,688	66,900	-	3,000	66,900
Total current assets		**473,200**	**341,500**	**192,942**	**173,522**	**134,919**	**117,349**
Total assets		**1,638,936**	**1,319,417**	**584,761**	**785,170**	**609,796**	**364,877**
Equity and liabilities							
Capital and reserves							
Share capital	21	3,319	1	1	3,319	1	1
Share premium	21	116,765	2,333	2,333	116,765	2,333	2,333
Investment revaluation reserve		-	-	(11,319)	-	-	-
Retained earnings		233,646	283,582	294,865	203,745	244,477	225,486
Foreign currency translation reserve		79,831	(5,338)	(13,055)	-	-	-
Total equity attributable to owners of the parent		**433,561**	**280,578**	**272,825**	**323,829**	**246,811**	**227,820**
Non-controlling interests	12.2	94,019	147,010	54,564	-	-	-
Total equity		**527,580**	**427,588**	**327,389**	**323,829**	**246,811**	**227,820**
Non-current liabilities							
Long-term borrowing	22	731,214	589,402	108,110	-	347,775	94,715
Long term intercompany borrowings	23	-	-	-	440,581	-	-
Long term provisions	26	922	4,059	-	-	-	-
Other long term payables	24	15,880	10,094	8,697	-	-	-
Deferred revenue	27	53,702	42,829	10,895	-	-	-
Deferred tax liabilities	15	47,736	35,590	25,887	-	-	-
Total non-current liabilities		**849,454**	**681,974**	**153,589**	**440,581**	**347,775**	**94,715**
Current liabilities							
Short-term portion of long-term borrowing	22	15,019	5,210	38,135	-	2,263	35,294
Trade and other payables	25	201,321	176,294	61,667	20,760	12,947	7,048
Short term provisions	26	8,523	4,273	185	-	-	-
Deferred revenue	27	27,188	22,027	3,796	-	-	-
Taxation	8	9,851	2,051	-	-	-	-
Total current liabilities		**261,902**	**209,855**	**103,783**	**20,760**	**15,210**	**42,342**
Total equity and liabilities		**1,638,936**	**1,319,417**	**584,761**	**785,170**	**609,796**	**364,877**

Approved by the Board of Directors and authorised for issue on 27 June 2018

Eric Venpin
Director

Mike Mootien
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2018

Group

	Notes	Share Capital	Share Premium	Investment Revaluation reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2015		1	2,333	14,751	(3,454)	280,186	43,083	336,900
Change in ownership	12.3	-	-	-	-	(71)	1,571	1,500
Profit for the year		-	-	-	-	39,650	10,237	49,887
Foreign exchange loss		-	-	-	(9,601)	-	(327)	(9,928)
Dividend	35	-	-	-	-	(24,900)	-	(24,900)
Fair value loss on available-for sale investments		-	-	(26,070)	-	-	-	(26,070)
At 29 February 2016		**1**	**2,333**	**(11,319)**	**(13,055)**	**294,865**	**54,564**	**327,389**
Change in ownership	12.3	-	-	-	-	(3,530)	68,241	64,711
Profit for the year		-	-	-	-	45,688	8,381	54,069
Foreign exchange gain		-	-	-	7,717	-	3,302	11,019
Dividend	35	-	-	-	-	(48,898)	-	(48,898)
Fair value gain on available-for sale investments		-	-	1,681	-	-	-	1,681
Acquisition of subsidiaries	29	-	-	-	-	-	2,528	2,528
Profit on disposal under common control	29	-	-	-	-	5,095	-	5,095
Reclassification upon disposal	29	-	-	9,638	-	(9,638)	-	-
Equity loan	12.2	-	-	-	-	-	9,994	9,994
At 28 February 2017		**1**	**2,333**	**-**	**(5,338)**	**283,582**	**147,010**	**427,588**
Issue of share capital	21	3,318	114,432	-	-	(2,862)	-	114,888
Change in ownership	12.3	-	-	-	-	(20,679)	(64,024)	(84,703)
Profit for the year		-	-	-	-	(12,895)	13,033	138
Foreign exchange gain		-	-	-	85,169	-	(3,670)	81,499
Dividend	35	-	-	-	-	(13,500)	-	(13,500)
Acquisition of subsidiaries	29	-	-	-	-	-	1,670	1,670
At 28 February 2018		**3,319**	**116,765**	**-**	**79,831**	**233,646**	**94,019**	**527,580**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
COMPANY STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2018

Company

	Notes	Share capital	Share premium	Retained earnings	Total Equity
		USD'000	USD'000	USD'000	USD'000
At 1 March 2015		1	2,333	185,131	187,465
Profit and total comprehensive income for the year		-	-	65,255	65,255
Dividends	35	-	-	(24,900)	(24,900)
At 29 February 2016		**1**	**2,333**	**225,486**	**227,820**
Profit and total comprehensive income for the year		-	-	67,889	67,889
Dividends	35	-	-	(48,898)	(48,898)
At 28 February 2017		**1**	**2,333**	**244,477**	**246,811**
Loss and total comprehensive income for the year		-	-	(24,370)	(24,370)
Dividends	35	-	-	(13,500)	(13,500)
Issue of share capital	21	3,318	114,432	(2,862)	114,888
At 28 February 2018		**3,319**	**116,765**	**203,745**	**323,829**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended 28 February 2018

	Notes	Group			Company		
		28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cash flows from operating activities:							
Cash generated from / (used in) operations	28	183,955	87,690	130,966	(25,241)	(10,061)	63,922
Income tax paid	8	(2,930)	(1,620)	(6,393)	(188)	(156)	(196)
Net cash from / (used in) operating activities		181,025	86,070	124,573	(25,429)	(10,217)	63,726
Cash flows from investing activities:							
Interest income		3,128	1,554	728	13,326	10,933	9,861
Acquisition of other investments	14	(63,162)	(781)	-	(62,310)	-	-
Disposal of investments in subsidiary	12	-	-	-	-	-	854
Additional investment in subsidiary	12	-	-	-	(14,211)	(163,148)	(1,500)
Disposal of subsidiary companies	29	-	(3)	-	-	-	-
Acquisition of subsidiary companies	29	(17,589)	(27,674)	(1,388)	-	-	-
Purchase of property, plant and equipment	11	(190,662)	(71,880)	(66,774)	(79)	(75)	(42)
Proceeds on disposal of property, plant and equipment	11	2,359	1,730	5,859	2	-	272
Purchase of intangible assets	10	(11,250)	(8,715)	(12,918)	(288)	(62)	(129)
Proceeds on disposal of intangible assets	10	2,693	30	654	68	-	141
Proceeds / (Purchase) of held to maturity investments	16	245	156	(201)	-	-	-
Decrease / (Increase) in long term receivables	17	5,000	(5,278)	-	(21,792)	(11,976)	(16,161)
Net cash used in from investing activities		(269,238)	(110,861)	(74,040)	(85,284)	(164,328)	(6,704)
Cash flows from financing activities:							
Dividend paid	35	(13,500)	(26,800)	(24,900)	(13,500)	(26,800)	(24,900)
Finance costs paid	7	(55,887)	(13,785)	(7,256)	(23,730)	(11,143)	(7,570)
Issue of subsidiary share capital & equity loans to minorities		68	75,566	-	-	-	-
Issue of share capital		22,222	-	-	22,222	-	-
Change in ownership of a subsidiary		-	-	1,500	-	-	-
Increase / (decrease) in long term borrowings		129,822	30,132	46,131	(358,835)	220,029	50,129
(Increase) / decrease in equity loans		-	-	-	(2,684)	(23,320)	652
Loan from fellow group subsidiary		-	-	-	430,951	-	(6,955)
Net cash generated from financing activities		82,725	65,113	15,475	54,424	158,766	11,356
Net increase / (decrease) in cash and cash equivalents		(5,488)	40,322	66,008	(56,289)	(15,779)	68,378
Cash and cash equivalents at beginning of the year		152,736	100,397	36,595	56,489	72,268	3,890
Translation of cash with respect to foreign subsidiaries		16,407	12,017	(2,206)	-	-	-
Cash and cash equivalents at end of the year	20	**163,655**	**152,736**	**100,397**	**200**	**56,489**	**72,268**

1. General information

Liquid Telecommunications Holdings Limited is a private company incorporated in Mauritius on the 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 year.

These financial statements are presented in US Dollars (USD) as this is the currency in which the majority of the group and company's transactions are denominated.

1.1 Application of New and Revised International Financial Reporting Standards (IFRS)

In the current year, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2017.

<u>New and revised IFRSs and IFRICs in issue but not yet effective</u>

IFRS 15: Revenue from contracts with customers

The group has not applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) in advance of its effective date which is for accounting periods beginning on or after 1 January 2018. IFRS 15 will be adopted 1 March 2018. IFRS 15 introduces a 5-step approach to revenue recognition. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The application of the above 5 steps is as follows:

- All Liquid Group customers have signed contracts with the relevant Operating Company.
- Master Service Agreements are signed stipulating the terms relating to performance obligations. These are stipulated in each contract for management of service levels within customer contracts.
- Transaction prices are determined based on contract deliverables, which include a combination of fixed Monthly Recurring Revenue (MRR), variable revenue for usage, and once off Non-Recurring Revenue (NRR) for which revenue is based on defined milestones/performance obligations.
- Transaction prices are allocated based on performance obligations, arising from a range of services defined per the nature of each contract. i.e. Contract hardware revenue is recognised fully on day one of the contract at discounted cash flow terms, monthly provision of services which is billed monthly in accordance with contract terms (MRR) and usage, and NRR for specific project obligations/milestones.
- Revenue recognition is aligned to delivered milestones or contractual obligations across the group.

NRR project type revenue is recognised based on the key milestones performed consistent with IAS 18. The NRR revenue is only recognised once the key milestones are completed and risk and rewards are transferred to the customer. MRR is fixed over the term of contract and usage is variable upon actual consumption. The key milestones will be aligned to IFRS 15 performance obligations and no material change in revenue recognition for project revenue is expected.

The group's accounting policies for its revenue streams are disclosed in detail in Note 4. Apart from providing more extensive disclosures on the group's revenue transactions, the application of IFRS 15 is not expected to have a significant impact on the financial position and/or financial performance of the group.

1.1 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 15: Revenue from contracts with customers (continued)

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

IFRS 16: Leases

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

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

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

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

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

• Liabilities will be recorded for future lease payments in the group's consolidated statement of financial position for the "reasonably certain" period of the lease, which may include future lease periods for which the group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported on 28 February 2018.

• Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight-line basis over the lease term.

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

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

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

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

1.1 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 9: Financial Instruments

IFRS 9 “Financial Instruments” was issued in July 2014 to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The standard is effective for accounting periods beginning on or after 1 January 2018 and will be adopted by the group on 1 March 2018. IFRS 9 will impact the classification and measurement of the group’s financial instruments, revises the requirements for when hedge accounting can be applied and requires certain additional disclosures. The primary changes resulting from IFRS 9 on the group’s accounting for financial instruments are as follows:

• The group has elected, under IFRS 9, to recognise the full amount of credit losses that would be expected to be incurred over the full recovery period of trade receivables, contract assets recognised under IFRS 15 and finance lease receivables at the date of initial recognition of those assets; currently credit losses are not recognised on such assets until there is an indicator of impairment, such as a payment default.

Whilst hedge accounting requirements are revised under IFRS 9, no material changes to the group’s hedge accounting have been identified. The effect on the group’s trade receivables is also expected to be immaterial.

New and revised IFRSs and IFRICs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 7	Statement of Cash Flows - Amendments as result of the Disclosure initiative
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses
IFRS 12	Disclosure of Interest in Other Entities - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)
IFRS 12	Consolidated Financial Statements – Amendments regarding the application of the consolidation exception

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 12	Income taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements (effective 1 January 2019)
IAS 28	Investment in Associates and Joint Ventures - Amendments deferring the effective date of the September 2014 amendments (effective 1 January 2018)
IAS 28	Investment in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)
IAS 39	Financial Instruments - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 3	Business combinations - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest) (effective 1 January 2019)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)

1.1 Application of New and Revised International Financial Reporting Standards (IFRS) (continued)

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 7	Financial Instruments - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition (effective 1 January 2018)
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 15	Revenue from Contracts with Customers - Amendments to defer the effective date to 1 January 2018 (effective 1 January 2018)
IFRS 16	Leases – Original issue (effective 1 January 2019)
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
IFRIC 23	Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

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

2. Summary of significant accounting policies

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted in the preparation of these financial statements are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for the goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis except for share-based transactions which fall in the scope of IFRS 2, leasing transactions that are in the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. Summary of significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to the reporting date each year. Control is achieved when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:
• the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• potential voting rights held by the company, other vote holders or other parties;
• rights arising from other contractual arrangements; and
• any additional facts and circumstances that indicate the company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholder's meetings.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the net of the acquisition-date amounts of the identified assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in the consolidated statements of profit or loss and other comprehensive income as a bargain purchase gain.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the profit or loss or transferred to another category of equity as specified/permitted by the applicable IFRSs). The fair value of any investment retained in the former subsidiary as at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2. Summary of significant accounting policies (continued)

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the equity interests issued by the group, liabilities incurred by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities, assumed are recognised at their fair value, except that:
• deferred tax or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less that the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Summary of significant accounting policies (continued)

Common controlled transactions

Common controlled transactions are recorded at book value. Any difference between cost and book value is taken directly to equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost to their residual values, over their estimated useful lives, using the straight-line method, on the following basis:

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Land and buildings	2 % - 5 %
Furniture and fittings	10 % - 20 %
Computer equipment	10 % - 50 %
Satellite equipment	20 %
Switching and network equipment	20 %
Leasehold improvements	10 % - 20 %
Motor vehicles	20 % - 25 %
Fibre infrastructure	4 % - 20 %
Fibre equipment	20 %
POS terminals	25 %

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

The gains and losses arising on the disposal or retirement of an asset is determined as the differences between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statements of profit or loss and other comprehensive income.

Work in progress relates to an asset under construction that has not yet been put into use. The asset is not subject to depreciation while in the construction phase status. Once the asset is fully developed and available for use, depreciation will start accordingly.

Investment in subsidiaries

The total carrying values of investments in subsidiaries represent the cost of each investment. The carrying values of investments in subsidiaries are reviewed on a regular basis and if an impairment in value has occurred, it is written off in the period in which those circumstances are identified.

Investment in associate

An associate is an entity that the group has significant influence over. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the method of equity accounting, except when the investment, or part of the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in associates is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter by an increase or decrease in the carrying amount of the investee by the group's share of profit or loss of the investee.

When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long term interest that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

2. Summary of significant accounting policies (continued)

Investments

Investments are classified as available-for-sale investments, and are measured at subsequent reporting dates at fair value. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in consolidated statements of profit or loss and other comprehensive income for the period. Impairment losses recognised in the consolidated statements of profit or loss and other comprehensive income for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Valuation of investments

Investments are valued at fair value. In the event that fair value cannot be determined or reliably measured, investments are recorded at cost. Investments are valued according to one of the following bases as set out below:
- Cost (less any provision required for a diminution in value);
- Third party valuation;
- Discounted cash flow methodology;
- Net assets; or
- Price of a recent transaction.

For unlisted investments in which the company and group typically invests, the fair value of an investment is expected to be its initial cost for the first 12 months. Thereafter, one of the bases above is applied.

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving investments of the type in which the company and group invests. Therefore, the fair values presented herein are not necessarily indicative of the amount that the company and group could realise in a current transaction.

Project costs

Project costs are recognised as assets only if all of the following conditions are met:
- An asset is created that can be identified; and
- It is probable that the asset created will generate future economic benefits.

A provision for impairment against project costs asset is raised when appropriate.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the stocks to their present location and condition. The selling cost of inventory is calculated using the First-In-First-Out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories:
• cash and bank balances or
• held-to-maturity investments or
• available-for-sale' ("AFS") financial assets or
• loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments:

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost less any impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets (AFS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables or (b) held-to-maturity investments.

Listed shares held by the group that are traded in an active market are classified as AFS and are stated at fair value. The group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value because the Directors consider that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to the consolidated statements of profit or loss and other comprehensive income.

Dividends on AFS equity instruments are recognised in the consolidated statements of profit or loss and other comprehensive income when the group's right to receive the dividends is established.

Valuation of AFS financial assets:

Fair values are determined annually at the reporting date. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Valuation of AFS financial assets (continued):

For AFS investments, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The levels are as follows:
- Level 1 fair value measurements are those derived from unadjusted quoted prices for identical assets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs which are not based on observable market data.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in the consolidated statements of profit or loss and other comprehensive income.

Loans and receivables:

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any allowance for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statements of profit or loss and other comprehensive income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statements of profit or loss and other comprehensive income in the period.

2. Summary of significant accounting policies (continued)

Impairment of financial assets (continued):

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets:

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain of loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statements of profit or loss and other comprehensive income.

On derecognition of a financial asset other than in its entirety, the group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Financial liabilities and equity instruments classification as debt or equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Share capital and share premium are classified as equity.

Financial liabilities:

The group had financial liabilities comprising trade payables and accruals, and interest-bearing debt, all classified at amortised cost.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities:

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statements of profit or loss and other comprehensive income.

2. Summary of significant accounting policies (continued)

Cash or cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted cash comprises cash held in restricted accounts for bank guarantees, cash committed to capital expenditure and customer deposits.

Financing activities include dividends paid. Interest paid is included in financing activities.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group and company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities arising from the taxable temporary differences associated with investments in subsidiaries, branches and associates are not recognised if the company has both the ability to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statements of profit or loss and other comprehensive income, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and other sales related taxes.

Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Management fees are recognised when the right time to receive payment have been established.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

Rentals payable under operating leases are charged to the consolidated statements of profit or loss and other comprehensive income on the straight-line basis over the term of the relevant lease.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statements of comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statements of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in US Dollars using exchange rates prevailing at the reporting date.

Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in statements of comprehensive income in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing date.

2. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are expensed in the year in which they are incurred.

Intangible assets

Intangible assets acquired are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, on the following basis:

Fibre optical – IRU	5 - 25 years
Computer Software	2 - 8 years
Customer relationships	3 - 5 years
Operating Licence	10 - 25 years
Other Intangible Assets	3 - 10 years

Upon acquisition of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited), Zanlink Limited and Raha Limited a valuation was assigned to the existing customer base of each entity and is classified as Customer relationships in Intangible assets (note 10).

The estimated useful lives and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statements of profit or loss and other comprehensive income when the asset is derecognised.

Cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, treasury bills and deposits held, all of which are available for use by the company unless otherwise stated.

Equity Loans

Equity loans to subsidiaries arising on acquisition are recognised in equity on the date of acquisition.

3. Significant accounting judgements and estimates

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Control over subsidiaries

Note 12 describes that Liquid Telecommunications Holdings Limited owns 50% of CEC Liquid Telecommunication Limited and 49% of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and these are consolidated by Liquid Telecommunications Holdings Limited.

The directors of the company assessed whether or not the Group has control over CEC Liquid Telecommunication Limited and Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe based on the ability to use its' power to direct the relevant activities that significantly affect the entities' returns. More specifically the directors have considered the group's size of its investment, its ability to establish operating and capital decisions of the entities, and to control the key management positions. After the considerations, the directors concluded that Liquid Telecommunications Holdings Limited has the power to direct the relevant activities of the entities', therefore these entities have been consolidated into the group's annual financial statements.

3. Significant accounting judgements and estimates (continued)

Material judgements

Significant influence over investee

Note 14 describes the company's 34% investment in Burundi Backbone Systems SM (“BBS”). The directors consider that the group is unable to exercise significant influnce over BBS as the company was unable to register the shares and consequently the investment was reversed during the year ended 28 February 2018.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability. Refer to note 38 for Contingent liabilities disclosure.

Cash and cash equivalents located in Zimbabwe

During the year ended 28 February 2018, the Zimbabwe operating companies were able to pay some cash over to other Liquid Group companies for relevant goods and services. However, extracting cash from Zimbabwe can be challenging due to the Zimbabwean banking system experiencing liquidity deficits and cash shortages in respect of international payments. For the purpose of financial reporting, the group regards US dollars in ZImbabwe on the same basis as elsewhere in the group.

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the company entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holding Limited (“RBH”). The agreements include an “On-Sale” clause whereby the company will issue additional shares if the price per share is below an agreed price. Management has done an assessment of the current estimated market price compare to the agreed price and is of the opinion that there is no financial implication as at 28 February 2018. Should the market price be 5% below the agreed price an additional USD 1.1 million of equity shares will be issued to RBH and if 10% below the agree price an additional USD 2.2 million of equity shares will be issued to RBH.

Material estimates

Residual value and useful life

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

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

Deferred taxation assets

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

Impairment of goodwill

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

4. Revenue and segment information

4.1 Segment revenue and results

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 support operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Group revenue can be classified under four operating and reportable segments as follows:

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

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

The measure of reporting profit for each operating segment, that also represents the basis on which the Chief Operating Decision Maker reviews segment results, is Adjusted EBITDA. Adjusted EBITDA is defined as earnings before profit before interest, taxation, impairment and amortisation, and is also presented before recognising the following items:
- Acquisition and other investment costs
- Foreign exchange (loss) / gain
- Share of profits of associate

The following is an analysis of the group's revenue and results by reportable segment for the 2018 Financial Year.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Wholesale voice traffic	24,245	-	18	147,083	-	(24,434)	146,912
Data and other services							
Wholesale	81,638	74,268	36,411	73,432	-	(46,420)	219,329
Enterprise	183,325	27,692	48,161	6,065	-	-	265,243
Retail	13,637	29,040	6,787	-	-	-	49,464
Inter-segmental revenue	(10,882)	(873)	(3,461)	(55,638)	-	70,854	-
Group External Revenue	**291,963**	**130,127**	**87,916**	**170,942**	**-**	**-**	**680,948**
Adjusted EBITDA	59,542	68,042	18,011	69,351	(22,005)	(1,552)	191,389

The following is an analysis of the group's revenue and results by reportable segment for the 2017 Financial Year.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Wholesale voice traffic	15,493	-	19	133,076	-	(25,363)	123,225
Data and other services							
Wholesale	22,603	45,559	29,323	63,834	-	(43,260)	118,059
Enterprise	12,389	24,231	32,948	3,813	-	-	73,381
Retail	941	23,286	4,100	-	-	-	28,327
Inter-segmental revenue	(12,613)	(1,244)	(3,715)	(51,051)	-	68,623	-
Group External Revenue	**38,813**	**91,832**	**62,675**	**149,672**	**-**	**-**	**342,992**
Adjusted EBITDA	13,041	37,146	11,978	71,800	(13,611)	(4,158)	116,196

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

The following is an analysis of the group's revenue and results by reportable segment for the 2016 Financial Year.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Wholesale voice traffic	21,109	-	246	139,204	-	(36,707)	123,852
Data and other services							
Wholesale	10,881	45,835	26,299	41,344	-	(20,062)	104,297
Enterprise	1,661	19,664	30,040	5,842	-	-	57,207
Retail	115	18,631	2,445	-	-	-	21,191
Inter-segmental revenue	(11,563)	(783)	(2,911)	(41,512)	-	56,769	-
Group External Revenue	**22,203**	**83,347**	**56,119**	**144,878**	**-**	**-**	**306,547**
Adjusted EBITDA	7,926	42,711	10,670	68,852	(14,120)	(942)	115,097

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2.

There are no major customers comprising 10% or more of total group revenue aside from sales made to the Econet Group. Details of which can be seen in Related Party disclosures (note 30).

4.2 Segment assets and liabilities

	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000
Segment assets			
South Africa	783,609	671,112	19,977
Zimbabwe	381,873	254,714	212,153
Rest of Africa	224,400	177,778	146,339
Rest of the World	249,054	215,813	206,292
Total segment assets	1,638,936	1,319,417	584,761
Consolidated total assets	**1,638,936**	**1,319,417**	**584,761**
Segment liabilities			
South Africa	161,975	383,180	1,865
Zimbabwe	73,879	46,422	46,634
Rest of Africa	68,025	52,971	34,805
Rest of the World	84,657	59,218	44,059
Total segment liabilities	388,536	541,791	127,363
Group Borrowings	722,820	350,038	130,009
Consolidated total liabilities	**1,111,356**	**891,829**	**257,372**

For the purpose of monitoring segment performance and allocating resources between segments:
• all assets are allocated to reportable segments.
• all liabilities are allocated to reportable segments other than group borrowings.

4. Segment information (continued)

4.3 Other segment information

	Depreciation, impairment and amortisation			Additions to property, plant and equipment and intangible assets		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
South Africa	55,313	3,665	1,766	115,047	14,676	4,776
Zimbabwe	13,294	12,495	11,423	36,658	24,616	37,442
Rest of Africa	18,130	15,206	13,492	46,891	21,787	19,970
Rest of the World	7,610	7,051	6,973	12,847	19,516	17,504
	94,347	**38,417**	**33,654**	**211,443**	**80,595**	**79,692**

5. Profit / (loss) before taxation

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Profit / (loss) before taxation is arrived at after taking the following into account:						
Auditor's fees	1,588	859	585	111	45	36
Non-audit services	121	69	112	-	-	-
Consultancy fees	8,836	3,082	4,066	4,245	1,415	1,923
Depreciation	67,815	31,932	25,618	41	41	23
Amortisation of intangible assets	26,198	5,143	7,310	38	2,080	2,336
Inventory written off	205	1,194	249	-	-	-
Provision for obsolete inventory (note 18)	129	12	188	-	-	-
Bad debts recovered	(205)	(1,207)	(222)	-	-	-
Increase in allowance for doubtful debts (note 19)	6,435	1,444	1,644	192	-	-
Impairment loss on property, plant and equipment (note 11)	-	136	9	-	-	-
Impairment loss on intangible assets (note 10)	-	-	280	-	-	280
Impairment loss on loans (note 30)	-	-	-	230	2,848	14,291
Impairment loss on investment in subsidiaries (note 12.1)	-	-	-	-	472	-
Reversal of impairment loss on intercompany loans (note 30)	-	-	-	-	-	24,699
Acquisition costs:						
Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	1,006	4,343	-	1,006	4,343	-
Raha Tanzania Holdings Limited	40	134	-	40	134	-
Other investment costs	1,448	-	-	1,337	-	-
	2,494	**4,477**	**-**	**2,383**	**4,477**	**-**
Other income:						
Profit / (loss) on disposal of property, plant and equipment	275	(19)	1,261	-	-	-
Management fees received (note 30)	-	-	-	1,838	2,544	1,367
Sundry income	1,068	1,880	2,034	-	369	163
Equipment sale (note 30)	-	-	-	-	-	42
Profit on disposal / transfer of subsidiary	-	-	-	-	61,423	-
	1,343	**1,861**	**3,295**	**1,838**	**64,336**	**1,572**
Net foreign exchange (losses) / gains:						
Exchange losses - unrealised	(497)	(6,859)	(11,913)	(931)	-	-
Exchange losses - realised	(2,138)	(1,065)	(7,564)	-	-	-
Exchange gains - unrealised	270	9,956	6,223	-	50	366
Exchange gains - realised	1,051	-	-	-	-	-
	(1,314)	**2,032**	**(13,254)**	**(931)**	**50**	**366**

6. Interest income

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Interest received - bank / external	2,443	470	348	(10)	28	5
Interest received - inter-group (note 30)	940	1,084	380	13,336	10,905	9,856
	3,383	**1,554**	**728**	**13,326**	**10,933**	**9,861**

7. Finance costs

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financing costs on bank overdraft and loans	54,278	9,804	6,093	10,447	7,130	5,742
Finance arrangement fees	24,683	3,898	1,154	10,147	3,898	1,154
Interest paid - related party (note 30)	-	83	9	-	83	9
Interest paid - inter-group (note 30)	-	-	-	21,265	22	45
Guarantee fees - inter-group (note 30)	-	-	-	20	10	620
	78,961	**13,785**	**7,256**	**41,879**	**11,143**	**7,570**

8. Tax

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Current taxation	8,674	3,682	3,338	-	-	-
Deferred taxation (note 15)	7,657	4,244	7,448	-	-	-
Withholding taxation	1,263	1,111	988	188	156	196
Total taxation	**17,594**	**9,037**	**11,774**	**188**	**156**	**196**

The charge for the year can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Profit / (loss) before taxation	17,732	63,106	61,661	(24,182)	68,045	65,451
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	11,492	12,615	11,276	-	-	-
Tax effect of non-deductible expenses	2,641	801	693	-	-	-
Tax effect of non-taxable income	654	64	4	-	-	-
Tax effect of foreign tax credit	(7,019)	(2,524)	(1,187)	-	-	-
Effect of tax losses not recognised as deferred tax assets	8,563	-	-	-	-	-
Adjustment in respect of prior years	-	(3,030)	-	-	-	-
Withholding taxation	1,263	1,111	988	188	156	196
	17,594	**9,037**	**11,774**	**188**	**156**	**196**

The company, being the holder of a GBL2 licence is not liable to income tax in Mauritius. The majority of the losses incurred by the company were at the holding company level, which resulted in a nil benefit due to the GBL2 license. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

Mauritius (tax credit of 80%)	15%	15%	15%
South Africa	28%	28%	28%
Kenya	30%	30%	30%
United Kingdom	19%	19%	21%
Tanzania	30%	30%	30%
Zambia	35%	35%	35%
Zimbabwe	26%	26%	26%

8. Tax (continued)

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Taxation asset:						
Opening balance	239	348	551	-	-	-
Acquisition of subsidiaries (note 29)	4	-	14	-	-	-
Provision for the year	-	-	(83)	-	-	-
Payments / (refunds) during the year	714	(138)	(71)	-	-	-
Disposals	-	48	-	-	-	-
Foreign exchange differences	-	(19)	(63)	-	-	-
Closing balance	**957**	**239**	**348**	**-**	**-**	**-**
Taxation liability:						
Opening balance	(2,051)	1,413	(933)	-	-	-
Acquisition of subsidiaries (note 29)	-	(494)	10	-	-	-
Provision for the year	(9,937)	(4,793)	(4,243)			
Withholding tax	-	-	-	(188)	(156)	(196)
Payment during the year	2,142	1,970	6,535	188	156	196
Disposals	-	-	(2)	-	-	-
Reclassification	-	(48)	-	-	-	-
Foreign exchange differences	(5)	(99)	46	-	-	-
Closing balance	**(9,851)**	**(2,051)**	**1,413**	**-**	**-**	**-**

9. Goodwill

	Group		
	28/02/18	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**
Cost			
Opening balance	145,833	9,558	7,112
Acquisition of subsidiaries (note 29)	635	129,997	2,446
Foreign exchange differences	14,054	6,278	-
Closing balance	**160,522**	**145,833**	**9,558**

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.

Liquid Telecommunications Limited	2,850	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441	1,441
Zimbabwe Online (Private) Limited	2,821	2,821	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	146,927	132,873	-
HAI Telecommunications Limited	2,201	2,201	2,201
Raha Tanzania Holdings Limited	4,037	3,402	-
Transaction Payment Solutions Indian Ocean Limited	245	245	245
	160,522	**145,833**	**9,558**

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 5% to 10%.

• Discount rates: discount rates ranged from 13.5% to 18.0%. Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

10. Intangible assets

Group

	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Other Intangible Assets	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:							
At 1 March 2015	2,243	5,061	78,913	-	976	2,403	89,596
Purchases during the year	5,500	991	6,117	-	310	-	12,918
Disposals during the year	(8)	(81)	-	-	(489)	(102)	(680)
Transfers	100	202	-	-	(302)	-	-
Transfers from fixed assets (note 11)	-	694	513	-	-	-	1,207
Write offs	(1,757)	-	-	-	-	-	(1,757)
Impairment	-	-	-	-	(280)	-	(280)
Foreign exchange differences	(41)	(433)	(2,853)	-	-	-	(3,327)
At 29 February 2016	6,037	6,434	82,690	-	215	2,301	97,677
Acquisition of subsidiaries (note 29)	16,534	32,246	3,956	54,565	-	26,278	133,579
Purchases during the year	62	711	4,730	-	3,212	-	8,715
Disposals during the year	-	(2,817)	-	-	-	-	(2,817)
Reclassification (note 14)	-	4	(8,500)	-	(4)	-	(8,500)
Transfers from / (to) fixed assets (note 11)	882	27	1,295	-	(269)	-	1,935
Foreign exchange differences	9	1,436	1,764	1,490	-	(2,162)	2,537
At 28 February 2017	23,524	38,041	85,935	56,055	3,154	26,417	233,126
Acquisition of subsidiaries (note 29)	-	-	-	4,149	-	-	4,149
Purchases during the year	-	2,804	17,671	-	306	-	20,781
Disposals during the year	(1,784)	(496)	-	-	(68)	-	(2,348)
Reclassification	-	540	8,047	-	(540)	-	8,047
Transfers from / (to) fixed assets (note 11)	296	(27)	190	-	6	-	465
Foreign exchange differences	2,431	3,879	2,296	8,233	-	4,792	21,631
At 28 February 2018	24,467	44,741	114,139	68,437	2,858	31,209	285,851
Accumulated amortisation:							
At 1 March 2015	2,010	3,330	13,145	-	-	2,374	20,859
Amortisation	392	1,250	5,646	-	-	22	7,310
Disposals during the year	-	(19)	-	-	-	(7)	(26)
Transfers from fixed assets (note 11)	-	323	118	-	-	-	441
Reclassification	(20)	20	-	-	-	-	-
Write offs	(1,757)	-	-	-	-	-	(1,757)
Foreign exchange differences	(40)	(370)	(591)	-	-	(88)	(1,089)
At 29 February 2016	585	4,534	18,318	-	-	2,301	25,738
Acquisition of subsidiaries (note 29)	2,743	26,349	-	-	-	-	29,092
Amortisation	833	1,121	4,690	50	-	(1,551)	5,143
Disposals during the year	(10)	(2,777)	-	-	-	-	(2,787)
Foreign exchange differences	115	1,154	291	-	-	(16)	1,544
At 28 February 2017	4,266	30,381	23,299	50	-	734	58,730
Amortisation	1,413	3,300	7,123	4,409	-	9,953	26,198
Disposals during the year	-	(124)	-	-	-	-	(124)
Transfers from fixed assets (note 11)	-	(4)	-	-	-	-	(4)
Reclassification	-	-	8,047	50	-	(50)	8,047
Foreign exchange differences	931	3,215	1,346	412	-	1,179	7,083
At 28 February 2018	6,610	36,768	39,815	4,921	-	11,816	99,930
Carrying amount:							
At 29 February 2016	5,452	1,900	64,372	-	215	-	71,939
At 28 February 2017	19,258	7,660	62,636	56,005	3,154	25,683	174,396
At 28 February 2018	17,857	7,973	74,324	63,516	2,858	19,393	185,921

10. Intangible assets (continued)

Group (continued)

During the 2017 Financial year, USD 8,500,000 investment in West Indian Ocean Cable Company Limited (WIOCC) was reclassified to other investments.

During the 2018 Financial year, the additions related to a Fibre Optical IRU that was acquired in Botswana for the non-controlling shareholder's contribution to Liquid Telecommunications Botswana (Pty) Limited to the value of USD 9.5 million and the balance of the Fibre Optical IRUs additions related to Mauritius.

Company

	Software	Fibre Optical - IRU	Other Intangible Assets	Work in Progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:					
At 1 March 2015	1,188	16,971	102	314	18,575
Purchases during the year	-	-	-	129	129
Reclassification	100	-	-	(100)	-
Disposals during the year	-	-	(102)	(46)	(148)
Impairment	-	-	-	(280)	(280)
At 29 February 2016	1,288	16,971	-	17	18,276
Purchases during the year	-	-	-	62	62
Reclassification (note 14)	-	(8,500)	-	-	(8,500)
Disposals during the year	-	(8,471)	-	-	(8,471)
At 28 February 2017	1,288	-	-	79	1,367
Purchases during the year	17	-	-	271	288
Transfers from fixed assets (note 11)	-	-	-	6	6
Reclassification	155	-	-	(155)	-
Disposals during the year	-	-	-	(68)	(68)
At 28 February 2018	1,460	-	-	133	1,593
Accumulated amortisation:					
At 1 March 2015	245	-	7	-	252
Amortisation	642	1,694	-	-	2,336
Disposals	-	-	(7)	-	(7)
At 29 February 2016	887	1,694	-	-	2,581
Amortisation	386	1,694	-	-	2,080
Disposals	-	(3,388)	-	-	(3,388)
At 28 February 2017	1,273	-	-	-	1,273
Amortisation	38	-	-	-	38
Disposals	-	-	-	-	-
At 28 February 2018	1,311	-	-	-	1,311
Carrying amount:					
At 29 February 2016	401	15,277	-	17	15,695
At 28 February 2017	15	-	-	79	94
At 28 February 2018	149	-	-	133	282

11. Property, plant and equipment

Group

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:								
At 1 March 2015	23,486	6,815	10,893	63,382	6,714	46,742	251,743	409,775
Acquisition of subsidiaries (note 29)	-	99	643	1,542	599	-	-	2,883
Additions	-	840	1,737	3,123	745	44,222	16,107	66,774
Disposals	-	(139)	(690)	(619)	(280)	(252)	(4,072)	(6,052)
Impairment	-	-	-	-	(29)	-	-	(29)
Transfers	856	18	72	7,823	254	(54,263)	45,240	-
Transfer to intangible assets (note 10)	-	-	(676)	(514)	-	(17)	-	(1,207)
Transfer to prepayments (note 19)	-	-	-	-	-	(949)	-	(949)
Foreign exchange differences	(2,663)	(643)	(1,393)	(7,658)	(495)	(2,404)	(12,988)	(28,244)
At 29 February 2016	21,679	6,990	10,586	67,079	7,508	33,079	296,030	442,951
Acquisition of subsidiaries (note 29)	29,761	3,076	19,818	1,082	257	10,385	437,574	501,953
Additions	8	303	1,474	5,145	610	38,596	25,744	71,880
Disposals	-	(267)	(2,627)	(894)	(182)	(1,449)	(4,056)	(9,475)
Impairment	-	-	-	-	-	(136)	-	(136)
Transfers	4,282	66	142	5,728	87	(37,381)	27,076	-
Transfer from / (to) intangible assets (note 10)	-	-	269	-	-	(2,204)	-	(1,935)
Foreign exchange differences	1,145	59	1,049	(420)	82	615	22,290	24,820
At 28 February 2017	56,875	10,227	30,711	77,720	8,362	41,505	804,658	1,030,058
Acquisition of subsidiaries (note 29)	-	26	68	633	54	-	686	1,467
Additions	13,447	1,130	4,059	8,129	692	72,514	90,691	190,662
Disposals	-	(772)	(569)	(870)	(342)	(659)	(2,072)	(5,284)
Transfers	2,895	18	259	4,788	-	(42,983)	35,023	-
Transfer from / (to) intangible assets (note 10)	303	-	-	(276)	-	(492)	-	(465)
Transfer to inventory	-	-	-	-	-	(9)	-	(9)
Foreign exchange differences	4,962	483	2,944	1,539	1	6,148	58,779	74,856
At 28 February 2018	78,482	11,112	37,472	91,663	8,767	76,024	987,765	1,291,285

11. Property, plant and equipment (continued)

Group

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Accumulated depreciation								
At 1 March 2015	899	3,953	8,066	47,991	2,683	(2,257)	89,145	150,480
Acquisition of subsidiaries (note 29)	-	63	279	1,047	318	-	-	1,707
Impairment	-	-	-	-	(20)	-	-	(20)
Depreciation charge for the year	425	890	1,168	6,770	1,341	-	15,024	25,618
Disposals	-	(87)	(200)	(628)	(220)	-	(317)	(1,452)
Transfer to intangible assets (note 10)	-	-	(323)	(118)	-	-	-	(441)
Foreign exchange differences	(114)	(419)	(919)	(5,105)	(222)	-	(3,419)	(10,198)
At 29 February 2016	1,210	4,400	8,071	49,957	3,880	(2,257)	100,433	165,694
Acquisition of subsidiaries (note 29)	11,994	2,669	15,793	398	136	-	198,518	229,508
Depreciation charge for the year	532	868	1,358	7,865	1,260	-	20,049	31,932
Disposals	-	(235)	(2,430)	(894)	(157)	-	(4,010)	(7,726)
Foreign exchange differences	513	63	590	(287)	38	-	8,742	9,659
At 28 February 2017	14,249	7,765	23,382	57,039	5,157	(2,257)	323,732	429,067
Acquisition of subsidiaries (note 29)	-	14	43	266	34	-	41	398
Depreciation charge for the year	1,844	960	3,796	10,150	1,230	-	49,835	67,815
Disposals	-	(738)	(135)	(280)	(278)	-	(1,769)	(3,200)
Transfers	19	-	6	74	-	-	(99)	-
Transfer to intangible assets (note 10)	-	-	-	4	-	-	-	4
Foreign exchange differences	1,580	384	2,266	1,114	8	-	26,983	32,335
At 28 February 2018	17,692	8,385	29,358	68,367	6,151	(2,257)	398,723	526,419
Carrying amount:								
At 29 February 2016	20,469	2,590	2,515	17,122	3,628	35,336	195,597	277,257
At 28 February 2017	42,626	2,462	7,329	20,681	3,205	43,762	480,926	600,991
At 28 February 2018	60,790	2,727	8,114	23,296	2,616	78,281	589,042	764,866

Refer to note 22 for securities on property, plant and equipment.

11. Property, plant and equipment (continued)

Company

	Computer equipment	Work in progress	Total
	USD'000	USD'000	USD'000
Cost:			
At 1 March 2015	61	242	303
Additions	32	10	42
Disposals	(30)	(252)	(282)
At 29 February 2016	63	-	63
Additions	75	-	75
At 28 February 2017	138	-	138
Additions	17	62	79
Transfers	2	(2)	-
Transfer to intangible assets (note 10)	-	(6)	(6)
Disposals	(2)	-	(2)
Transfer to inventory	-	(9)	(9)
At 28 February 2018	155	45	200
Accumulated amortisation:			
At 1 March 2015	8	-	8
Depreciation charge for the year	23	-	23
Disposals	(10)	-	(10)
At 29 February 2016	21	-	21
Depreciation charge for the year	41	-	41
At 28 February 2017	62	-	62
Depreciation charge for the year	41	-	41
At 28 February 2018	103	-	103
Carrying amount:			
At 29 February 2016	42	-	42
At 28 February 2017	76	-	76
At 28 February 2018	52	45	97

12 Investments in subsidiaries

12.1 Subsidiaries

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	28/02/18	Company 28/02/17	29/02/16
					%	USD'000	USD'000	USD'000
▪ Liquid Telecommunications Operations Limited	H	Telecommunications	Mauritius	Active	100	-	-	-
▪ Transaction Payment Solutions Indian Ocean Limited	S	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-	-
▪ Liquid Telecommunications Limited	H	Telecommunications & Technology	United Kingdom	Active	100	8,000	8,000	8,000
▪ Transaction Payment Solutions International Limited	H	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-	-
▪ Transaction Payment Solutions Botswana (Pty) Limited	S	Transaction Payment Solutions & Technology	Botswana	Active	100	-	-	-
▪ Transaction Payment Solutions Kenya Limited	S	Transaction Payment Solutions & Technology	Kenya	Active	99	-	-	-
▪ Transaction Payment Solutions Zambia Limited	S	Transaction Payment Solutions & Technology	Zambia	Active	99.995	-	-	-
▪ Transaction Payment Solutions Nigeria Limited	S	Transaction Payment Solutions & Technology	Nigeria	Dormant	100	-	-	-
▪ Transaction Payment Solutions South Africa (Pty) Limited t/a Paybay	S	Transaction Payment Solutions & Technology	South Africa	Active	100	-	-	-
▪ Austin Eco Holdings Limited	H	Investments	British Virgin Islands	Disposed	-	-	-	12,496
▪ Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	H	Telecommunications	Zimbabwe	Active	49	5,903	5,903	5,903
▪ Zimbabwe Online (Private) Limited	S	Telecommunications	Zimbabwe	Active	100	-	-	-
▪ CEC Liquid Telecommunication Limited	H	Telecommunications	Zambia	Active	50	17,196	17,195	17,195
▪ HAI Telecommunications Limited	S	Telecommunications	Zambia	Active	100	-	-	-
▪ Liquid Telecommunications Kenya Limited	H	Telecommunications	Kenya	Active	99.99	50,709	50,709	50,709
▪ East Africa Data Centre Limited	S	Telecommunications	Kenya	Active	99.99	-	-	-
▪ Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited)	H	Telecommunications	Uganda	Active	99.99	1,463	1,463	1,463
▪ Liquid Telecommunications Rwanda Limited	H	Telecommunications	Rwanda	Active	70	5,090	5,090	5,090
▪ Liquid Telecommunications DRC S.A.R.L	H	Telecommunications	Democratic Republic of Congo	Dormant	99	50	50	50

12 Investments in subsidiaries (continued)

12.1 Subsidiaries (continued)

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 28/02/18	Company 28/02/17	Company 29/02/16
					%	USD'000	USD'000	USD'000
▪ Liquid Telecommunications Operations DRC S.A.R.L	S	Telecommunications	Democratic Republic of Congo	Dormant	97.5	-	-	35
▪ Liquid Telecommunications Operations Mozambique Limitada	H	Telecommunications	Mozambique	Dormant	100	2	2	2
▪ Ipidi Media	H	Telecommunications	Mauritius	Dormant	100	-	-	-
▪ Liquid Vision Media (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-	-
▪ Liquid Telecommunications Tanzania Limited	H	Telecommunications	United Republic of Tanzania	Dormant	100	-	-	472
▪ Liquid Sea Limited (Mauritius)	H	Telecommunications	Mauritius	Active	100	-	-	-
▪ Africa Digital Networks S.A.R.L Limited	H	Telecommunications	Democratic Republic of Congo	Active	100	100	100	100
▪ Liquid Telecommunications International FZE	H	Telecommunications	United Arab Emirates	Active	100	545	545	545
▪ Liquid Telecommunications Botswana (Pty) Limited	H	Telecommunications	Botswana	Active	57.5	10,731	-	-
▪ Liquid Telecommunications Financing PLC	H	Financing for group	United Kingdom	Active	100	130	-	-
▪ Liquid Telecommunications Investments Limited	S	Financing for group	United Kingdom	Active	100	-	-	-
▪ Raha Tanzania Holdings Limited	H	Telecommunications	Mauritius	Active	70	12,650	9,300	-
▪ Raha Limited	S	Telecommunications	United Republic of Tanzania	Active	100	-	-	-
▪ Zanlink Limited	S	Telecommunications	United Republic of Tanzania	Active	70	-	-	-
▪ Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	H	Telecommunications	South Africa	Active	100	333,970	228,990	-
▪ Liquid Telecommunications Operations South Africa (Pty) Limited	H	Telecommunications	South Africa	Dormant	100	-	-	-
▪ Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	S	Telecommunications	South Africa	Active	100	-	-	-
						446,539	327,347	102,060

H = This is a direct holding by Liquid Telecommunications Holdings Limited.

S = This is an indirect holding.

12 Investments in subsidiaries (continued)

12.1 Subsidiaries (continued)

The directors have valued the unquoted investments in subsidiaries at cost of the investments less impairments. The financial statements of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and CEC Liquid Telecommunications Limited have been consolidated, despite owning a 49% and 50% shareholding respectively, on the basis that Liquid Telecommunications Holdings Limited exerts sufficient management control and power over these entities. Refer to note 3 for significant accounting judgements.

During the 2017 financial year, the investment in Liquid Telecommunications Tanzania Limited amounting to USD 472,000 was impaired and disclosed under Depreciation, Impairment and Amortisation.

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

	Proportion of ownership interests held by non-controlling interests			Profit / (Loss) allocated to non-controlling interests			Accumulated non-controlling interests		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	%	%	%	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	51	51	51	17,964	7,206	9,515	63,003	45,039	37,832
CEC Liquid Telecommunication Limited	50	50	50	(312)	251	719	16,524	16,812	16,579
Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	-	30	-	-	948	-	-	82,335	-
Individually immaterial subsidiaries with non-controlling interests				(4,619)	(24)	3	14,492	2,824	153
				13,033	**8,381**	**10,237**	**94,019**	**147,010**	**54,564**

In December 2017, Royal Bafokeng Holdings Limited, who had a 30% interest in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited) agreed with the company that it would:
(i) exchange their 30% economic interest in the South Africa Group for shareholding in the company and
(ii) subscribe for additional shares in the company for a total subscription price of USD 22.2 million.
After the exchange and the subscription was completed the company owned 100% of Liquid Telecommunications Holdings South Africa (Pty) Limited and Royal Bafokeng Holdings now hold 10.34% of the total issued ordinary shares in Liquid Telecommunications Holdings Limited.

In the 2017 Financial Year, included in the accumulated non-controlling interests relating to Liquid Telecommunications Holdings South Africa (Pty) Limited is an equity loan from Royal Bafokeng Holding Limited for USD 9,994,000. The loan is denominated in South African Rand and shall at all times be subordinated in favour of all other amounts owing by the Borrower to third parties. The borrower will at its discretion, repay the loan capital, in one or a number of installments. The loan was transferred to Liquid Telecommunications Holdings Limited in December 2017 and is now intercompany between Liquid Telecommunications Holdings Limited and Liquid Telecommunications Holdings South Africa (Pty) Limited.

As at 28 February 2018, the company owned 100% of Liquid Telecommunications Holdings South Africa (Pty) Limited and the loan was transferred to Liquid Telecommunications Holdings Limited.

12 Investments in subsidiaries (continued)

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe			
Current assets	169,006	70,472	36,937
Non-current assets	219,069	195,546	183,968
Current liabilities	(155,412)	(76,451)	(50,505)
Non-current liabilities	(109,127)	(101,256)	(96,220)
Equity attributable to owners of the company	60,533	43,273	36,348
Non-controlling interests	63,003	45,039	37,832
Revenue	131,001	93,076	84,130
Expenses	(95,777)	(78,945)	(65,472)
Profit for the year	35,224	14,131	18,658
Profit attributable to owners of the company	17,260	6,925	9,143
Profit attributable to the non-controlling interests	17,964	7,206	9,515
Profit for the year	35,224	14,131	18,658
Profit and total comprehensive income attributable to owners of the company	17,260	6,925	9,143
Profit and total comprehensive income attributable to the non-controlling interests	17,964	7,206	9,515
Profit and total comprehensive income for the year	35,224	14,131	18,658
Net cash inflow from operating activities	89,718	51,592	39,894
Net cash outflow from investing activities	(36,846)	(24,154)	(37,321)
Net cash inflow	52,872	27,438	2,573

12 Investments in subsidiaries (continued)

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

CEC Liquid Telecommunications Limited	**28/02/18 USD'000**	**28/02/17 USD'000**	**29/02/16 USD'000**
Current assets	16,639	8,314	9,665
Non-current assets	59,879	56,328	46,116
Current liabilities	(17,965)	(12,597)	(13,193)
Non-current liabilities	(25,505)	(18,421)	(9,430)
Equity attributable to owners of the company	16,524	16,812	16,579
Non-controlling interests	16,524	16,812	16,579
Revenue	28,928	22,069	18,407
Expenses	(29,552)	(21,567)	(16,969)
(Loss) / profit for the year	(624)	502	1,438
(Loss) / profit attributable to owners of the company	(312)	251	719
(Loss) / profit attributable to the non-controlling interests	(312)	251	719
(Loss) / profit for the year	(624)	502	1,438
(Loss) / profit and total comprehensive income attributable to owners of the company	(289)	251	719
(Loss) / profit and total comprehensive income attributable to the non-controlling interests	(289)	251	719
(Loss) / profit and total comprehensive income for the year	(578)	502	1,438
Net cash inflow from operating activities	7,977	7,452	10,150
Net cash outflow from investing activities	(7,684)	(13,729)	(12,732)
Net cash inflow from financing activities	4,069	6,801	329
Net cash inflow / (outflow)	4,362	524	(2,253)

12 Investments in subsidiaries (continued)

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	28/02/18 USD'000	28/02/17 USD'000	29/02/16 USD'000
Current assets	-	124,357	-
Non-current assets	-	550,325	-
Current liabilities	-	(151,773)	-
Non-current liabilities	-	(248,460)	-
Equity attributable to owners of the company	-	192,114	-
Non-controlling interests	-	82,335	-
Revenue	-	20,299	-
Expenses	-	(17,138)	-
Profit for the year	-	3,161	-
Profit attributable to owners of the company	-	2,213	-
Profit attributable to the non-controlling interests	-	948	-
Profit for the year	-	3,161	-
Profit and total comprehensive income attributable to owners of the company	-	2,213	-
Profit and total comprehensive income attributable to the non-controlling interests	-	948	-
Profit and total comprehensive income for the year	-	3,161	-
Net cash outflow from operating activities	-	(704)	-
Net cash outflow from investing activities	-	(53,484)	-
Net cash outflow from financing activities	-	(44,965)	-
Net cash outflow	-	(99,153)	-

12.3 Change in the group's ownership interest in a subsidiary

During the year ended 28 February 2018, the group acquired the non-controlling economic interest from Royal Bafokeng Holdings Limited in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited). Refer to note 12.2 for more details.

During the year ended 28 February 2017, the group received from Royal Bafokeng Holdings Limited USD 65.6 million (ZAR 885.7 million) for a 30% non controlling economic stake in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited).

The ownership structure of Liquid Telecommunications Operations DRC S.A.R.L was also amended, with the group increasing its ownership from 70% to 97.5%. No consideration was paid for the increase in shareholding.

During the year ended 28 February 2016, the company transferred 5% of shares held in Liquid Telecommunications Rwanda Limited to the non-controlling economic interests. This resulted in a change in the equity held by the group from 75% to 70%. The group recorded a decrease in equity attributable to owners of the parent of USD 71,000. The effect of changes in the ownership interests of both subsidiaries on the equity attributable to owners of the company during the year are summarised as follows:

	28/02/18 USD'000	28/02/17 USD'000	29/02/16 USD'000
Carrying amount of non-controlling interest disposed	64,024	(68,241)	(1,571)
Carrying amount of initial investment	(84,703)	64,711	1,500
Excess of consideration paid to recognise in parent's equity	**(20,679)**	**(3,530)**	**(71)**

13. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests 28/02/18	28/02/17	29/02/16
			%	%	%
Number Portability Company (Pty) Limited	Telecommunications	South Africa	20	20	-

Pursuant to the shareholder agreement, the company has the right to cast 20% of the vote at shareholder meetings of Number Portability company (Pty) Limited.

Summarised is the financial information in respect of the group's associate where it has significant interest.

Number Portability Company (Pty) Limited	28/02/18 USD'000	28/02/17 USD'000	29/02/16 USD'000
Total assets	2,718	2,075	-
Total liabilities	(188)	(185)	-
Net assets	2,530	1,890	-
Revenue	1,827	100	-
Profit for the period	531	16	-
Total comprehensive income for the year	531	16	-
Group's share of net assets of associate	506	378	-
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:			
Opening balance	378	-	-
Acquisition of associates (note 29)	-	359	-
Share of profits of associates	76	3	-
Foreign exchange difference	52	16	-
Closing balance	506	378	-

14. Investments

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Opening balance	15,785	26,921	54,492	15,000	6,500	6,500
Additions	63,162	781	-	62,310	-	-
Advance payment for acquisition of subsidiary (note 29)	-	-	(1,500)	-	-	-
Fair value gain / (loss) on investment	-	1,681	(26,070)	-	-	-
Reclassification from intangible assets (note 10)	-	8,500	-	-	8,500	-
Disposal of subsidiary (note 29)	-	(22,098)	-	-	-	-
Unwinding of agreement	(66,500)	-	-	(66,500)	-	-
Foreign exchange differences	-	-	(1)	-	-	-
Total investments	**12,447**	**15,785**	**26,921**	**10,810**	**15,000**	**6,500**
Investment details:						
Listed shares - at fair value	-	-	20,347	-	-	-
Other investments - at cost	12,447	15,785	6,574	10,810	15,000	6,500
Total investments	**12,447**	**15,785**	**26,921**	**10,810**	**15,000**	**6,500**

During the year, the company carried out a review of the recoverable amount of the investments, held at cost. The review led to no recognition of impairment. In assessing for impairment, the company estimated the fair value less costs to sell of the investments, which is based on the share prices of investments with similar characteristics. 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.

During the year ended 28 February 2018, the company acquired preference shares in Thames View for USD 2.3 million. Thames View will hold equity investments in Africa (except South Africa) and Europe. The company will target companies involved in property, textile, telecommunications and the technology sector as a whole.

During the year ended 28 February 2018, the company's 34% investment of USD 6.5 million in Burundi Backbone Systems SM (“BBS”) was reversed due to the company being unable to register the shares.

During the year ended 28 February 2018, the company acquired 19.98% of Econet Media Limited for USD 60.0 million. Subsequent to the year end, both parties agreed to reverse the subscription agreement at 28 February 2018. Proceeds of USD 60.0 million from the unwinding are included in short term inter-company receivables.

During the year ended 28 February 2017, USD 8.5 million was transferred to investments from intangible assets. This relates to 5% of the share capital of West Indian Ocean Cable Company Limited ("WIOCC") which the company acquired on 28 February 2015. The investment has been classified as available-for-sale investments.

15. Deferred taxation

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

		Group	
	28/02/18	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**
Net deferred tax assets	37,115	31,173	1,544
Net deferred tax liabilities	(47,736)	(35,590)	(25,887)
Net deferred tax liabilities	**(10,621)**	**(4,417)**	**(24,343)**

	Deferred revenue	**Property, plant and equipment**	**Assessed Losses**	**Other**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Group - Deferred tax assets:					
At 1 March 2015	996	459	-	496	1,951
(Charge) / credit to profit for the year	(463)	892	-	(298)	131
Reclassification	650	-	-	(650)	-
Reallocation: Deferred tax liabilities	(229)	-	-	(269)	(498)
Foreign exchange difference	(39)	(305)	-	33	(311)
At 29 February 2016	915	1,046	-	(688)	1,273
Credit / (charge) to profit for the year	42	(482)	-	3,074	2,634
Acquisition of subsidiaries (note 29)	8,053	-	36,884	-	44,937
Reallocation: Deferred tax liabilities	-	-	-	672	672
Foreign exchange difference	21	242	1,801	(32)	2,032
At 28 February 2017	9,031	806	38,685	3,026	51,548
Credit to profit for the year	139	52	-	2,850	3,041
Foreign exchange difference	(2)	109	2,225	385	2,717
At 28 February 2018	**9,168**	**967**	**40,910**	**6,261**	**57,306**

	Deferred revenue	**Property, plant and equipment**	**Other**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Group - Deferred tax liabilities:				
At 1 March 2015	(16)	(18,452)	-	(18,468)
Charge to profit for the year	(1,119)	(6,460)	-	(7,579)
Reallocation: Deferred tax assets	175	55	268	498
Foreign exchange difference	(67)	-	-	(67)
At 29 February 2016	(1,027)	(24,857)	268	(25,616)
Charge to profit for the year	(1,843)	(5,035)	-	(6,878)
Reallocation: Deferred tax assets	-	-	(672)	(672)
Acquisition of subsidiaries (note 29)	-	(12,960)	(9,629)	(22,589)
Reclassification	-	33	(33)	-
Foreign exchange difference	(210)	-	-	(210)
At 28 February 2017	(3,080)	(42,819)	(10,066)	(55,965)
(Charge) / credit to profit for the year	(3,158)	741	(8,281)	(10,698)
Acquisition of subsidiaries (note 29)	-	(1,338)	-	(1,338)
Foreign exchange difference	74	-	-	74
At 28 February 2018	**(6,164)**	**(43,416)**	**(18,347)**	**(67,927)**

As part of the acquisition of Liquid Telecommunication South Africa (Pty) Limited (previously known as Neotel (Pty) Limited), management did an assessment on the deferred tax losses taking into consideration the restructuring of the company's debt and the five year business forecast. The estimated cumulative tax losses for Liquid Telecommunication South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) is USD 589 million (2017: USD 475 million) and the deferred tax assets not recognised is USD 123 million (2017: USD 96 million) and has no expiration date for as long as Liquid Telecommunication South Africa (Pty) Limited continues to trade.

16. Held to maturity investments

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Current						
TN motor vehicle scheme	-	245	-	-	-	-
	-	**245**	**-**	**-**	**-**	**-**
Non-current						
TN motor vehicle scheme	-	-	612	-	-	-
CABS housing scheme	3,206	2,952	2,741	-	-	-
	3,206	**2,952**	**3,353**	**-**	**-**	**-**

The TN Motor Vehicle Scheme is an investment initially placed in April 2011 that backs the Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe Motor Vehicle Scheme. It matured in June 2014 and the funds were re-invested with a maturity date of June 2017. It carried a pre-tax interest rate of 10% per annum. None of these assets had been past due or impaired at the end of the reporting period.

The CABS balance is an investment initially placed in March 2011 that backs the Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe Staff Housing Scheme that matures in 2025 at a pre-tax interest rate of 8% per annum. None of these assets had been past due or impaired at the end of the reporting period.

17. Long term receivables

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 30)	-	5,278	-	153,920	132,360	123,231
Other receivable	1,153	1,131	1,247	-	-	-
	1,153	**6,409**	**1,247**	**153,920**	**132,360**	**123,231**

Other receivable includes an operating lease with Zimbabwe Electricity Transmission and Distribution Company (ZETDC) to rent their infrastructure over a minimum period of 25 years. A prepayment of USD 1.4 million which will be amortised monthly over the life of the lease.

18. Inventories

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Goods for resale	31,639	22,334	24,570	8	-	-
Provision for obsolete inventory	(329)	(200)	(188)	-	-	-
	31,310	**22,134**	**24,382**	**8**	**-**	**-**
Cost of inventories expensed	17,437	16,999	7,723	-	-	-

The directors are of the opinion that the inventory amounts are recorded at values that are not in excess of their net realisable values.

Inventory was reduced by USD 329,000 (2017: USD 200,000, 2016: USD 188,000) in respect of provision for obsolete inventory.

19. Trade and other receivables

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Trade receivables	114,676	102,745	39,500	192	1,596	2
Allowance for doubtful debts	(27,123)	(20,068)	(4,287)	(192)	-	-
Affiliated entities (note 30)	48,571	20,806	4,696	12,908	12,086	3,764
Short-term inter-company receivables (note 30)	74,420	6,043	5,855	143,083	45,683	39,011
Sundry debtors	17,642	24,040	6,544	54	5,490	-
Deposits paid	4,078	3,742	3,800	-	-	-
Prepayments	29,941	18,091	7,906	2,197	3,798	865
Prepayments to related parties (note 30)	15,073	10,747	1,439	15,072	9,777	1,439
Transfer from property, plant and equipment (note 11)	-	-	949	-	-	-
	277,278	**166,146**	**66,402**	**173,314**	**78,430**	**45,081**

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

The credit period for the group is 30 days. In determining the recoverability of a trade receivable, the group has considered any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Before accepting any new customer, the group ascertains the credit worthiness 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 credit worthiness of customers is reviewed continuously throughout the year.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and is repayable within the next 6 months.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Ageing of past due but not impaired:						
31 - 60 Days	18,589	15,168	5,466	318	395	120
61 - 90 Days	6,343	5,054	2,516	204	256	327
91 - 120 Days	5,270	6,135	1,394	205	252	125
121 + Days	23,501	17,341	6,994	12,057	5,142	2,705
	53,703	**43,698**	**16,370**	**12,784**	**6,045**	**3,277**

Included in past due but not impaired is USD 17.4 million relating to Econet Group. Refer to note 30 for the total breakdown of Econet Group trade receivables.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
Movement in the allowance for doubtful debt:	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Opening balance	(20,068)	(4,287)	(4,207)	-	-	-
Acquisition of subsidiaries (note 29)	-	(15,498)	(60)	-	-	-
Doubtful debt provision raised	(6,435)	(1,444)	(1,644)	(192)	-	-
Bad debts recovered	205	1,207	222	-	-	-
Reversal of provision	1,135	659	1,093	-	-	-
Disposals	4	-	-	-	-	-
Foreign exchange differences	(1,964)	(705)	309	-	-	-
Closing balance	**(27,123)**	**(20,068)**	**(4,287)**	**(192)**	**-**	**-**

20. Cash and cash equivalents

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Cash and bank balances	140,718	141,048	33,497	200	53,489	5,368
Treasury bills	20,000	-	-	-	-	-
Restricted cash and bank balances	2,937	11,688	66,900	-	3,000	66,900
	163,655	**152,736**	**100,397**	**200**	**56,489**	**72,268**

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

During the year ended 28 February 2018, the group acquired two 90 day Treasury Bills in Zimbabwe each worth USD 10,000,000. The Treasury Bills bear interest of 1% per annum.

The group and company have restricted cash for the following purposes:

Guarantees	1,488	10,347	-	-	3,000	-
Commitment to capital projects	-	-	66,900	-	-	66,900
Customer deposits held	1,449	1,341	-	-	-	-
	2,937	**11,688**	**66,900**	**-**	**3,000**	**66,900**

21. Share capital and share premium

	Group & Company		
	28/02/18	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**
'A' Ordinary shares	-	0.6	0.6
'B' Ordinary shares	-	0.4	0.4
Ordinary shares	3,319	-	-
Issued and paid share capital	**3,319**	**1.0**	**1.0**
Share premium	**116,765**	**2,333**	**2,333**

During the year ended 28 February 2018, the 1,000 Class A and Class B shares were converted into 100,000,000 ordinary shares. The Class A and Class B ordinary shares in previous years ranked equally in all respects and each share carried one vote. The 100,000,000 ordinary shares have a par value of USD 0.0297541580 each. The holders of ordinary shares have voting rights of one vote per ordinary share. Each ordinary share has equal rights on distribution of income and capital.

The share capital above represents 111,531,175 ordinary shares (100,000,000 ordinary shares relating to the share conversion and 11,531,175 ordinary shares issued to the Royal Bafokeng Holding Limited as part of the exchange of Royal Bafokeng Holding Limited's shareholding in Liquid Telecommunications Holdings South Africa (Pty) Limited for a 10.34% stake in Liquid Telecommunications Holdings Limited – refer to note 12 for more detail) with a par value of USD 0.0297541580 each.

Movement in capital:

	Number of shares	Share capital	Share Premium
		USD'000	**USD'000**
Balance at 1 March 2015	1,000	1	2,333
Balance at 29 February 2016	1,000	1	2,333
Balance at 28 February 2017	1,000	1	2,333
Conversion of issued share capital	99,999,000	2,974	(2,974)
Issue of shares - exchange	9,769,484	292	95,236
Issue of shares - cash	1,761,691	52	22,170
Balance at 28 February 2018	111,531,175	**3,319**	**116,765**

21. Share capital and share premium (continued)

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the company entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holding Limited (“RBH”). The agreements require the company to issue RBH with additional company shares if the price per share is below an agreed price: (i) on an initial public offering, or (ii) if no initial public offering has occurred by 6 December 2019 then the price per share will be based on the market value of the shares as at 6 December 2019. Should the market price be 5% below the agreed price an additional USD 1.1 million of equity shares will be issued to RBH and if 10% below the agree price an additional USD 2.2 million of equity shares will be issued to RBH. If the company is not able to obtain all consents necessary to issue shares pursuant to the agreements then it will be required to pay RBH in lieu of specific performance and damages an amount equal to the price of the additional shares in cash.

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

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term borrowings:						
Standard Chartered Bank	-	-	94,716	-	-	94,715
USD 300 million loan facility	-	291,288	-	-	291,288	-
Stanbic Bank of Zambia Limited	15,529	15,250	-	-	-	-
Tata Communications International Pte Limited	-	56,487	-	-	56,487	-
USD 730 million 8.5% Senior Secured Notes	714,546	-	-	-	-	-
USD 10 million Cisco loan facility	1,125	3,144	4,993	-	-	-
ZAR 2.95 billion loan facility	-	223,049	-	-	-	-
Barclays Bank Zambia	-	-	8,250	-	-	-
Other long term borrowings	14	184	151	-	-	-
	731,214	**589,402**	**108,110**	**-**	**347,775**	**94,715**
Short term portion of long term borrowings:						
Standard Chartered Bank	-	-	35,294	-	-	35,294
USD 300 million loan facility	-	2,263	-	-	2,263	-
Stanbic Bank of Zambia Limited	3,847	-	53	-	-	-
USD 730 million 8.5% Senior Secured Notes	8,273	-	-	-	-	-
USD 10 million Cisco loan facility	1,927	1,927	1,802	-	-	-
ZAR 2.95 billion loan facility	-	75	-	-	-	-
Other short term borrowings	972	945	986	-	-	-
	15,019	**5,210**	**38,135**	**-**	**2,263**	**35,294**

The USD 300 million loan facility agreement between the company and Standard Bank of South Africa Limited was repaid during the year ended 28 February 2018. The loan was secured, denominated in USD, bore interest at the rate of Libor plus 5.25% and was repayable by December 2022 in twenty quarterly instalments starting from 22 March 2018. Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited act as financial guarantors and provide various types of security. This includes first ranking charge over assets, charge over all bank accounts, assignment over intercompany loans, assignment over intercompany receivables and assignment over receivables of obligators. The facility agreement prohibits the company from creating security over its assets and providing security in favour of any third party without the Bank's formal approval.

As at 28 February 2018, the USD 15.3 million loan facility and USD 8.0 million revolving credit facility between CEC Liquid Telecommunications Limited and Stanbic Bank of Zambia has the company guaranteeing up to USD 6.5 million in aggregate of these facilities. The facility agreement also includes first ranking charge over certain assets including bank accounts and receivables of CEC Liquid Telecommunications Limited. The loan facility is denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from June 2017. The revolving credit facility is denominated in USD, bears interest at the rate of Libor plus 6% and is repayable by October 2019. As at 28 February 2018, CEC Liquid Telecommunications Limited has drawn down USD 5 million of the facility.

The long term payable to Tata Communications International Pte Limited was unsecured and bore interest at the rate of 4%. The loan was repaid during the year ended 28 February 2018.

22. Short term portion of long term borrowings and long term borrowings (continued)

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 2018, the USD 730.0 million 8.5% senior secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a senior secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, 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.

The USD 10 million loan facility agreement between Liquid Telecommunication Limited and Cisco Capital is denominated in USD, bears interest at the rate of 3.07% and is repayable by October 2019. The company provides a guarantee up to the amount outstanding. As at 28 February 2018, there is amount of USD 3.1 million outstanding.

The ZAR 2.95 billion (Equivalent USD 223 million as at 28 February 2017) loan facility was repaid during the year ended 28 February 2018 and is an agreement between Neotel (Pty) Limited (currently known as Liquid Telecommunications South Africa (Pty) Limited), Standard Bank of South Africa Limited and Nedbank Limited which is secured, denominated in South African Rand, bears interest at the rate of Jibar plus 4.75% for the first 9 months, 5.25% for the next 3 months, and 5.75% for the remaining 3 months, is payable on a quarterly basis and the capital is repayable in May 2018 in one lump sum. Neotel Business Support Services (Pty) Limited (South Africa) Limited and Neotel (Pty) Limited are the financial guarantors and provide various types of security. This includes first ranking charge over assets, charge over all bank accounts, assignment over intercompany loans, assignment over intercompany receivables and assignment over receivables of obligators. The facility agreement prohibits Neotel (Pty) Limited from creating security over its assets and providing security in favour of any third party without the Bank's formal approval.

The group has a USD 73 million revolving credit facility agreement between the company, Citibank, N.A., Standard Bank of South Africa, Standard Finance (Isle of Man) Limited, Standard Chartered Bank and ING Bank N.V. The revolving credit facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited,), Liquid Telecommunications Financing Plc, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited. The obligations under the revolving credit facility are secured equally and ratably with the senior secured notes by first priority liens over the security. The revolving credit facility is denominated in USD, bears interest at the rate of Libor plus 3.75%, and is available to be drawn before October 2021 to be utilised for general corporate purposes. As at 28 February 2018, the company has not drawn the facility.

23. Long term intercompany borrowing

		Group			Company	
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term intercompany payables (note 30)	-	-	-	430,950	-	-
Intercompany equity loans payables (note 30)	-	-	-	9,631	-	-
	-	-	-	440,581	-	-

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 8.5% and is repayable in July 2022.

24. Other long term payables

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Senior secured notes premium	6,497	-	-	-	-	-
Unfavourable contracts	9,383	10,094	8,697	-	-	-
	15,880	**10,094**	**8,697**	**-**	**-**	**-**

The USD 180 million senior secured notes were issued at a premium totalling USD 9.0 million and are being amortised over the period of the bond (refer to note 22 for terms).

The breakdown of unfavourable contracts is as follows:

Tata Communications International Pte Limited	-	400	-	-	-	-
SEACOM Limited	9,383	9,694	8,697	-	-	-
	9,383	10,094	8,697	-	-	-

Refer to note 25 for the unfavourable contracts terms.

25. Trade and other payables

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Trade accounts payable	96,120	79,071	18,391	1,170	150	396
Payable balance to affiliated entities (note 30)	4,358	3,813	6,784	5,857	4,109	2,572
Short-term inter-company payables (note 30)	-	-	-	9,851	898	1,340
Accruals	82,104	74,045	26,816	3,882	5,298	580
Staff payables	3,005	2,610	860	-	-	-
Transaction taxes due in various jurisdictions	5,275	2,431	645	-	-	-
Unfavourable contracts	1,156	3,176	669	-	-	-
Senior secured notes premium	1,930	-	-	-	-	-
Other short term payables	7,373	10,158	5,342	-	1,502	-
Other payable to related company (note 30)	-	990	2,160	-	990	2,160
	201,321	**176,294**	**61,667**	**20,760**	**12,947**	**7,048**

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 with no fixed date of repayment.

Included in other short-term payables is a forward exchange contract based on the USD:ZAR exchange rate. The forward exchange derivative will be net-settled, is valued at USD 23,000 as at 28 February 2018 and matures on 9 July 2018.

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.

25. Trade and other payables (continued)

The breakdown of unfavourable contracts is as follows:		Group			Company	
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
Short term portion of unfavourable contracts:	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
SEACOM Limited	756	731	669	-	-	-
Tata Communications International Pte Limited	400	2,119	-	-	-	-
Tiber Property Group (PTY) Limited	-	326	-	-	-	-
	1,156	**3,176**	**669**	**-**	**-**	**-**

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

The group purchased Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) and as part of the IFRS 3 fair value assessment two unfavourable contracts with Tata Communications International Pte Limited and SEACOM were identified. The contracts relate to unfavorable 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.

The unfavourable contract with Tiber Property Group (Pty) Limited is for an offer to lease that was entered into by Liquid Telecommunications Operations South Africa (Pty) Limited prior to the transaction with Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) being finalised. The contract expired in January 2018.

26. Long term and short term provisions

	Leave provision	Licence fee provision	Total
	USD'000	USD'000	USD'000
Long term provisions:			
Acquisition of subsidiaries (note 29)	-	3,889	3,889
Foreign exchange difference	-	170	170
At 28 February 2017	-	4,059	4,059
Utilised	-	(3,205)	(3,205)
Foreign exchange difference	-	68	68
At 28 February 2018	**-**	**922**	**922**

	Leave provision	Licence fee provision	Total
	USD'000	USD'000	USD'000
Short term provisions:			
At 1 March 2015	38	-	38
Acquisition of subsidiaries (note 29)	(10)	-	(10)
Additional provisions raised	171	-	171
Foreign exchange difference	(14)	-	(14)
At 29 February 2016	185	-	185
Acquisition of subsidiaries (note 29)	-	4,195	4,195
Additional provisions raised	21	-	21
Reversal	(74)	-	(74)
Foreign exchange difference	8	(62)	(54)
At 28 February 2017	140	4,133	4,273
Additional provisions raised	3,080	54	3,134
Foreign exchange difference	374	742	1,116
At 28 February 2018	**3,594**	**4,929**	**8,523**

26. Long term and short term provisions (continued)

Leave provisions relate to employee annual leave and are accrued as the employees' right to annual leave vests.

The licence fee provision relates to Liquid Telecommunications South Africa (Pty) Limited's corporate social responsibility obligation in respect of the licence held with ICASA, to provide ICT services to 750 public schools over a four-year period. The ICT services include the provision of the local area network, the wide area network, the end user devices in schools and training. Liquid Telecommunications South Africa (Pty) Limited has capitalised the obligation through raising a provision at the estimated present value of the total obligation. This is reassessed annually. In assessing the present value of the ICASA obligation, a discount rate of 13.3% (2017: 12.36%) p.a. has been applied.

27. Deferred revenue

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term portion of deferred revenue	53,702	42,829	10,895	-	-	-
Short term portion of deferred revenue	27,188	22,027	3,796	-	-	-
	80,890	**64,856**	**14,691**	**-**	**-**	**-**

Deferred revenue mainly relates to revenue billed in advance for the group's data and other services.

28. Cash generated from operations

	Notes	Group			Company		
		28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Profit / (loss) before tax		17,732	63,106	61,661	(24,182)	68,045	65,451
Adjustments for:							
Depreciation	5	67,815	31,932	25,618	41	41	23
Amortisation	5	26,198	5,143	7,310	38	2,080	2,336
Profit on disposal / transfer of subsidiary	5	-	-	-	-	(61,423)	-
Impairment of intangible assets	5	-	-	280	-	-	280
Impairment of property, plant and equipment	5	-	136	9	-	-	-
Impairment of investment	5	-	-	-	-	472	-
Impairment of intercompany loans		-	-	-	230	2,848	14,291
Stock written off	5	205	1,194	249	-	-	-
Obsolete inventory provision	5	129	12	188	-	-	-
Bad debts provision		5,091	(422)	329	192	-	-
Bad debts recovered	5	(205)	(1,207)	(222)	-	-	-
Increase / (decrease) in provisions	26	(2,765)	(53)	171	-	-	-
Foreign exchange (gain) / loss		(158)	(1,651)	6,493	180	-	-
(Profit) / loss on disposal of fixed assets	5	(275)	19	(1,261)	-	-	-
Interest income	6	(3,383)	(1,554)	(728)	(13,326)	(10,933)	(9,861)
Finance costs	7	78,961	13,785	7,256	41,879	11,143	7,570
Share of profits of associates	13	(76)	(3)	-	-	-	-
		189,269	110,437	107,353	5,052	12,273	80,090
Working capital changes:							
(Increase) / decrease in inventories		(8,723)	4,685	6,916	1	-	4,470
Increase in trade and other receivables		(41,483)	(42,864)	(6,680)	(28,575)	(28,233)	(17,771)
Increase / (decrease) in trade and other payables		17,455	3,346	6,867	(176)	(1,310)	(2,628)
Increase in deferred revenue		10,763	7,538	7,015	-	-	-
Increase / (decrease) in accruals		19,809	4,921	10,164	(1,543)	7,209	(239)
Decrease in unfavourable contracts		(3,135)	(373)	(669)	-	-	-
		183,955	**87,690**	**130,966**	**(25,241)**	**(10,061)**	**63,922**

29. Acquisition / disposal of subsidiary company

2018: Group

On 1 June 2017, the company acquired 70% of Zanlink Limited based in Tanzania, through Raha Tanzania Holdings Limited.

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within Africa.

The transaction has been accounted for using the acquisition method of accounting as established by IFRS 3.

	Fair value USD'000
Intangible assets	4,149
Property, plant and equipment	1,069
Inventories	126
Trade receivables	323
Other receivables	598
Cash at bank	303
Trade payables	(226)
Accruals	(218)
Deferred revenue short term	(340)
Deferred tax liabilities	(1,338)
Other payables	(61)
Non-controlling interest	(507)
Net assets value (100%)	3,878
Non-controlling interest	(1,163)
Net assets acquired	**2,715**
Goodwill (note 9)	635
Total consideration	**3,350**
Net cash outflow on acquisition of subsidiary	
Total cash consideration	(3,350)
Bank balances and cash equivalents	303
Net cash outflow arising on acquisition	**(3,047)**

There is no contingent consideration payable and the consideration transferred represents the full purchase price.

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

Included under Property, plant and equipment is an extensive aerial fiber network that provides connectivity in the Zanzibar island with metro rings built across Zanzibar for overall network availability, performance and redundancy. The Fibre network was valued by in-house technical specialists at depreciated replacement cost of USD 393,000.

The company's has about 811 customer connections. These connections could vary from fairly complex connections into high buildings to a normal connection into a standard office. The replacement value of 811 connections was used to fair value the customer connections at USD 252,000.

The customer contracts and customer relationships has been fair valued using the income approach, using an annual churn rate of 3.8% and a discount rate of 15%.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

No contingent liabilities have been recognised in the business combination.

29. Acquisition / disposal of subsidiary company (continued)

2018: Group (continued)

Goodwill arising on acquisition

	USD'000
Consideration transferred	3,350
Fair value of identifiable net assets acquired net of bridging loan	(2,715)
Goodwill arising on acquisition	**635**

Goodwill that arose on the acquisition of Zanlink Limited was due to the fact that the cost of the combination included a control premium.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

The non-controlling interest (30% ownership in Zanlink Limited and the 30% in Raha Tanzania Holdings Limited) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to USD 1,163,000.

Included in the profit for the 2018 financial year is USD 327,000 attributable to the additional business generated by Zanlink Limited. Revenue for the year includes USD 1.9 million in respect of Zanlink Limited from the respective date of acquisition.

2017: Group

(i) On 2 January 2017, the company acquired 70% in Raha Tanzania Holdings Limited.

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within Africa.

The transaction has been accounted for using the acquisition method of accounting as established by IFRS 3.

	Fair value
	USD'000
Intangible assets	4,232
Property, plant and equipment	7,617
Net deferred tax liabilities	(2,719)
Inventories	156
External trade receivables	769
Intercompany trade receivables	52
Bad debt provision	(167)
Other receivables	2,024
External trade payables	(2,476)
Intercompany trade payables	(307)
Accruals	(155)
Deferred revenue short term	(503)
Other payables	(97)
Net assets value (100%)	8,426
Non-controlling interest	(2,528)
Net assets acquired	**5,898**
Goodwill (note 9)	3,402
Total consideration	**9,300**

Net cash outflow on acquisition of subsidiary

Total consideration	(9,300)
Bank balances and cash equivalents	-
Net cash outflow arising on acquisition	**(9,300)**

There is no contingent consideration payable and the consideration transferred represents the full purchase price.

29. Acquisition / disposal of subsidiary company (continued)

2017: Group (continued)

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

Included under Property, plant and equipment is an extensive underground fibre network that provides connectivity between metros, cities and towns and connects the international landing station in Dar Es Salaam. The routes between the main metro areas of Dar Es Salaam, Arusha and Mtwara in Tanzania are key to overall network availability, performance and redundancy. The Fibre network was valued by in-house technical specialists at depreciated replacement cost of USD 6,375,000.

The company has about 550 customer connections. These connections could vary from fairly complex connections into high buildings to a normal connection into a standard office. The replacement value of 550 connections was used to fair value the customer connections at USD 412,500.

The customer contracts and customer relationships have been fair valued using the income approach, using an annual churn rate of 8.3% and a discount rate of 15%.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

No contingent liabilities have been recognised in the business combination.

Goodwill arising on acquisition

	USD'000
Consideration transferred	9,300
Fair value of identifiable net assets acquired net of bridging loan	(5,898)
Goodwill arising on acquisition	**3,402**

Goodwill that arose on the acquisition of Raha Tanzania Holdings Limited was due to the fact that the cost of the combination included a control premium. The goodwill that arose on acquisition is not tax deductible.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

The non-controlling interest (30% ownership in Raha Tanzania Holdings Limited) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to USD 2,528,000.

29. Acquisition / disposal of subsidiary company (continued)

2017: Group (continued)

(ii) On the 10 of February 2017, the company acquired 70% of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) through Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited).

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within Africa.

The principal business of Liquid Telecommunications South Africa (Pty) Limited is a South African infrastructure fixed line operator. The company offers wholesale and carrier services, enterprise business solutions, mid-market and retail customer related communication and data services.

The transaction has been accounted for using the acquisition method of accounting as established by IFRS 3.

	Fair value
	USD'000
Intangible assets	100,255
Property, plant and equipment	264,828
Investment in associates	359
Net Deferred tax assets	25,068
Inventories	3,097
Trade receivables	44,071
Bad debt provision	(15,330)
Other receivables	23,153
Cash at bank	41,294
Long-term loans payable	(403,047)
Trade payables	(53,011)
Accruals	(27,045)
Short term provisions	(4,195)
Long term provisions	(3,889)
Deferred revenue short term	(22,226)
Deferred revenue long term	(17,901)
Taxation payable	(494)
Other payables	(3,140)
Unfavourable contracts	(4,232)
Net assets value	(52,385)
Non-controlling interest (30%)	-
Net liabilities acquired	**(52,385)**
Goodwill (note 9)	126,595
Total consideration	**74,210**
Net cash outflow on acquisition of subsidiary	
Total consideration	(74,210)
Consideration payable	14,542
Total cash consideration	(59,668)
Bank balances and cash equivalents	41,294
Net cash outflow arising on acquisition	**(18,374)**
Consideration transferred	74,210
Cash settlement of liabilities of Neotel (Pty) Limited by Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	156,679

There is no contingent consideration payable and the consideration transferred represents the full purchase price.

29. Acquisition / disposal of subsidiary company (continued)

2017: Group (continued)

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

Included under Property, plant and equipment is the current business premises comprising a data centre and office park. It is situated at Halfway House which is a well known area of Midrand, which is a large commercial and industrial node located midway between Johannesburg and Pretoria. The premises is situated next to the N1 highway with good exposure and signage potential. The property was valued at ZAR 240 million.

The Brand was valued using a royalty relief approach, this method involves estimating future net sales, applying a royalty rate of 0.9% - 1.1% to them and then discounting, using a rate of 15.5%, estimated future post-tax royalties to arrive at a NPV (net present value) for the intangible assets.

The customer contracts and customer relationships have been fair valued using the multi-period excess earnings approach, using a geometric attrition method and a rate of 10.0% for wholesale and 12.5% for enterprise customer. A discount rate of 15.5% was used.

Spectrum is a scarce resource. It is finite. A complex framework underpins its regulation globally and in the South African ICT sector. Spectrum is allocated through global and regional co-operation in which the electromagnetic spectrum is divided into radio frequency bands. As radio propagation however transcends national borders, governments seek to harmonise the allocation of RF bands and their standardization. It is thus highly regulated in many countries including South Africa.

In South Africa, spectrum is then assigned and awarded either on application or via a competitive bid (depending on the demand and availability of the spectrum in question) to licensees, by the Independent Communications Authority of South ("ICASA"), which is tasked to "control, plan administer and manage the use and licensing of the radio frequency spectrum.

Liquid Telecommunications South Africa (Pty) Limited owns 850MHz (2x 4.92MHz), 1800MHz (2x 12MHz), and 3.5GHz (2x 28MHz) Both the 800MHz and 1 800MHz spectrum bands are high in demand and could potentially be utilised in future to expand the Liquid Telecommunications South Africa's services.

The spectrum was valued based on the expected future cashflow from the current consumer base discounted to a NPV of ZAR 77 million using a discount rate of 15.5%.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

No contingent liabilities have been recognised in the business combination.

	USD'000
Goodwill arising on acquisition	
Consideration transferred	74,210
Fair value of identifiable net liabilities acquired net of bridging loan	52,385
Goodwill arising on acquisition	**126,595**

The goodwill that arose on the acquisition of Liquid Telecommunication South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) as the cost of the combination included a control premium. The goodwill that arose on acquisition is not tax deductible.

In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce.

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

29. Acquisition / disposal of subsidiary company (continued)

2017: Group (continued)

Impact of acquisitions on the results of the group

The non-controlling interest (30% ownership interest in Raha Tanzania Holdings Limited) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to USD 3,244,000.

Included in the profit for the 2017 financial year is USD 283,000 attributable to the additional business generated by Raha Tanzania Holdings Limited and a loss of USD 202,000 attributable to Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited). Revenue for the year includes USD 1,458,000 in respect of Raha Tanzania Holdings Limited and USD 15,941,000 in respect of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) from the respective dates of acquisitions.

Had these business combinations been effected at 1 March 2016, the revenue of the group for continuing operations would have been USD 594,644,000, and profit for the year from continuing operations would have been USD 62,735,000. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for the comparison of future periods.

In determining the 'pro-forma' revenue and profit of the group had Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) been acquired at the beginning of the 2017 financial year, the directors have:

- calculated depreciation of plant and equipment and amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements;

- calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the group after the business combination;

- calculated the unfavourable contract based on the difference between the current market price and the committed contract price for the supply of IP Transit.

Disposal of subsidiary

On 31 March 2016 the group disposed 100% of Austin Eco Holdings Limited via a dividend in specie.

The below is an analysis of the assets and liabilities over which the company lost.

	Fair value
	USD'000
Other investments	22,098
Cash at bank	3
Intercompany loans payable	(5,098)
Net assets value (100%)	17,003
Non-controlling interest	-
Net assets disposed	**17,003**
Gain on disposal of subsidiaries	5,095
Total consideration	**22,098**
Net cash inflow on disposal of subsidiary	
Total consideration	22,098
Less: Dividend in specie (note 30 and 39)	(22,098)
Total cash consideration	**-**
Bank balances and cash equivalents	(3)
Net cash outflow arising on disposal	**(3)**

Upon disposal of Austin Eco Holdings Limited, the accumulated revaluation reserve of USD 9,638,000 was reclassified to retained earnings.

29. Acquisition / disposal of subsidiary company (continued)

2016: Group

On 1 April 2015 the group acquired 100% of Realtime Technology Alliance Africa Limited and on 31 December 2015 100% of Transaction Payment Solution Indian Ocean Limited.

The purpose of the above acquisitions was to follow the strategic direction of the group in acquiring companies that extend the fibre and services coverage of the Liquid Telecommunications Group within Africa.

These transactions have been accounted for using the purchase method of accounting as established by IFRS 3.

	Fair value
	USD'000
Property, plant and equipment	1,176
Inventories	262
Trade receivables	722
Other receivables	1,049
Short-term deposits and cash	242
Long-term loans payable	(94)
Trade payables	(946)
Inter-company short-term payables	(1,374)
Accruals	(182)
Provisions	10
Short-term loans payable	(217)
Taxation (payable) receivable	24
Other payables	12
Bank overdraft	(129)
Net assets value (100%)	555
Non-controlling interest	-
Net assets acquired	**555**
Goodwill (Note 9)	2,446
Total consideration	**3,001**
Net cash outflow on acquisition of subsidiary	
Total consideration	(3,001)
Less: Advance payment for acquisition of subsidiary (note 14)	1,500
Total cash consideration	**(1,501)**
Bank balances and cash equivalents	113
Net cash outflow arising on acquisition	**(1,388)**

29. Acquisition / disposal of subsidiary company (continued)

2016: Group

Assets acquired and liabilities recognised at the date of acquisition

The identifiable assets and liabilities are recognised at their fair values at the acquisition date. Consideration has been given to the current assets and liabilities in arriving at the recognised fair value assets at the acquisition date.

In arriving at the fair value of assets and liabilities, a tax base difference arose and this is accounted for as part of the fair value adjustment. This has been included above.

No contingent liabilities have been recognised in the business combination.

Goodwill arising on acquisition

	USD'000
Consideration transferred	3,001
Fair value of identifiable net assets acquired net of bridging loan	(555)
Goodwill arising on acquisition	**2,446**

Goodwill that arose on the acquisition of Realtime Technology Alliance Africa Limited and Transaction Payment Solution Indian Ocean Limited was due to the fact that the cost of the combination included a control premium. The goodwill that arose on acquisition is not tax

These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identified intangible assets.

Impact of acquisitions on the results of the group

Included in the profit for the 2016 financial year is a loss of USD 581,000 attributable to Realtime Technology Alliance Africa Limited and a proft of USD 54,000 attributable to Transaction Payment Solution Indian Ocean Limited. Revenue for the year includes USD 6,078,000 in respect of Realtime Technology Alliance Africa Limited and USD 341,000 in respect of Transaction Payment Solution Indian Ocean Limited from the respective dates of acquisitions.

30. Related party transactions

In addition to the subsidiary companies disclosed in note 12, 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), Kwese Play (Pty) Limited (South Africa) and Econet South Africa (Pty) Limited and are referred to as "Econet Global Related Group Companies". They have been disclosed as related parties due to their common control.

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the group note. The transactions between related parties are entered into at arm's length in accordance with the group's transfer pricing policies. During the year, the group and company entered into the following trading transactions with related parties:

		Group			Company	
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Sales of goods and services:						
Econet Global Related Group Companies	107,948	74,054	84,274	-	-	-
	107,948	**74,054**	**84,274**	**-**	**-**	**-**
Purchase of goods and services:						
Econet Global Related Group Companies	29,965	35,134	50,200	-	-	-
	29,965	**35,134**	**50,200**	**-**	**-**	**-**
Equipment sale:						
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	-	-	7
Liquid Telecommunications Operations South Africa (Pty) Limited	-	-	-	-	-	4
Liquid Telecommunications Limited	-	-	-	-	-	8
CEC Liquid Telecommunication Limited	-	-	-	-	-	6
Africa Digital Networks S.A.R.L Limited	-	-	-	-	-	2
Liquid Telecommunications Rwanda Limited	-	-	-	-	-	5
HAI Zambia	-	-	-	-	-	10
	-	**-**	**-**	**-**	**-**	**42**
Management fees paid:						
Econet Global Related Group Companies	1,500	1,500	1,500	1,500	1,500	1,500
Liquid Telecommunications Limited	-	-	-	5,141	4,986	6,022
Liquid Telecommunications Operations Limited	-	-	-	128	1,047	962
Liquid Telecommunications Kenya Limited	-	-	-	266	-	-
Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	-	-	-	3,290	-	-
Liquid Telecommunications International FZE	-	-	-	582	960	86
	1,500	**1,500**	**1,500**	**10,907**	**8,493**	**8,570**
Management fees received:						
Liquid Telecommunications Operations Limited	-	-	-	478	413	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	989	1,823	1,367
HAI Zambia	-	-	-	371	308	-
	-	**-**	**-**	**1,838**	**2,544**	**1,367**
Dividend received:						
Econet Global Related Group Companies	-	-	279	-	-	-
Liquid Telecommunications Operations Limited	-	-	-	30,000	30,000	70,000
	-	**-**	**279**	**30,000**	**30,000**	**70,000**

30. Related party transactions (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Dividend paid:						
Econet Global Limited	13,500	32,859	22,740	13,500	32,859	22,740
AMRO International Holdings Limited	-	15,049	2,160	-	15,049	2,160
GW Fibre Limited	-	990	-	-	990	-
	13,500	**48,898**	**24,900**	**13,500**	**48,898**	**24,900**
Interest income:						
Econet Global Related Group Companies	940	1,084	380	871	1,056	356
Austin Eco Holdings Limited	-	-	-	-	16	173
CEC Liquid Telecommunication Limited	-	-	-	-	4	7
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	6,101	5,184	5,450
Liquid Telecommunications Operations DRC S.A.R.L	-	-	-	-	25	22
Liquid Telecommunications DRC S.A.R.L	-	-	-	43	-	-
Liquid Telecommunications Operations Limited	-	-	-	976	671	-
Africa Digital Networks S.A.R.L Limited	-	-	-	437	302	136
East Africa Data Centre	-	-	-	130	107	90
Liquid Telecommunications Uganda Limited previously known as Infocom 2013 Limited	-	-	-	885	728	436
Liquid Telecommunications International FZE	-	-	-	337	167	38
Liquid Telecommunications Kenya Limited	-	-	-	3,190	2,291	1,711
Liquid Telecommunications Data International	-	-	-	-	-	1,217
Liquid Telecommunications Rwanda Limited	-	-	-	124	69	61
Liquid Sea Limited	-	-	-	93	31	-
Ipidi Media	-	-	-	-	254	159
Raha Tanzania Holdings Limited	-	-	-	128	-	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	21	-	-
	940	**1,084**	**380**	**13,336**	**10,905**	**9,856**
Finance costs:						
AMRO International Holdings Limited	-	83	9	-	83	9
Liquid Telecommunications Limited	-	-	-	40	22	45
Liquid Telecommunications Operations Limited	-	-	-	20	10	620
Liquid Telecommunications Financing Plc	-	-	-	21,225	-	-
	-	**83**	**9**	**21,285**	**115**	**674**
Long term intercompany payables:						
Liquid Telecommunications Financing Plc	-	-	-	430,950	-	-
	-	**-**	**-**	**430,950**	**-**	**-**

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 8.5% and is repayable in July 2022.

30. Related party transactions (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables:						
Austin Eco Holdings Limited	-	5,278	-	-	5,278	5,082
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	71,631	71,631	71,631
Liquid Telecommunications Kenya Limited	-	-	-	43,226	28,964	24,665
Liquid Sea Limited	-	-	-	1,783	959	-
Africa Digital Networks S.A.R.L Limited	-	-	-	6,317	5,224	2,425
Liquid Telecommunications Rwanda Limited	-	-	-	2,259	1,154	1,095
East Africa Data Centre	-	-	-	3,450	3,319	3,213
Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited)	-	-	-	12,493	11,200	9,587
Ipidi Media	-	-	-	1,489	1,500	3,764
Liquid Telecommunications International FZE	-	-	-	5,794	3,131	1,769
Raha Tanzania Holdings Limited	-	-	-	5,128	-	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	350	-	-
	-	**5,278**	**-**	**153,920**	**132,360**	**123,231**

The long term intercompany receivable from Austin Eco Holdings Limited is unsecured, bears interest at the rate of Libor plus 2.5% with first drawdown effected in April 2011. Austin Eco has since been disposed. Refer to note 29.

The long term intercompany receivable from Data & Control System (Private) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.25% and is repayable in December 2025.

The long term intercompany receivable from Liquid Telecommunications Kenya Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 5.5%. Repayment of the loan is pegged to Liquid Telecommunications Kenya Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Liquid Sea Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in December 2021 with first drawdown effected in March 2016.

The long term intercompany receivable from Africa Digital Networks S.A.R.L Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in February 2019.

The long term intercompany receivable from Liquid Telecommunications Rwanda Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in February 2019.

The long term intercompany receivable from East Africa Data Centre Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in February 2019.

The long term intercompany receivable from Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited) is unsecured, denominated in USD and bears interest at the rate of Libor plus 5.5%. Repayment of the loan is pegged to Liquid Telecommunications Uganda Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Ipidi Media (Mauritius) is unsecured, denominated in USD, is interest free and is repayable in November 2019 with first drawdown effected in March 2014.

The long term intercompany receivable from Liquid Telecommunications International FZE is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in June 2020 with first drawdown effected in December 2014.

The long term intercompany receivable from Raha Tanzania Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in 36 equal monthly instalments commencing from the first day falling after the relevant grace period.

The long term intercompany receivable from Liquid Telecommunications Botswana (Pty) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6% and is repayable in quarterly instalments starting May 2019.

30. Related party transactions (continued)

During the 2018 financial year, an additional amount of USD 230,000 was impaired. USD 2,848,000 of the long term intercompany receivable from Ipidi Media (Mauritius) was impaired during the 2017 financial year as the amount was assumed to be unrecoverable.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Short term intercompany payables:						
Liquid Telecommunications Limited	-	-	-	624	847	921
Liquid Telecommunications DRC S.A.R.L	-	-	-	-	50	50
Liquid Telecommunications Mozambique Limitada	-	-	-	1	1	1
Liquid Telecommunications Tanzania Limited	-	-	-	-	-	368
Liquid Telecommunications Financing PLC	-	-	-	9,226	-	-
	-	**-**	**-**	**9,851**	**898**	**1,340**

The amount payable to Liquid Telecommunications Limited (United Kingdom) bears interest at the rate of GBP LIBOR plus 2.5%, is unsecured and is to be repaid within the next 12 months.

The amounts payable to the other related parties are interest free, unsecured and are to be repaid within the next 12 months.

	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
Short term intercompany receivables:						
Econet Global Related Group Companies	74,420	6,043	5,855	68,973	4,998	4,839
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	34,731	3,704	4,219
Liquid Telecommunications Operations DRC S.A.R.L	-	-	-	-	886	826
Liquid Telecommunications DRC S.A.R.L	-	-	-	1,464	-	-
Liquid Telecommunications Operations Limited	-	-	-	37,915	36,084	28,859
CEC Liquid Telecommunication Limited	-	-	-	-	11	268
	74,420	**6,043**	**5,855**	**143,083**	**45,683**	**39,011**

Short term intercompany receivables excluding Econet Group bear interest at the rate of LIBOR plus 2.5%, are unsecured and are to be repaid within 12 months.

Econet Group short term receivables are interest free and will be repaid within six months.

30. Related party transactions (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Receivables balances from affiliated entities and other related parties:						
Econet Global Related Group Companies	48,571	20,806	4,696	-	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	6,241	5,241	3,097
CEC Liquid Telecommunication Limited	-	-	-	81	30	102
Liquid Telecommunications Limited	-	-	-	11	8	135
Liquid Telecommunications Rwanda Limited	-	-	-	137	-	68
Liquid Telecommunications Operations DRC S.A.R.L	-	-	-	-	8	8
Liquid Telecommunications DRC S.A.R.L	-	-	-	8	-	-
Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	-	-	-	28	685	157
Raha Limited	-	-	-	11	5	-
Liquid Telecommunications Operations Limited	-	-	-	5,247	5,531	2
ZOL Zimbabwe (Private) Limited	-	-	-	27	27	32
Liquid Telecommunications Kenya Limited	-	-	-	113	68	55
Africa Digital Networks S.A.R.L Limited	-	-	-	124	74	18
Liquid Telecommunications Uganda Limited (previously known as Infocom 2013 Limited)	-	-	-	58	6	5
Transaction Payment Solutions International Limited	-	-	-	7	5	1
Transactions Payment Solutions Botswana (Proprietary) Limited	-	-	-	-	3	2
Transactions Payment Solutions Zambia Limited	-	-	-	-	-	2
HAI Telecommunications Limited	-	-	-	748	374	74
Ipidi Media	-	-	-	-	-	1
Liquid Telecommunications International FZE	-	-	-	23	10	-
Zanlink Limited	-	-	-	1	-	-
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	7	-	-
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	-	36	11	5
	48,571	**20,806**	**4,696**	**12,908**	**12,086**	**3,764**

The receivable balances from affiliated entities and other related parties are unsecured, interest free and with no fixed date of repayment.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
Payable balance to affiliated entities:						
Econet Global Related Group Companies	4,358	3,813	6,784	-	-	-
Liquid Telecommunications Limited	-	-	-	95	988	2,311
Liquid Telecommunications Operations Limited	-	-	-	-	720	53
Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited)	-	-	-	5,762	2,344	114
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	-	50	-
Liquid Telecommunications International FZE	-	-	-	-	-	86
Liquid Telecommunications Rwanda Limited	-	-	-	-	7	-
Liquid Telecommunications Kenya Limited	-	-	-	-	-	8
	4,358	**3,813**	**6,784**	**5,857**	**4,109**	**2,572**

Amount payable to affiliated entities and related company are unsecured, interest free and with no fixed date of repayment.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
Other payable to related company:						
AMRO International Holdings Limited	-	-	2,160	-	-	2,160
GW Fibre Limited	-	990	-	-	990	-
	-	**990**	**2,160**	**-**	**990**	**2,160**

30. Related party transactions (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Equity loans owed to:						
Liquid Telecommunications Botswana (Pty) Limited	-	-	-	9,631	-	-
	-	**-**	**-**	**9,631**	**-**	**-**

The equity loan is unsecured. There are no fixed repayment terms and these amounts are repayable at the discretion of each respective borrower and thus considered to represent equity.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
Prepayments:						
Econet Global Related Group Companies (note 19)	15,073	10,747	1,439	15,072	9,757	1,439
Liquid Telecommunications Operations Limited (note 19)	-	-	-	-	20	-
	15,073	**10,747**	**1,439**	**15,072**	**9,777**	**1,439**
Proceeds from disposal / transfer of subsidiary:						
Econet Global Related Group Companies (notes 29 and 39)	-	22,098	-	-	22,098	-
Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited)	-	-	-	-	51,821	-
	-	**22,098**	**-**	**-**	**73,919**	**-**
Administration fees paid:						
DTOS Limited	258	198	184	158	91	63

Other transactions:
During the year ended 28 February 2017, the company disposed of intangible assets with a carrying value of USD 5,083,000 to Liquid Telecommunications Operations Limited. There was no profit/(loss) on the sale.

31. Compensation of key management personnel

The remuneration of the directors and other key management personnel during the year is as follows:

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Short-term employee benefits	6,824	5,216	4,325	1,907	1,292	70
Post-employment benefits	78	77	89	-	-	-
	6,902	**5,293**	**4,414**	**1,907**	**1,292**	**70**

32. Commitments

32.1 Capital commitments

At 28 February 2018 the group was committed to making the following capital commitments:

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Authorised and contracted	43,539	17,217	12,146	-	-	-
Authorised by directors but not contracted	84,612	78,218	97,454	35,000	25,581	66,900
	128,151	**95,435**	**109,600**	**35,000**	**25,581**	**66,900**

The capital expenditure is to be financed from internal cash generation and extended supplier credit.

32.2 Other

The Company has provided a letter of support of up to ZAR 750.0 million (USD 64.4 million) to its subsidiary Liquid Telecommunications Holdings South Africa (Pty) Limited, for its South African operations to cover its cash outlow on its investment and other operating activities.

33. Operating lease arrangements

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Payments recognised as an expense:						
Minimum lease payments	29,967	23,309	12,757	-	-	-

Operating lease commitments
At 28 February 2018 the group was committed to making the following annual payments in respect of operating leases:

Lease which expire:						
Within one year	23,086	25,929	11,056	-	-	-
Between two to five years	110,317	63,364	25,839	-	-	-
After five years	29,129	22,746	23,623	-	-	-
	162,532	**112,039**	**60,518**	**-**	**-**	**-**

Operating lease payments represent rentals payable by the group for certain of its office properties, capacity on satellites, equipment and buildings. The operating lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

34. Financial instruments

34.1 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's policy is to borrow centrally principally using senior secured notes and a combination of other borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The group monitors its forward interest cover, net debt to EBITDA ratio, gross debt to EBITDA, and debt service cover ratio to comply with its senior secured notes and other borrow facilities covenants. The group complied with these ratios throughout the financial year and the overall strategy remains unchanged from 2017.

The capital structure of the group and company consists of net debt (which includes the borrowings offset by cash and cash equivalents) and equity attributable to owners of the group and company, comprising issued capital, reserves and retained earnings in the statement of changes in equity respectively.

34.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. The group is not subject to any externally imposed capital requirement. The group's risk management committee reviews the capital structure of the group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

34.3 Gearing ratio

The group's directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt (i)	746,233	594,612	146,245	440,581	350,038	130,009
Cash and cash equivalents net of restricted cash	(160,718)	(141,048)	(33,497)	(200)	(53,489)	(5,368)
Net debt	**585,515**	**453,564**	**112,748**	**440,381**	**296,549**	**124,641**
Equity (ii)	527,580	427,588	327,389	323,829	246,811	227,820
Net debt to equity ratio	110.98%	106.08%	34.44%	135.99%	120.15%	54.71%

34. Financial instruments (continued)

34.3 Gearing ratio

(i) Debt is defined as long and short-term borrowings, as detailed in note 22 and 23.

(ii) Equity includes all capital and reserves of the group and the company, as detailed in the statement of changes in equity.

34.4 Categories of financial assets and liabilities

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets						
Cash and cash equivalents	163,655	152,736	100,397	200	56,489	72,268
Held-to-maturity investments	3,206	3,197	3,353	-	-	-
Available-for-sale financial assets	12,447	15,785	26,921	10,810	15,000	6,500
Loans and receivables	233,417	143,717	58,304	309,965	197,215	166,008
	412,725	**315,435**	**188,975**	**320,975**	**268,704**	**244,776**
Financial liabilities						
Amortised cost	955,007	780,010	214,449	461,341	361,995	134,897

34.5 Financial risk management objectives

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

34.6 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 34.7 and 34.8) and interest rates (see Note 34.9 and 34.10). The group does enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk. The derivative financial instrument is in respect of the USD:ZAR exchange rate in respect of interest payments due with a 12 month forward rate outlook.

34.7 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets						
Currency of the United Kingdom (GBP)	21,646	12,927	7,463	-	-	-
Currency of United States (USD)	287,886	175,016	154,745	320,975	263,697	244,776
Currency of South Africa (ZAR)	74,398	111,811	5,751	-	5,007	-
Currency of Botswana (BWP)	413	210	230	-	-	-
Currency of Kenya (KES)	16,373	9,423	12,244	-	-	-
Currency of Zambia (ZMK)	3,414	2,024	1,002	-	-	-
Currency of Rwanda (RWF)	3,009	2,207	4,605	-	-	-
Currency of Nigeria (NGN)	106	120	221	-	-	-
Currency of Uganda (UGX)	1,330	1,697	2,714	-	-	-
Currency of Tanzania (TZS)	4,150	-	-	-	-	-
	412,725	**315,435**	**188,975**	**320,975**	**268,704**	**244,776**

34. Financial instruments (continued)

34.7 Foreign currency risk management (continued)

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Liabilities						
Currency of the United Kingdom (GBP)	17,217	6,945	5,477	321	1,837	1,799
Currency of United States (USD)	824,678	436,490	195,305	454,567	357,779	132,984
Currency of South Africa (ZAR)	95,281	321,237	1,159	6,453	2,370	114
Currency of Botswana (BWP)	347	31	32	-	-	-
Currency of Kenya (KES)	11,658	10,988	8,585	-	9	-
Currency of Zambia (ZMK)	1,740	1,116	78	-	-	-
Currency of Rwanda (RWF)	1,847	2,047	2,499	-	-	-
Currency of Nigeria (NGN)	3	4	40	-	-	-
Currency of Uganda (UGX)	961	1,152	1,274	-	-	-
Currency of Tanzania (TZS)	1,275	-	-	-	-	-
	955,007	**780,010**	**214,449**	**461,341**	**361,995**	**134,897**

34.8 Foreign currency sensitivity analysis

The group is mainly exposed to the currencies of United Kingdom (GBP) South Africa (ZAR) Kenyan Shilling (KES) and Rwandan Franc (RWF).

The following table details the group’s sensitivity to a 10% increase and decrease in the USD (Reporting Currency of the group) against the relevant foreign currencies. 10% represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Group			Company		
	28/02/18	28/02/17	29/02/16	28/02/18	28/02/17	29/02/16
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	(443)	(598)	(199)	32	184	180
ZAR Currency impact	2,088	20,943	(459)	645	(264)	11
KES Currency impact	(471)	156	(366)	-	1	-
RWF Currency impact	(116)	(16)	(211)	-	-	-
	1,058	**20,485**	**(1,235)**	**677**	**(79)**	**191**

The sensitivity on statements of profit or loss and other comprehensive income is mainly attributable to the exposure outstanding on foreign currency receivables, payables and long term loans at year end in the group.

34.9 Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by securing an appropriate mix between fixed and floating rate borrowings on initial signing of borrowing contracts. The group’s exposures to interest rates on financial liabilities are detailed in the liquidity risk management table (see 34.12 below). Interest rates have been disclosed in the respective notes where applicable.

34. Financial instruments (continued)

34.10 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the group's and company's:

- Profit for the year ended 28 February 2018 for the group and the company respectively would increase by USD 2.1 million (2017: USD 4.3 million) and decrease by USD 1.4 million (2017: USD 1.2 million). This is mainly attributable to the group's limited exposure to interest rates on its variable rate borrowings as most of the group's borrowings are at fixed rates; and
- No increase or decrease in other equity reserves for the year ended 28 February 2018 (2017: no increase or decrease).

34. Financial instruments (continued)

34.11 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

34.12 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below detail the remaining contractual maturity for financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2018							
Financial liabilities	8.41%	106,783	91,741	15,886	734,626	5,971	955,007
Group - 2017							
Financial liabilities	8.10%	102,427	70,496	7,593	561,766	37,728	780,010
Group - 2016							
Financial liabilities	4.94%	31,892	27,112	38,637	110,787	6,021	214,449
Company - 2018							
Financial liabilities	8.50%	7,029	3,881	9,851	440,580	-	461,341
Company - 2017							
Financial liabilities	5.75%	3,271	7,789	3,160	316,775	31,000	361,995
Company - 2016							
Financial liabilities	5.11%	2,968	580	36,634	94,715	-	134,897

34.13 Fair values

The directors consider the financial assets and financial liabilities stated at amortised costs in the financial statements approximate their fair values. They are classified under level 3 of the fair value hierarchy.

35. Dividend

Dividends of USD 13,500,000 were declared and paid during the 2018 financial year (2017: USD 48,898,000 including a dividend in specie where 100% of the shares held in Austin Eco Holdings Limited were distributed at value of USD 22,098,000, 2016: USD 24,900,000). The dividends were declared in fulfilment of the Econet Strategic Support ("SSA") agreement and allocated to Econet Wireless Group only - All other shareholders have renounced their right to the 2018 dividends.

The dividends were declared in accordance with the SSA, where Econet Wireless International Limited agreed to provide Liquid Telecommunications Holdings Limited with strategic support, engineering network design services and certain business opportunities. Liquid Telecommunications Holdings Limited may elect to pay the fee by way of special dividend, which accrues to Econet Global Limited to the exclusion of all other shareholders to the company.

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
Dividends per share (Cents per share)	13.15	48.90	24.90	13.15	48.90	24.90

36. 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**
28 February 2018				
Unfavourable contract (note 24 & 25)	-	-	10,539	10,539
Total	**-**	**-**	**10,539**	**10,539**
28 February 2017				
Unfavourable contract (note 24 & 25)	-	-	13,270	13,270
Total	**-**	**-**	**13,270**	**13,270**
29 February 2016				
Econet Wireless Zimbabwe (note 14)	20,275	-	-	20,275
Meikles Limited (note 14)	71	-	-	71
Unfavourable contract (note 24 & 25)	-	-	9,366	9,366
Total	**20,346**	**-**	**9,366**	**29,712**

37. Earnings per share

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
Basic and diluted earnings per share (Cents per share)	(12.56)	45.69	39.65	(23.73)	67.89	65.25

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

	Group			Company		
	28/02/18	**28/02/17**	**29/02/16**	**28/02/18**	**28/02/17**	**29/02/16**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
(Loss) / profit attributable to owners of the company	(12,895)	45,688	39,650	(24,370)	67,889	65,255
Weighted average number of ordinary shares for the purpose of basic and diluted earnings	102,685,342	100,000,000	100,000,000	102,685,342	100,000,000	100,000,000

38. Contingent Liability

38.1 Data Centre

Data Centre contractual penalty obligation of USD 9.5 million for set off against future Data Centre revenues, due to the delay in the completion of the Data Centre project for Johannesburg and Cape Town. However, there is a contingent claim of USD 3.1 million against XON (outsourced Data Centre contractor) against the USD 9.5 million obligation to the customer.

38.2 Eastern Cape Government Contract

Liquid Telecommunication South Africa (Pty) Limited (LTSA) signed an agreement with the Eastern Cape Provincial Government (ECPG) in October 2017 to provide connectivity services. At 28 February 2018, LTSA had received payment of ZAR 66.7 million excluding VAT (USD 5.7 million) and recognised ZAR 38.0 million (USD 2.9 million) of revenue. On 13 March 2018, State Information Technology Agency (Pty) Limited (SITA) launched an urgent application to review the decision of the Premier of the ECPG to appoint LTSA. If the contract in terms of which LTSA was appointed is set aside, LTSA would have to repay all monies received from the ECPG and claim from the ECPG those costs incurred in providing the broadband connectivity on the basis of unjust enrichment. LTSA would not have a damage claim against the ECPG for the full value of the contract to the extent that the contract is set aside by the court.

In the event that the court upholds the contract, LTSA will be entitled to continue with the broadband rollout on behalf of the ECPG and be paid accordingly.

39. Non-cash transactions

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

• In 2017 the group and company disposed of its shares in Austin Eco Holdings Limited (USD 22,097,512 see note 29) via a dividend in specie.

• In 2017 proceeds in respect of the company's disposal of an intangible asset to Liquid Telecommunications Operations Limited (USD 5,083,000 see note 10) had not been received in cash at the end of the reporting period.

• In 2017 proceeds in respect of the company's disposal of shares in Liquid Telecommunications Operations DRC S.A.R.L to Liquid Telecommunications DRC S.A.R.L (USD 35,000 see note 30) had not been received in cash at the end of the reporting period. At group level, no consideration was paid to the non-controlling interest for the increase in ownership from 70% to 97.5%.

• In 2017 the company disposed of its shares in Liquid Telecommunications Operations SA (Proprietary) Limited (USD 51.8 million see note 30) in return for an equivalent investment in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited).

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

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

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities , including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group's consolidated statement of cash flows as cash from financing activities.

2018: Group

	01/03/2017	Non-cash	Cash	28/02/2018
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	(23,074)	(55,887)	(78,961)
Short-term portion of long-term borrowings (note 22)	5,210	27,117	(17,308)	15,019
Net long-term borrowings (note 22)	589,402	(5,318)	147,130	731,214
	594,612	(1,275)	73,935	667,272

The non-cash portion of Finance costs relate to arrangement fees written off due to the Group's previous debt structure being refinanced. Refer to note 22 for borrowings information.

39. Non-cash transactions (continued)

2018: Group (continued)

The non-cash portion of the short and long term borrowings relate to borrowing costs that have been capitalised.

2017: Group

	01/03/2016	Non-cash	Cash	28/02/2017
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(13,785)	(13,785)
Short-term portion of long-term borrowings (note 22)	38,135	94,730	(127,655)	5,210
Net long-term borrowings (note 22)	108,110	323,505	157,787	589,402
	146,245	418,235	16,347	580,827

2018: Company

	01/03/2017	Non-cash	Cash	28/02/2018
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(23,730)	(23,730)
Short-term portion of long-term borrowings (note 22)	2,263	1,859	(4,122)	-
Net long-term borrowings (note 22)	347,775	(397,775)	50,000	-
Loan from fellow group subsidiary (note 23)	-	9,630	430,951	440,581
	350,038	(386,286)	453,099	416,851

2017: Company

	01/03/2016	Non-cash	Cash	28/02/2017
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(11,143)	(11,143)
Short-term portion of long-term borrowings (note 22)	35,294	-	(33,031)	2,263
Net long-term borrowings (note 22)	94,715	-	253,060	347,775
	130,009	-	208,886	338,895

40. Going concern

The directors have reviewed the consolidated cash flow projections of Liquid Telecommunications Holdings Limited (“the group”), for the forthcoming period of eighteen months from 1 March 2018 up to and including 30 June 2019. Considering the available cash position as of 28 February 2018, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and access to new capital and loan funding, the directors are satisfied that the group, has access to adequate cash resources to settle obligations as these arise and that operations reflect financial sustainability to enable the business to continue in operational existence for the foreseeable future.

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

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

• On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 30. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on the signing of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

• The group has a cash position of USD 160.7 million as well as a positive net current asset position further enhancing the going concern assumption for the group as at 28 February 2018.

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 financial statements as of 28 February 2018 is justified.

41. Post balance sheet events

41.1 Receivables from Econet Group

On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 30. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on completion of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

41.2 Acquisition of the remaining shares in CEC Liquid Telecommunications Limited

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

42. Comparative figures

Acquisition of subsidiary companies

The accounting for the acquisition of Liquid Telecommunications South Africa (Pty) Limited (previously known as Neotel (Pty) Limited) through Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited) in 2017 was provisional and based on management best estimates at the time.

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

The acquisition accounting was completed during the current financial year and the 2017 figures retrospectively adjusted as per IFRS. The effect of the retrospectively adjustment is reflected below:

2017: Group

	Provisional Accounting USD'000	Final Accounting USD'000	Movement USD'000
Intangible assets	57,654	100,255	42,601
Property, plant and equipment	276,968	264,828	(12,140)
Deferred tax on fair value adjustment	(13,076)	(20,613)	(7,537)
Other payables	(37,518)	(38,269)	(751)
Unfavarouble contracts	(2,413)	(4,232)	(1,819)
Goodwill	134,634	126,595	(8,039)
Total	416,249	428,564	12,315
Additional consideration	-	-	(12,315)
	416,249	428,564	-

The accounting for the acquisition of Raha Tanzania Holdings Limited in 2017 was provisional and based on management best estimates at the time.

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

The acquisition accounting was completed during the current financial year and the 2017 figures retrospectively adjusted as per IFRS. The effect of the retrospectively adjustment is reflected below:

42. Comparative figures (continued)

2017: Group (continued)

	Provisional Accounting USD'000	Final Accounting USD'000	Movement USD'000
Deferred tax on fair value adjustment	(331)	(2,719)	2,388
Goodwill	1,730	3,402	(1,672)
Non-controlling interest	(3,244)	(2,528)	(716)
Total	(1,845)	(1,845)	-

Change in presentation

During the current year the group has changed its presentation of the statement of profit or loss and its statement of cashflows as follows:

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

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

	Group			Company		
	28/02/18 USD'000	28/02/17 USD'000	29/02/16 USD'000	28/02/18 USD'000	28/02/17 USD'000	29/02/16 USD'000
Consolidated Statements of Profit or Loss						
Cost of sales	254,130	137,734	115,515	-	-	-
Administrative expenses	43,424	6,454	4,880	-	-	-
	297,554	**144,188**	**120,395**	**-**	**-**	**-**
Interconnect related costs	(121,141)	(89,516)	(76,954)	-	-	-
Data and network related costs	(176,413)	(54,672)	(43,441)	-	-	-
	(297,554)	**(144,188)**	**(120,395)**	**-**	**-**	**-**
Consolidated Statements of Cash Flows						
Cash flows from operating activities:	55,887	13,785	7,256	41,879	11,143	7,570
Cash flows from financing activities:	(55,887)	(13,785)	(7,256)	(41,879)	(11,143)	(7,570)
	-	-	-	-	-	-