LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(Registration Number: 068355 C2/GBL)
ANNUAL FINANCIAL STATEMENTS
29 February 2020

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
29 February 2020

General review

The results of the company's and the group's operations for the year ended 29 February 2020 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.

Liquid Telecommunications is a leading communications solutions provider across 13 countries primarily in Southern, Central and Eastern Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. Liquid Telecommunications has built Africa's largest independent fibre network, over 73,000km, and operates state-of-the-art data centres in Johannesburg, Cape Town, Nairobi and Kigali, with a combined potential capacity of 19,000 square metres of rack space.

Group revenue increased by 17.5% from last year to USD 785.7 million (2019: USD 668.9 million). The group continues to show growth in revenue with the closure of key deals throughout the year, despite the impact of the currency changes in Zimbabwe (see below and note 1.1 - *Zimbabwean currency and Hyperinflation accounting* for more detailed disclosure) and the challenging global economic conditions.

The revenue growth rate of the group is analysed into the following 4 streams: Wholesale data, Enterprise, Retail and Wholesale voice traffic.

Wholesale data - Revenue increased by 63.6% mainly due to good performance in South Africa. A new agreement was signed and delivered with a large global technology company (see major transactions below) and another 20 year roaming agreement concluded with a major operator in South Africa. The group also benefitted from the annualisation of revenues from the 4G roaming contract signed at the end of the previous financial year.

Enterprise - Revenue decreased by 2.9% mainly due to weaker exchange rates in South Africa, Zimbabwe and Zambia.

Retail - Revenue decreased by 16.1% due to the closure of our CDMA business in South Africa and the impact of weaker exchange rates in Zimbabwe and Zambia.

Wholesale voice traffic - During the year the global trend for declining voice minutes continued resulting in a decrease in revenue of 3.7% in this stream. The group was able to mitigate this by offering connections to less digitally enabled and well served geographies.

In addition, Property, Plant and Equipment decreased to USD 741.4 million (2019: USD 786.6 million) as the impact of the weaker exchange rates offset the investment in the fibre network and the expansion of our data centre footprint, which allows us to provide our customers with a full-service offering of connectivity, hosting and digital services. More detail on the currency movement is given in note 1.1 - *Zimbabwean currency and Hyperinflation accounting* .

The construction of a regional fibre network across Southern, Central and Eastern Africa will continue in the coming financial year to further increase our coverage with a specific focus on building out the East to West links. 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 Africa and to continue to develop the technical services supplied, both of which will contribute to increasing the value of the group.

As part of their ongoing review of the group's strategy, the directors consider the Data Centre line of business to represent a significant opportunity on the African continent. In order to maximise this opportunity and serve the needs of our multi-national and local clients, the directors agreed during the year, to a future restructure of the group to allow greater operational focus and additional fund-raising for this sector. A new holding company for the Liquid Telecommunications group was formed during the period which will hold both Liquid Telecommunications Holdings Limited and the new Data Centre holding company. The ownership of these two entities has not yet transferred to the new holding company. The new Data Centre holding company will then be used to acquire any new data centre assets as the opportunity arises. As part of this exercise, it has identified a data centre it wishes to purchase in Midrand, South Africa. This transaction will proceed subject to the new Data Centre holding company arranging the necessary funding. The current intention is for the Data Centre holding company to be initially funded by a rights issue. The directors consider this restructure to be the optimum way to drive growth in the Data Centre line of business in a way that protects the rights of bond holders, comply with the group's existing borrowing requirements and enables the execution of the group strategy.

Response to COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments.

Response to COVID-19 pandemic (continued)

The group's top priority is to help protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring that the smooth delivery of communications solutions continues during the COVID-19 pandemic.

The group believes that 'every individual on the African continent has the right to be connected'. This enduring belief is guiding the group's response to the current crisis.

The health and safety of our people and those of our customers, suppliers and other business partners is paramount. The group has implemented robust contingency planning across the business to protect the health of our people and those with whom the group comes into contact. This includes, but is not limited to, implementing the advice of the authorities, particularly the World Health Organisation and other reliable sources.

As the situation evolves, the group continues to work closely with our employees, partners and suppliers to support ongoing business operations and serve our customers' needs.

As a strategic supplier to our customers, the group has been executing plans to ensure network and system continuity as the situation evolves over time. The group has remote working capability in place for all major processes and systems for our key personnel. All personnel are able to work remotely at short notice when necessary while maintaining full business functionality.

The group regards the economic impact of COVID-19 to be a non-adjusting post balance sheet. As of 29 February 2020, there has not been any direct or indirect impact of the pandemic on operations or state imposed restrictions on individual movements in the geographies where the group operates. These measures were noted mainly in March 2020.

Management has provided information on the financial effects of COVID-19 pandemic in note 3.

Major transactions

On 13 November 2019, the group launched the fastest direct land-based fibre link connecting East to West Africa. This breakthrough coast-to-coast digital corridor follows the completion of the group's new high-capacity fibre link running 2,600 kilometre across the Democratic Republic of Congo (DRC).

On 20 January 2020, the group announced the first 5G wholesale roaming service in South Africa. Available from early 2020 in all major South African cities, this latest fifth generation of mobile internet connectivity will enable wholesale operators to create innovative, ultra-fast and scalable digital services for their customers. The 5G wholesale network will also help accelerate the evolution of the Fourth Industrial Revolution (4IR) in South Africa. Reliable connectivity up to 10 times faster than 4G will allow businesses to harness trends such as the Internet of Things (IoT), robotics and artificial intelligence (AI) to innovate transformative new services, increase productivity and deliver more connected customer experiences.

On 26 February 2020, Liquid Telecommunications Rwanda Limited launched affordable super-fast broadband in Rwanda which also coincides with the re-branding of our retail business from Hai (in Zambia) to Liquid Home. With Liquid Home, users get unlimited high-speed internet, significant price reductions and free installation across all of our packages

On 28 February 2020, the group entered into a 20 year agreement with a large global technology company in which the group will provide access to its terrestrial backbone network across the African continent.

Going concern

The directors have reviewed the consolidated cash flow projections of the Liquid Telecommunications group and Liquid Telecommunications Holdings Limited for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 29 February 2020, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

Going concern (continued)

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2021. Although the full effects of the pandemic are not yet known, the potential impact of the following consequences have been taken into account; instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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

Funding facilities

The group is currently funded from a combination of retained earnings, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in April 2022) plus USD 23.3 million of locally provided Revolving Credit Facilities (maturity in financial years 2020 and 2021 which has been extended to financial year 2025) and term loans (maturity in financial years 2020 to 2022) in Zambia, of which USD 14.7 million is outstanding at the statement of financial position date. The USD 73.0 million RCF was still undrawn at the statement of financial position date. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity due to uncertainties of the impact of COVID-19 pandemic.

Impact of IFRS 16 "Leases"

The directors have also considered the impact of the new accounting standard, IFRS 16 "Leases", which became effective for the first time in financial year 2020 and are of the opinion that it will not have any material impact on the going concern of the group.

Cash position

As at 29 February 2020, the group has an unrestricted cash position of USD 83.5 million (28 February 2019: USD 93.3 million). Of this amount, USD 22.5 million (28 February 2019: USD 49.1 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 18.0:1 (28 February 2019: 2.5:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

New equity finance

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

Operational performance

For the year ended 29 February 2020, the group reported an operating profit of USD 97.5 million (28 February 2019: 81.5 million) and a net cash inflow from operating activities of USD 136.5 million (28 February 2019: USD 152.4 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the proportion of the group's total operating profit for the year and cash balance at the end of the year represented by Zimbabwe, has reduced compared to the prior year.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the year ended 29 February 2020 is appropriate.

Post balance sheet events

Zimbabwean currency

On 23 March 2020, in response to the financial uncertainties caused by the COVID-19 pandemic, the Government of Zimbabwe, through the Reserve Bank of Zimbabwe (RBZ) adopted a fixed exchange rate system at the current interbank level of ZWL$:USD 25:1. Further to an announcement on 8 June, the RBZ has indicated that this fixed rate will end on 23 June 2020.

Post balance sheet events (continued)

COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments. The evolution of the pandemic in the various territories in which the group operates is being closely monitored by the directors and they have to date assessed a number of potential scenarios to understand the potential financial impact of COVID-19 on the group. The impact indicates a reduction of general economic activity but with minor impact on the underlying services being provided by the group. Given the general levels of uncertainty in the global economy, the directors have taken active steps to access increased levels of working capital financing and conservatively manage expenses for the year ahead. The directors are monitoring the risk on the approved business plan for the year and financial indicators. They also continue to monitor economic and industry specific data as it emerges, including any further impact of the volatility in exchange rates.

For the purposes of the annual financial statements, the group has performed a detailed assessment of the impact of COVID-19 on the financial position of the group as at 29 February 2020 and results of operations for the year (see note 3 - Critical accounting judgements and key sources of estimation uncertainty for more detail), and except for certain provisions relating to future recoverability of trade receivables, the impact of the COVID-19 pandemic is considered as a non-adjusting event.

Disposal of shares in Liquid Telecommunications Kenya Limited

On 1 March 2020, the company entered into an agreement with Stamford TC Limited whereby the company disposed 20% of its shareholding in Liquid Telecommunications Kenya Limited to Stamford TC Limited for a consideration of USD 2.3 million. This transfer is made to satisfy the 20% local equity participation required of telecommunication companies in Kenya.

Dividend

Following the year end, on 8 June 2020 the company declared a dividend in shares, or where a shareholder had an outstanding liability to the company, by offset of that liability. Of the USD 40.3 million value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

Acquisition of shares in Worldstream (Pty) Ltd

On 10 June 2020, the company entered into an agreement to purchase 71 percent shareholding in Worldstream (Pty) Ltd from EGL for a non-cash consideration of USD 9.0 million.

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;

• 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, and

• maintain adequate accounting records and an effective system of internal controls and risk management.

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.

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

Chairman's and CEO's statement

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We are implementing and enforcing effective systems to counter bribery and corruption.

Incorporation

Liquid Telecommunications Holdings Limited was incorporated on the 26 January 2007 in Mauritius and holds a Category 2 – Global Business Licence.

Dividends

No dividends were declared during the 2020 financial year (28 February 2019: USD 13.5 million). The dividends in 2019 financial year were paid pursuant to the Econet Strategic Support agreement ("SSA"). The SSA payment was amended to USD 1 on 15 October 2018 and is effective from 1 March 2019.

Share capital

The issued share capital represents 122,236,964 (2019: 122,236,964) ordinary shares with a par value of USD 0.0297541580 each. Refer to note 22 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 13 to 15, and 17 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:

Name:	Appointed on:	Resigned on:	
Strive Masiyiwa [1]	13-May-08	-	*[1] Zimbabwean*
Nicholas Trevor Rudnick [2]	22-Oct-07	-	*[2] German*
Eric Venpin [3]	26-Jan-07	-	*[3] Mauritian*
Gaetan Lan Hun Kuen [3]	30-Jan-07	-	*[4] British*
Mike Mootien (as alternate to Gaetan Lan) [3]	14-Apr-14	-	*[5] South African*
Hardwork Pemhiwa Njodzi [1]	04-Nov-16	-	*[6] American*
Vassi Naidoo [5]	04-Nov-16	-	*[7] Nigeria*
Anil Dua [4]	01-Jan-17	-	*[8] Rwandan*
Rahul Goswamy (as alternate to Anil Dua) [10]	01-Jan-17	-	*[9] Cape Verdean*
Donald Henry Gips [6]	20-Jun-17	-	*[10] Singaporean*
Omobola Olubusola Johnson [7]	16-Aug-18	-	*[11] Indian*
Nathalie Wong (as alternate to Eric Venpin) [3]	12-Jun-18	07-Oct-19	
David Ronald Wilson [5]	06-Dec-17	25-Feb-20	
Donald Kaberuka [8]	16-Aug-18	-	
Christina Duarte [9]	16-Aug-18	-	
Philip David Moses [4]	16-Aug-18	04-Oct-19	
Richard Wilson [4]	03-Apr-19	-	
Abhinav Sinha (as alternate to Richard Wilson) [11]	22-Jul-19	-	
Udo Hermann Lucht [5]	25-Feb-20	-	
Kate Eleanor Maria Hennessy [4]	04-Oct-19	-	
Katlego Kobue (as alternate to Udo Hermann Lucht) [5]	25-Feb-20	-	

Secretary

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

Registered office

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

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 29 February 2020.

Wong

For DTOS
Secretary

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

Date: 22 JUN 2020

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 9 to 73, which comprise the consolidated and separate statements of financial position as at 29 February 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements 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 29 February 2020, 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**
22 June 2020	

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 29 February 2020

		Group		Company	
	Notes	**29/02/20**	**28/02/19**	**29/02/20**	**28/02/19**
		USD'000	**USD'000**	**USD'000**	**USD'000**
Revenue	4	785,741	668,910	-	-
Interconnect related costs		(123,560)	(119,875)	-	-
Data and network related costs		(242,414)	(178,413)	-	-
Other income	5	4,583	1,832	6,101	1,536
Selling, distribution and marketing costs		(27,032)	(18,787)	(545)	(783)
Administrative expenses		(50,659)	(57,362)	(11,237)	(20,383)
Staff costs		(99,319)	(115,428)	(2,418)	(3,376)
Depreciation, impairment and amortisation	5	(149,889)	(99,414)	(509)	(2,299)
Operating profit / (loss)		**97,451**	**81,463**	**(8,608)**	**(25,305)**
Dividend received		-	629	35,000	30,629
Restructuring costs	5	(455)	(5,757)	-	(58)
Acquisition and other investment costs	5	(921)	(5,269)	(906)	(5,159)
Interest income	6	2,979	5,589	17,661	17,686
Finance costs	7	(79,427)	(73,528)	(38,950)	(38,525)
Net foreign exchange (loss) / gain *	5	(599,078)	(91,780)	370	1,267
Hyperinflation monetary gain	1.1	458,507	-	-	-
Share of profits of associate	14	105	62	-	-
Profit /(Loss) before taxation		**(120,839)**	**(88,591)**	**4,567**	**(19,465)**
Tax credit / (expense)	8	57,511	(27,540)	(1,414)	(338)
Profit / (Loss) for the year		**(63,328)**	**(116,131)**	**3,153**	**(19,803)**
Other comprehensive income / (loss) for the year					
Items that may be reclassified subsequently to profit or loss:					
Translation loss on accounting for foreign entities		(95,462)	(100,964)	-	-
Impact of application of Hyperinflation accounting on opening balances	1.1	100,338			
Other comprehensive income / (loss) for the year		**4,876**	**(100,964)**	**-**	**-**
(Loss) / Profit and other comprehensive (loss) / income for the year		**(58,452)**	**(217,095)**	**3,153**	**(19,803)**
(Loss) / Profit attributable to:					
Owners of the company		(63,120)	(72,739)	3,153	(19,803)
Non-controlling interest		(208)	(43,392)	-	-
		(63,328)	**(116,131)**	**3,153**	**(19,803)**
(Loss) / Profit and other comprehensive income attributable to:					
Owners of the company		(57,887)	(173,363)	3,153	(19,803)
Non-controlling interest		(565)	(43,732)	-	-
		(58,452)	**(217,095)**	**3,153**	**(19,803)**
Loss per share					
Basic (Cents per share)	39	(51.64)	(65.20)		

* Net foreign exchange (loss) / gain, in financial year ended 28 February 2019, includes USD 93.3 million for the adjustment of assets and liabilities in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe group on initial application of the change in functional currency in Zimbabwe on 1 October 2018. See note 1.1 for more details.

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

	Group		Company	
Reconciliation of Operating profit to Adjusted EBITDA	**29/02/20**	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Operating profit / (loss)	97,451	81,463	(8,608)	(25,305)
Add back:				
Depreciation, impairment and amortisation	149,889	99,414	509	2,299
Dividend received	-	629	35,000	30,629
	247,340	181,506	26,901	7,623
Impact of retrospective change in functional currency in Zimbabwe **	-	29,583	-	-
Impact of application of IFRS 16 "Leases" ***	(37,346)	-	-	-
Adjusted EBITDA	209,994	211,089	26,901	7,623

** The impact of retrospective change in functional currency in Zimbabwe represents the difference in Adjusted EBITDA for the period from 1 October 2018 to 22 February 2019 translated at a ZWL$:USD rate of 2.5:1 compared to the original rate of 1:1 for reporting results in Zimbabwe in financial year 28 February 2019.
*** Excluding the increase in Adjusted EBITDA relating to the impact of application of IFRS 16 "Leases". See note 1.2 for more details.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
as at 29 February 2020

		Group		Company	
	Notes	29/02/20	28/02/19	29/02/20	28/02/19
		USD'000	USD'000	USD'000	USD'000
Non-current assets					
Goodwill	9	125,770	137,341	-	-
Intangible assets	10	127,325	153,126	2,348	1,483
Property, plant and equipment	11	741,380	786,596	56	52
Right-of-Use assets	12	97,342	-	-	-
Investment in subsidiaries	13	-	-	711,406	681,170
Investment in associate	14	528	480	-	-
Investments	15	10,814	10,814	10,810	10,810
Deferred tax assets	16	31,708	34,938	-	-
Investments at amortised cost	17	193	1,384	-	-
Long-term receivables	18	61	437	197,382	181,234
Total non-current assets		1,135,121	1,125,116	922,002	874,749
Current assets					
Inventories	19	27,049	11,701	-	-
Trade and other receivables	20	221,373	172,586	142,063	100,473
Taxation	8	966	451	-	-
Cash and cash equivalents	21	83,492	93,275	13,033	781
Restricted cash and cash equivalents	21	1,511	1,807	-	-
Total current assets		334,391	279,820	155,096	101,254
Total assets		1,469,512	1,404,936	1,077,098	976,003
Equity and liabilities					
Capital and reserves					
Share capital	22	3,638	3,638	3,638	3,638
Share premium	22	251,446	251,446	251,446	251,446
Convertible preference shares	22	180,000	-	180,000	-
(Accumulated losses) / Retained earnings		(56,607)	7,008	173,595	170,442
Foreign currency translation reserve		(15,560)	(20,793)	-	-
Total equity attributable to owners of the parent		362,917	241,299	608,679	425,526
Non-controlling interests	13.2	2,026	10,458	-	-
Total equity		364,943	251,757	608,679	425,526
Non-current liabilities					
Long term borrowings	23a	732,515	732,790	-	-
Long term lease liabilities	29	65,492	-	-	-
Long term intercompany borrowings	24	-	-	444,761	443,651
Long term provisions	27	1,396	1,831	-	-
Other long term payables	25	12,324	15,046	-	-
Deferred revenue	28	52,898	54,422	-	-
Deferred tax liabilities	16	17,638	62,909	-	-
Total non-current liabilities		882,263	866,998	444,761	443,651
Current liabilities					
Short term portion of long term borrowings	23b	12,211	87,246	125	73,083
Short term portion of long term lease liabilities	29	29,922	-	-	-
Trade and other payables	26	154,687	151,812	23,515	33,725
Short term provisions	27	16,353	20,801	-	-
Deferred revenue	28	6,690	21,960	18	18
Taxation	8	2,443	4,362	-	-
Total current liabilities		222,306	286,181	23,658	106,826
Total equity and liabilities		1,469,512	1,404,936	1,077,098	976,003

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

Eric Venpin
Director

Gaetan Lan
Director

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
for the year ended 29 February 2020

Group

	Notes	Share Capital	Share Premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated losses) / Retained earnings	Non-controlling interest	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2018*		**3,319**	**116,765**	**-**	**79,831**	**225,465**	**92,422**	**517,802**
Issue of share capital	22	319	134,681	-	-	-	-	135,000
Change in ownership	13	-	-	-	-	(133,893)	(36,557)	(170,450)
Loss for the year		-	-	-	-	(72,739)	(43,392)	(116,131)
Translation loss on accounting for foreign entities		-	-	-	(100,624)	-	(340)	(100,964)
Dividend	37	-	-	-	-	(13,500)	-	(13,500)
Reclassification		-	-	-	-	1,675	(1,675)	-
At 28 February 2019		**3,638**	**251,446**	**-**	**(20,793)**	**7,008**	**10,458**	**251,757**
Effect of change in accounting policy for IFRS 16		-	-	-	-	992	-	992
At 1 March 2019 - restated		3,638	251,446	-	(20,793)	8,000	10,458	252,749
Issue of convertible preference shares**		-	-	180,000	-	-	-	180,000
Change in ownership	13.3	-	-	-	-	(1,487)	(7,867)	(9,354)
Loss for the year		-	-	-	-	(63,120)	(208)	(63,328)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	100,338	-	-	100,338
Translation loss on accounting for foreign entities		-	-	-	(95,105)	-	(357)	(95,462)
At 29 February 2020		**3,638**	**251,446**	**180,000**	**(15,560)**	**(56,607)**	**2,026**	**364,943**

Company

	Notes	Share capital	Share premium	Convertible preference shares	Retained earnings	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2019		3,319	116,765	-	203,745	323,829
Loss and other comprehensive loss for the year		-	-	-	(19,803)	(19,803)
Dividend	37	-	-	-	(13,500)	(13,500)
Issue of share capital		319	134,681	-	-	135,000
At 28 February 2019		**3,638**	**251,446**	**-**	**170,442**	**425,526**
Issue of convertible preference shares**		-	-	180,000	-	180,000
Profit and other comprehensive income for the year		-	-	-	3,153	3,153
At 29 February 2020		**3,638**	**251,446**	**180,000**	**173,595**	**608,679**

* Restated for the effect of change in accounting policy (net of deferred tax) for IFRS 15 and IFRS 9.
** Issue of convertible preference shares with same par value as the ordinary shares. See note 22.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 29 February 2020

	Notes	Group 29/02/20 USD'000	Group 28/02/19 USD'000	Company 29/02/20 USD'000	Company 28/02/19 USD'000
Cash flows from operating activities:					
Cash generated from / (used in) operations	30	145,989	170,805	(27,270)	30,104
Income tax paid	8	(9,447)	(18,395)	(1,414)	(338)
Net cash generated from / (used in) operating activities		136,542	152,410	(28,684)	29,766
Cash flows from investing activities:					
Interest income		2,979	5,278	17,661	17,686
Additional investment in subsidiary	13	-	-	(29,735)	(99,180)
Acquisition of other investments	15	-	(310)	-	-
Recovery of related party balance		-	60,000	-	60,000
Purchase of property, plant and equipment		(104,861)	(173,966)	-	(216)
Proceeds on disposal of property, plant and equipment		14,191	9,973	-	179
Purchase of intangible assets		(13,498)	(14,393)	(45)	(2,567)
Proceeds on disposal of intangible assets		194	256	7	256
Increase in long term receivables	18	-	-	(16,154)	(29,473)
Net cash used in investing activities		(100,995)	(113,162)	(28,266)	(53,315)
Cash flows from financing activities:					
Dividend paid	37	-	(13,500)	-	(13,500)
Finance costs paid		(66,365)	(64,819)	(38,950)	(38,525)
Issue of convertible preference shares		180,000	-	180,000	-
Acquisition of minority interests in foreign operations	13.2	-	(35,000)	-	-
(Decrease) / Increase in borrowings		(78,802)	65,263	(72,958)	73,084
Decrease in lease liabilities		(36,445)	-	-	-
Decrease in intercompany equity loans		-	-	(390)	(753)
Increase in long term intercompany loan		-	-	1,500	3,824
Net cash (used in) / generated from financing activities		(1,612)	(48,056)	69,202	24,130
Net increase / (decrease) in cash and cash equivalents		33,935	(8,808)	12,252	581
Cash and cash equivalents at beginning of the year		95,082	163,655	781	200
Translation of cash with respect to foreign operations		(44,014)	(59,765)	-	-
Cash and cash equivalents at end of the year		**85,003**	**95,082**	**13,033**	**781**
Represented by:					
Cash and cash equivalents	21	83,492	93,275	13,033	781
Restricted cash and cash equivalents	21	1,511	1,807	-	-
		85,003	**95,082**	**13,033**	**781**

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 United States Dollars (USD) as this is the currency in which the majority of the group's transactions are denominated. The functional currencies of the subsidiaries are: United States Dollars, Mauritian Rupee, South African Rand, Pound Sterling, Zambian Kwacha, Kenyan Shilling, Ugandan Shilling, Rwandan Franc, Botswana Pula, Nigerian Naira, Tanzanian Shilling, Sudanese Pound, United Arab Emirates Dirham and Zimbabwean dollar (ZWL$, equivalent to the Real Time Gross Settlement - "RTGS").

1.1 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - "Financial Reporting in Hyperinflationary Economies" should be applied. The group has therefore adopted hyperinflation accounting during the year ended 29 February 2020, with effect from 1 October 2018 for its Zimbabwean subsidiaries.

Zimbabwean currency

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

During the year ended 29 February 2020, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 18.0:1 to translate both the statement of profit or loss and the statement of financial position at 29 February 2020. Of the USD 599.1 million of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 595.6 million. The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the year, the group has observed that the conditions in Zimbabwe have been indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe have been met. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has applied the requirements of IAS 29 in its consolidated financial statements for the year to 29 February 2020, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2019 of USD 100.3 million have been recognised directly in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 29 February 2020.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index ("CPI") as the general price index. The gains on the net monetary position of USD 458.5 million have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 640.2.

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 18.0:1 has been used.

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

The directors continue to monitor the economic conditions in Zimbabwe.

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

In the current year, the company and group have 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 2019.

<u>New and revised IFRSs and IFRICs applied with material effect on the financial statements</u>

Impact of initial application of IFRS 16 "Leases"

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

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

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

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

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

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

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

	Group		
	Previously Reported	IFRS 16 Impact	Adjusted
	USD'000	USD'000	USD'000
Consolidated Statement of Financial Position			
Non-current assets			
Right-of-Use assets (note 12)	-	108,386	108,386
Impact on total non-current assets	-	108,386	108,386
Equity and liabilities			
Capital and reserves			
Retained earnings	7,008	992	8,000
Impact on total equity	7,008	992	8,000
Non-current liabilities			
Long term lease liabilities	-	76,032	76,032
Impact on total non-current liabilities	-	76,032	76,032
Current liabilities			
Trade and other payables	151,812	(3,825)	147,987
Short term portion of long-term lease liabilities	-	35,187	35,187
Impact on total current liabilities	151,812	31,362	183,174

The Company is not impacted by IFRS 16 as it does not have any leases.

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

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

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

The following table shows the operating lease commitments disclosed applying IAS 17 at 28 February 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the consolidated statement of financial position at the date of initial application, 1 March 2019.

	USD'000
Operating lease commitments at 28 February 2019	102,257
Short-term leases and leases of low-value assets	(37,691)
Effect of change in operating lease terms	18,754
Effect of discounting the above amounts	(25,072)
Present value of the variable lease payments that depend on a rate or index	648
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	54,353
Foreign exchange differences	(2,030)
Lease liabilities recognised at 1 March 2019	111,219

The impact of IFRS 16 on the consolidated statement of profit or loss for the year ended 29 February 2020 is as follows:

	29/02/20
	USD'000
Increase in Adjusted EBITDA	37,346
Increase in Depreciation, impairment and amortisation (note 12)	(34,669)
Increase in Operating profit	2,677
Increase Finance costs (note 7)	(9,524)
Net impact on loss for the year	(6,847)

The application of IFRS 16 for the year ended 29 February 2020 had a negative impact on the consolidated statement of profit or loss of USD 6.8 million. Adjusted EBITDA (as defined in note 4.1) increased by USD 37.3 million as operating lease rentals were previously expensed on a straight line basis over the lease term and were disclosed under administrative expenses. Under IFRS 16 depreciation of the Right-of-Use asset and interest costs associated with the Lease Liability are recorded in the consolidated statement of profit or loss under depreciation, impairment and amoritisation and finance costs, respectively.

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 12 Income taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends).

IAS 19 Employee benefits - Amendments regarding plan amendments, curtailments or settlements.

IAS 23 Borrowing Costs - Amendments resulting from Annual Improvements 2015 - 2017 Cycle (borrowing costs eligible for capitalisation).

IAS 28 Investment in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures.

IFRS 3 Business combinations - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest).

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.

IFRS 16 Leases – Original issue (see below for impact on the financial statements).

IFRIC 23 Uncertainty over Income Tax Treatments issued.

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

New and revised IFRSs and IFRICs applied with material effect on the financial statements (continued)

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 1	Presentation of Financial Statements - Amendments regarding the definition of material (effective 1 January 2020).
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2022).
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2020).
IAS 16	Property, plant and equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022).
IAS 17	Leases - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective 1 January 2020).
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022).
IAS 39	IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020).
IFRS 3	Business combinations - Amendments to clarify the definition of a business (effective 1 January 2020).
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020).
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective 1 January 2020).
IFRS 9	Financial instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the ‘10 per cent’ test for derecognition of financial liabilities) (effective 1 January 2020).
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 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 June 2020).

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 IFRS 16 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:

2. Summary of significant accounting policies (continued)

- 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.

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.

Even 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.

Profits or losses 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 "Employee Benefits" 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 than 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.

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:

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 %
Data centres	5 % - 20 %
Fibre infrastructure	4 % - 20 %
Fibre equipment	20 %
POS terminals	25 %

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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 the asset.

The gains and losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value 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. Once the asset is fully developed and available for use, depreciation will start.

Investment in associate

An associate is an entity over which the group has significant influence. 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 36 "Impairment of Assets" 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 "Impairment of Assets" 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 "Impairment of Assets" 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.

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.

The 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.

2. Summary of significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the items 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 in the group's statement of financial position 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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets are classified into the following specified categories:

• Amortised cost; or
• Fair Value Through Other Comprehensive Income (FVTOCI).
• Fair Value Through Profit or Loss (FVTPL).

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

<u>(i) Amortised cost and effective interest method</u>

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

• the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
• the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss after Operating profit.

All financial assets on the consolidated statement of financial position, with the exception of investments, cash and cash equivalents, and restricted cash and cash equivalents, are classified at amortised cost.

<u>(ii) Equity instruments designated as at FVTOCI</u>

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
• it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, that is dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in statement of profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in statement of other comprehensive income.

The group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

However, IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value for these investments in equity *(see Critical accounting judgements and key sources of estimation uncertainty in note 3 on valuation of investments)* .

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

• for financial assets measured at amortised cost, exchange differences are recognised in the statement of profit or loss in the 'Foreign exchange (loss) / gain' line item (note 5);
• for equity instruments measured at FVTOCI, exchange differences are recognised in the statement of other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the receivable, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the receivable's ability to meet its debt obligations;
• an actual or expected significant deterioration in the operating results of the receivable;
• significant increases in credit risk on other financial instruments of the same receivable;
• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the receivable's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days (credit term) past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(d) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss.

(v) Measurement and recognition of expected credit losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

The group makes provision on the following basis, which falls under stage 3 of the ECL model:

• 100% of all non-intercompany trade debts aged 90 days or older (see exception below),
• 100% of the balance due from a client who has a publicised case of either Curatorship, Judicial Management, Liquidation, Scheme of Arrangement and Insolvency and its operations might have ceased or are being wound up, and
• 100% of any disputed balances

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The following are exceptions to guidelines and no provision is provided unless management assess that the credit risk has increased:

• Payment plans - A signed acknowledgment of debt with a payment plan and/or a set-off agreement exists and the client is abiding by the terms of these agreements. If the client does not comply with the payment plans, the services are stopped. If they still do not pay, the group will engage legal counsel to pursue recovery from the client. Historically and in most cases, customers do pay when legal letters are issued. When the client is unable to pay due to cash flow issues (hence, increased credit risk), a provision is made.
• Payment history – The customer's payment trend is in intervals, say quarterly, bi-annually or annually and its history is evidenced on their customer statement. This is usually applicable to government bodies and strategic clients.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss. In addition, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statement of profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

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 arrangements 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 when the proceeds are received, net of direct issue costs.

A repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Share capital and share premium are classified as equity.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities comprise of long and short term borrowings, other long term payables and trade and other payables.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Net foreign exchange (losses) / gains' line item (note 5) in the statement of profit or loss.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

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 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 statement 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.

2. Summary of significant accounting policies (continued)

Tax (continued)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statement of profit or loss, 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.

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.

Unfavourable contracts

Present obligations arising under unfavourable contracts are recognised and measured as provisions. An unfavourable contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

Revenue recognition

The group recognises revenue from the following major sources:

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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

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

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

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

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

Management fees

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

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.

2. Summary of significant accounting policies (continued)

Foreign currencies (continued)

Exchange differences arising on translation of foreign operations, 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 rate on the losing date.

Leases

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a Right-of-Use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, which are short term and low value, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Lease Liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the Lease Liability comprise:

• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• The amount expected to be payable by the lessee under residual value guarantees;
• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Lease Liability is presented as a separate line in the consolidated statement of financial position.

The Lease Liability is subsequently measured by increasing the carrying amount to reflect interest on the Lease Liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the Lease Liability (and makes a corresponding adjustment to the related Right-of-Use asset) whenever:

• The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the Lease Liability is remeasured by discounting the revised lease payments using a revised discount rate.
• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the Lease Liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the Lease Liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Right-of-Use assets comprise the initial measurement of the corresponding Lease Liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provisions, contingent liabilities and contingent assets". To the extent that the costs relate to a Right-of-Use asset, the costs are included in the related Right-of-Use asset, unless those costs are incurred to produce inventories.

Right-of-Use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the Right-of-Use asset reflects that the group expects to exercise a purchase option, the related Right-of-Use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. Summary of significant accounting policies (continued)

Leases (continued)

The Right-of-Use assets are presented as a separate line in the consolidated statement of financial position.

The group applies IAS 36 “Impairment of Assets” to determine whether a Right-of-Use asset is impaired and accounts for any identified impairment loss as described in the ‘Impairment of tangible and intangible assets excluding goodwill’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the Right-of-Use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in ‘Administrative expenses’ in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has elected that any existing lease comprising of both components to be treated as a lease. The group has elected not to separate non-lease components from lease components, and instead account for each lease component and associated non-lease component as a single lease component. The practical expedient has been applied to fibre infrastructure, motor vehicles, site leases, land and buildings. The practical expedient will not apply where the costs associated with the above leases are treated and invoiced separately by the lessors and therefore accounted in accordance with other applicable accounting standards.

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	4 % - 20 %
Computer Software	12.5 % - 50 %
Customer relationships	20 % - 33.3 %
Operating Licence	4 % - 10 %
Other Intangible Assets	10% - 33.3 %

Upon acquisition of Liquid Telecommunications South Africa (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.

Restructuring costs

Restructuring costs are recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of the restructuring costs includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the group's accounting policies (note 2), management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

Key judgements

Revenue recognition

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

Classification and measurement of financial instruments

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

• Valuation of investments: IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

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

Identification of leases and lease terms

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

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

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

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, 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 provision or disclosed as a contingent liability. Refer to note 40 for Contingent liabilities disclosure.

Key estimates

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited ("RBH"). The agreements include an "On-Sale" clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 29 February 2020. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price, the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.3 million of share value will be issued to RBH.

3. Critical accounting judgements and key sources of estimation uncertainty

Key estimates (continued)

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which, in compliance with 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 profits will be available against which the deductible temporary differences can be utilised. 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 use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of the recoverable amount.

Impact of COVID-19 pandemic

Due to the unpredictable financial outcome of the COVID-19 pandemic, management has made the following estimates:

1. Expected credit loss assessment on Trade and affiliated entities receivables

Of the USD 16.1 million of expected credit loss provision as of 29 February 2020, (see note 20 - *Trade and other receivables*), approximately USD 2.0 million relates to the expected credit loss for the potential impact of the pandemic on the recoverability of the trade and affiliated entities receivables.

2. Impairment assessment on Intangible assets, Property, plant and equipment, and Right-of-Use assets

Considering the nature of the group's business (see note 1 - *General information*), management considers that there is no current indication of future impairment as telecommunications is a key resource during this pandemic.

3. Operating activities

None of the group's operations have been suspended or are expected to be suspended. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity. Management is confident that the business is sufficiently capitalised with the appropriate level of liquidity and profitability and remains a going concern. As such, the group is able to meet its known obligations in the ordinary course of business for the next twelve months from date of signing of the financial statements and has therefore adopted the going concern assumption in the preparation of these financial statements.

Management also continues to monitor the business for any further impact including volatility of exchange rates. Additional considerations relating to going concern are disclosed in note 42.

4. Fair value measurement

As described in our accounting policies on financial instruments *(see note 2 - Summary of significant accounting policies)* and note 38 on fair value measurements recognised in the consolidated statement of financial position, the fair value of our financial assets and financial liabilities are based on unobservable inputs which are not market dependent.

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

As such, appropriate fair value measurement has been applied at 29 February 2020 and management estimates that the pandemic would have little to no impact on the fair value measurements applied in the near future.

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

Group revenue can be classified into four revenue streams:

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

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

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

- Restructuring costs
- Acquisition and other investment costs
- Net foreign exchange (loss) / gain (see note 5)
- Impact of retrospective change in functional currency in Zimbabwe (see note 1.1)
- Impact of application of IFRS 16 "Leases" (see note 1.2)
- Hyperinflation monetary gain (see note 1.1)
- Share of profits of associate

The following is an analysis of the group's revenue and results by reportable segment for the year to 29 February 2020.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	249,020	39,998	46,866	84,761	-	(66,713)	353,932
Enterprise	157,659	27,862	58,603	2,600	-	-	246,724
Retail	2,453	28,881	8,780	-	-	-	40,114
Wholesale voice traffic	10,718	-	14	147,778	-	(13,539)	144,971
Inter-segmental revenue	(11,949)	(1,031)	(8,342)	(58,930)	-	80,252	-
Group External Revenue	**407,901**	**95,710**	**105,921**	**176,209**	**-**	**-**	**785,741**
EBITDA including impact of application of IFRS 16 "Leases"	132,894	33,437	27,761	68,822	(8,098)	(7,476)	247,340
Impact of application of IFRS 16 "Leases"	(17,457)	(962)	(7,664)	(11,263)	-	-	(37,346)
Adjusted EBITDA	**115,437**	**32,475**	**20,097**	**57,559**	**(8,098)**	**(7,476)**	209,994
Impact of application of IFRS 16 "Leases"							37,346
Depreciation, impairment and amortisation							(149,889)
Restructuring costs							(455)
Acquisition and other investment costs							(921)
Interest income							2,979
Finance costs							(79,427)
Net foreign exchange loss							(599,078)
Hyperinflation monetary gain							458,507
Share of profits of associate							105
Loss before taxation							**(120,839)**
Tax credit							57,511
Loss after taxation							**(63,328)**

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 year to 28 February 2019, and includes the impact of the currency changes in Zimbabwe.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Data and other services							
Wholesale	86,334	60,776	42,151	77,195	-	(50,125)	216,331
Enterprise	170,790	25,066	52,893	5,453	-	-	254,202
Retail	9,359	31,077	7,404	-	-	-	47,840
Wholesale voice traffic	17,854	-	11	163,993	-	(31,321)	150,537
Inter-segmental revenue	(14,081)	(916)	(5,910)	(60,539)	-	81,446	-
Group External Revenue	**270,256**	**116,003**	**96,549**	**186,102**	**-**	**-**	**668,910**
EBITDA including impact of retrospective change in functional currency	65,136	53,623	19,627	76,299	(23,005)	(10,174)	181,506
Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)	-	29,583	-	-	-	-	29,583
Adjusted EBITDA	65,136	83,206	19,627	76,299	(23,005)	(10,174)	211,089
Impact of retrospective change in functional currency (5 month period 1 October 2018 - 22 February 2019)							(29,583)
Depreciation, impairment and amortisation							(99,414)
Restructuring costs							(5,757)
Acquisition and other investment costs							(5,269)
Interest income							5,589
Finance costs							(73,528)
Net foreign exchange loss							(91,780)
Share of profits of associate							62
Loss before taxation							**(88,591)**
Tax expense							(27,540)
Loss after taxation							**(116,131)**

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

For the year ended 29 February 2020, there is only 1 major customer* comprising more than 10% of the total group revenue (2019: only 1 major customer - Econet Group, details of which can be seen in note 32 - *'Related party transactions').*

** the customer name and revenue have not been disclosed due to confidentiality of information.*

4. Revenue and segment information (continued)

4.2 Segment assets and liabilities

	29/02/20 USD'000	28/02/19 USD'000
Segment assets		
South Africa	697,726	681,481
Zimbabwe	302,370	339,824
Rest of Africa	286,506	235,956
Rest of the World	182,910	147,675
Total segment assets	1,469,512	1,404,936
Consolidated total assets	**1,469,512**	**1,404,936**
Segment liabilities		
South Africa	145,336	120,264
Zimbabwe	31,622	76,343
Rest of Africa	105,505	74,481
Rest of the World	92,177	155,700
Total segment liabilities	374,640	426,788
Group Borrowings (Senior Secured Notes - note 23)	729,929	726,391
Consolidated total liabilities	**1,104,569**	**1,153,179**

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.

4.3 Other segment information

	Depreciation, impairment and amortisation		Additions to property, plant and equipment, Right-of-Use assets and intangible assets	
	29/02/20 USD'000	28/02/19 USD'000	29/02/20 USD'000	28/02/19 USD'000
South Africa	72,813	55,486	82,752	75,744
Zimbabwe	29,368	14,095	3,465	55,517
Rest of Africa	27,778	20,528	39,312	60,260
Rest of the World	19,930	9,305	7,482	12,841
	149,889	**99,414**	**133,011**	**204,362**

Note that the above figures for the year ended 29 February 2020 are after the application of IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe as detailed in note 1.1 - *'Zimbabwean currency and Hyperinflation accounting'* and the adoption of IFRS 16 "Leases" as detailed in note 1.2 - *'Impact of initial application of IFRS 16 "Leases"'* .

5. Profit / (loss) before taxation

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Profit / (loss) before taxation is arrived at after taking the following into account:				
Auditor's fees	2,280	1,696	184	142
Non-audit services	200	271	116	210
Consultancy fees	5,270	6,827	143	2,877
Bad debts recovered (note 20)	(88)	(211)	-	(192)
Increase in allowance for doubtful debts (note 20)	16,114	7,890	-	-
Depreciation, impairment and amortisation				
Impairment loss on investment (note 15)	-	1,943	-	-
Depreciation (note 11)	86,956	69,996	28	44
Amortisation of intangible assets (note 10)	24,842	26,983	475	92
Right-of-Use assets depreciation (note 12)	32,118	-	-	-
Inventory written off (note 19)	475	388	-	-
Provision for obsolete inventory (note 19)	186	104	-	-
Impairment of other receivables	477	-	-	-
Impairment of Right-of-Use assets (note 12)	2,551	-	-	-
Impairment of Property, plant and equipment (note 11)	2,284	-	-	-
Impairment loss on loans	-	-	6	2,163
	149,889	**99,414**	**509**	**2,299**

Restructuring costs:

On 30 March 2019, the group commenced restructuring of its operations, primarily in Liquid Telecommunications Zambia Limited (2019: costs related to restructuring of Liquid Telecommunications South Africa (Pty) Ltd, Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe and Zimbabwe Online (Private) Limited), due to the introduction of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	Group 29/02/20	Group 28/02/19	Company 29/02/20	Company 28/02/19
Redundancy costs	406	4,685	-	-
Employee support costs	-	441	-	-
Legal fees	23	175	-	-
Other costs	26	456	-	58
	455	**5,757**	**-**	**58**
Acquisition and other investment costs:				
Legal fees	60	594	60	594
Professional fees	841	3,345	826	3,345
Consultancy and advisory fees	6	560	6	560
Other investment costs	14	770	14	660
	921	**5,269**	**906**	**5,159**
Other income:				
Profit on disposal of property, plant and equipment	675	54	-	-
Management fees received (note 32)	26	9	5,395	1,467
Management fees received - External	4	-	-	-
Sundry income	3,878	1,769	706	69
	4,583	**1,832**	**6,101**	**1,536**
Net foreign exchange (losses) / gains:				
Exchange losses - unrealised	(608,483)	(7,838)	-	-
Exchange losses - realised	(2,129)	(3,968)	-	-
Exchange gains - unrealised	6,109	8,317	370	1,267
Exchange gains - realised	5,425	5,016	-	-
Exchange loss arising on change in functional currency in Zimbabwe	-	(93,307)	-	-
	(599,078)	**(91,780)**	**370**	**1,267**

6. Interest income

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Interest received - bank / external	2,554	5,251	1,053	-
Interest received - inter-group (note 32)	425	338	16,608	17,686
	2,979	**5,589**	**17,661**	**17,686**

7. Finance costs

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Interest on bank overdraft and loans	4,315	7,940	1,893	1,525
Finance cost on Senior Secured Notes	62,050	62,050	-	-
Finance arrangement fees amortised	3,538	3,538	-	-
Interest on lease liabilities	9,524	-	-	-
Interest paid - inter-group (note 32)	-	-	37,057	37,000
	79,427	**73,528**	**38,950**	**38,525**

8. Tax

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Current taxation	6,953	11,760	-	-
Deferred taxation (credit)/charge (note 16)	(67,547)	14,088	-	-
Withholding taxation	3,083	1,692	1,414	338
Total taxation	**(57,511)**	**27,540**	**1,414**	**338**

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	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Profit / (Loss) before taxation	(120,839)	(88,591)	4,567	(19,465)
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	(37,777)	(28,591)	-	-
Tax effect of non-deductible expenses	(6,326)	64,638	-	-
Tax effect of non-taxable income	(374)	(5,667)	-	-
Tax effect of foreign tax credit	(7,533)	(7,997)	-	-
Effect of tax losses not recognised as deferred tax assets	3,784	4,147	-	-
Tax effect of utilised unrecognised tax losses	(12,368)	(682)	-	-
Withholding taxation	3,083	1,692	1,414	338
	(57,511)	**27,540**	**1,414**	**338**

The company, being the holder of a Category 2 - Global Business 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 GBL 2 license. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

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

8. Tax (continued)

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Taxation asset:				
Opening balance	451	957	-	-
Provision for the year	18	4	-	-
Payment/(refund) during the year	540	(483)	-	-
Foreign exchange differences	(43)	(27)	-	-
Closing balance	**966**	**451**	**-**	**-**
Taxation liability:				
Opening balance	(4,362)	(9,851)	-	-
Restatement	-	292	-	-
Provision for the year	(10,036)	(13,452)	(1,414)	(338)
Payment during the year	8,907	18,878	1,414	338
Foreign exchange differences	3,048	(229)	-	-
Closing balance	**(2,443)**	**(4,362)**	**-**	**-**

9. Goodwill

	Group	
	29/02/20	**28/02/19**
	USD'000	**USD'000**
Cost		
Opening balance	137,341	162,069
Foreign exchange differences	(15,100)	(24,728)
Adjustments - IAS 29	3,529	-
Closing balance	**125,770**	**137,341**

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

Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	3,922	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	109,527	122,199
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	125,770	**137,341**

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

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

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 2.0% to 5.0%.

• Discount rates: discount rates ranged from 11.0% to 13.0%. 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 USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Data centres USD'000	Other Intangible Assets USD'000	Total USD'000
Cost:								
At 1 March 2018	24,467	44,741	114,139	65,868	2,858	-	31,209	283,282
Purchases during the year	5,622	3,698	2,616	-	3,928	-	-	15,864
Disposals during the year	-	(1,289)	-	-	(2,746)	-	-	(4,035)
Transfers	-	40	-	-	(40)	-	-	-
Transfers from fixed assets (note 11)	-	-	2,183	-	-	-	-	2,183
Foreign exchange differences	(2,876)	(6,503)	(4,549)	(12,974)	-	-	(1,979)	(28,881)
At 28 February 2019	27,213	40,687	114,389	52,894	4,000	-	29,230	268,413
Purchases during the year	534	2,493	9,495	-	976	-	-	13,498
Disposals during the year	-	(172)	(9,006)	-	(194)	-	-	(9,372)
Transfers	-	1,696	-	(14,342)	(1,696)	-	14,342	-
Transfers from fixed assets (note 11)	-	14	-	-	-	26	-	40
Foreign exchange differences	(6,257)	(4,682)	(2,433)	(5,600)	-	(2)	(2,100)	(21,074)
Adjustments - IAS 29	6,881	1,326	-	-	-	-	-	8,207
At 29 February 2020	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Accumulated amortisation:								
At 1 March 2018	6,610	36,768	39,815	4,921	-	-	11,816	99,930
Amortisation	1,849	3,305	7,846	4,730	-	-	9,253	26,983
Disposals during the year	-	(1,289)	-	-	-	-	-	(1,289)
Transfers from fixed assets (note 11)	-	-	780	-	-	-	-	780
Foreign exchange differences	(765)	(5,367)	(2,131)	(792)	-	-	(2,062)	(11,117)
At 28 February 2019	7,694	33,417	46,310	8,859	-	-	19,007	115,287
Amortisation	1,851	3,286	8,105	3,398	-	-	8,202	24,842
Disposals during the year	-	(172)	-	-	-	-	-	(172)
Transfers from fixed assets (note 11)	-	(45)	-	-	-	2	-	(43)
Foreign exchange differences	(1,748)	(3,835)	(1,410)	(783)	-	-	(2,333)	(10,109)
Adjustments - IAS 29	1,720	862	-	-	-	-	-	2,582
At 29 February 2020	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Carrying amount:								
At 28 February 2019	19,519	7,270	68,079	44,035	4,000	-	10,223	153,126
At 29 February 2020	18,854	7,849	59,440	21,478	3,086	22	16,596	127,325

10. Intangible assets (continued)

Group (continued)

During the year ended 29 February 2020, the following major transactions took place with respect to Intangible assets:

• the group acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited. This transaction resulted in the derecognition of a Fibre Optical - IRU of USD 9.0 million representing the capital contributed by the minority interest. See note 13.3 - *'Change in the group's ownership interest in a subsidiary'* for more details.
• the group acquired a 20 year Fibre Optical - IRU, through Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L), in the Democratic Republic of Congo ("DRC') for USD 7.6 million. This acquisition extends the group's fibre network across DRC.

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

Company

	Software	Work in Progress	Total
	USD'000	USD'000	USD'000
Cost:			
At 1 March 2018	1,460	133	1,593
Purchases during the year	111	3,928	4,039
Transfers	40	(40)	-
Disposals during the year	(1,288)	(2,746)	(4,034)
At 28 February 2019	323	1,275	1,598
Purchases during the year	808	726	1,534
Transfers	1,696	(1,696)	-
Disposals during the year	(172)	(194)	(366)
At 29 February 2020	2,655	111	2,766
Accumulated amortisation:			
At 1 March 2018	1,311	-	1,311
Amortisation	92	-	92
Disposals	(1,288)	-	(1,288)
At 28 February 2019	115	-	115
Amortisation	475	-	475
Disposals	(172)	-	(172)
At 29 February 2020	418	-	418
Carrying amount:			
At 28 February 2019	208	1,275	1,483
At 29 February 2020	2,237	111	2,348

11. Property, plant and equipment

Group	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Data centres USD'000	Fibre infrastructure USD'000	Total USD'000
Cost									
At 1 March 2018	78,482	11,112	37,472	91,663	8,767	76,024	-	987,732	1,291,252
Additions	4,960	1,888	6,485	3,865	1,621	25,243	-	144,436	188,498
Disposals	-	(363)	(753)	(247)	(580)	(5,741)	-	(17,672)	(25,356)
Transfers	4,630	135	117	3,860	-	(25,632)	-	16,890	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	-	(2,183)	(2,183)
Transfer from inventory (note 18)	-	-	7	-	-	-	-	-	7
Foreign exchange differences	(7,507)	(630)	(4,861)	(5,333)	(152)	(9,721)	-	(96,584)	(124,788)
At 28 February 2019	80,565	12,142	38,467	93,808	9,656	60,173	-	1,032,619	1,327,430
Additions	2	463	1,342	1,471	121	37,009	7,395	57,058	104,861
Disposals	-	(774)	(656)	(1,693)	(201)	(2,711)	-	(23,458)	(29,493)
Impairment	-	-	-	-	-	(2,284)	-	-	(2,284)
Transfers	(20,477)	(120)	(5,052)	2,729	-	(29,854)	94,711	(41,937)	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	(14)	(26)	(40)
Foreign exchange differences	(6,244)	(2,950)	(3,925)	(8,462)	(4,804)	(13,661)	(6,323)	(306,567)	(352,936)
Adjustments - IAS 29	3,785	3,431	2,231	7,228	6,044	8,227	-	359,128	390,074
At 29 February 2020	57,631	12,192	32,407	95,081	10,816	56,899	95,769	1,076,817	1,437,612
Accumulated depreciation									
At 1 March 2018	17,692	8,385	29,358	68,367	6,151	(2,257)	-	398,723	526,419
Depreciation charge for the year	1,701	981	3,447	9,552	882	-	-	53,433	69,996
Disposals	-	(322)	(742)	(228)	(500)	-	-	(130)	(1,922)
Transfer to intangible assets (note 10)	-	-	-	-	-	-	-	(780)	(780)
Foreign exchange differences	(2,586)	(494)	(3,726)	(1,262)	(110)	-	-	(44,701)	(52,879)
At 28 February 2019	16,807	8,550	28,337	76,429	6,423	(2,257)	-	406,545	540,834
Depreciation charge for the year	649	1,250	4,412	9,935	1,339	-	5,986	63,385	86,956
Disposals	-	(753)	(531)	(1,763)	(190)	-	-	(2,133)	(5,370)
Transfers	(3,439)	(159)	(5,085)	(393)	-	-	23,528	(14,452)	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	45	(2)	43
Foreign exchange differences	(1,093)	(1,218)	(2,942)	(4,738)	(2,633)	-	(2,002)	(82,093)	(96,719)
Adjustments - IAS 29	-	2,493	1,282	5,452	4,839	-	-	156,422	170,488
At 29 February 2020	12,924	10,163	25,473	84,922	9,778	(2,257)	27,557	527,672	696,232
Carrying amount:									
At 28 February 2019	63,758	3,592	10,130	17,379	3,233	62,430	-	626,074	786,596
At 29 February 2020	44,707	2,029	6,934	10,159	1,038	59,156	68,212	549,145	741,380

Refer to note 23 for securities on property, plant and equipment.

11. Property, plant and equipment (continued)

Group (continued)

During the year ended 29 February 2020:
• assets relating to the Data Centre line of business were re-classified to a single category to better present the use of assets. Of the USD 94.7 million transferred, USD 6.8 million relates to additions during the year within the transfer line. As is appropriate under IFRS, USD 26.7 million of Data Centre real estate remains in the Land and buildings category.
• Work-in-progress was impaired by USD 2.3 million relating to redundant technology and is disclosed in 'Depreciation, impairment and amortisation' in note 5.

The significant foreign exchange difference arising in the year ended 29 February 2020 is primarily due to the deterioration of the ZWL$:USD exchange rate from 2.5:1 at 28 February 2019 to 18.0:1 at 29 February 2020. This is largely offset by the IAS 29 hyperinflation adjustment.

Company

	Furniture & Fittings USD'000	Computer equipment USD'000	Work in progress USD'000	Total USD'000
Cost				
At 1 March 2018	-	155	45	200
Additions	12	25	2,143	2,180
Disposals	-	(63)	(2,188)	(2,251)
Transfer from inventory (note 18)	-	7	-	7
At 28 February 2019	12	124	-	136
Additions	-	32	-	32
Disposals	-	(75)	-	(75)
At 29 February 2020	12	81	-	93
Accumulated amortisation:				
At 1 March 2018	-	103	-	103
Depreciation charge for the year	1	43	-	44
Disposals	-	(63)	-	(63)
At 28 February 2019	1	83	-	84
Depreciation charge for the year	4	24	-	28
Disposals	-	(75)	-	(75)
At 29 February 2020	5	32	-	37
Carrying amount:				
At 28 February 2019	11	41	-	52
At 29 February 2020	7	49	-	56

12. Right-of-Use assets

Group

	Land and buildings	Computer equipment	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:						
Opening adjustment on 1 March 2019 - IFRS 16	56,000	23	35,180	1,759	15,424	108,386
Additions	7,597	-	3,312	14	3,729	14,652
Disposals	(13)	-	-	-	-	(13)
Impairment	(2,551)	-	-	-	-	(2,551)
Foreign exchange differences	(2,637)	-	(11)	(95)	(1,092)	(3,835)
Adjustments - IAS 29	11,986	-	-	-	-	11,986
At 29 February 2020	70,382	23	38,481	1,678	18,061	128,625
Accumulated depreciation:						
Depreciation	11,284	-	12,769	591	7,474	32,118
Disposals	(13)	-	-	-	-	(13)
Foreign exchange differences	(383)	-	(2)	(25)	(426)	(836)
Adjustments - IAS 29	14	-	-	-	-	14
At 29 February 2020	10,902	-	12,767	566	7,048	31,283
Carrying amount:						
At 29 February 2020	59,480	23	25,714	1,112	11,013	97,342

See note 1.2 for the impact of initial application of IFRS 16 "Leases".

13. Investments in subsidiaries

13.1 Subsidiaries

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company's investment 29/02/20	28/02/19
					%	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
▪ 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	-	-
▪ Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	H	Telecommunications	Zimbabwe	Active	100	140,903	140,903
▪ Zimbabwe Online (Private) Limited	S	Telecommunications	Zimbabwe	Active	100	-	-
▪ Liquid Telecommunications Zambia Limited	H	Telecommunications	Zambia	Active	100	52,197	52,197
▪ HAI Telecommunications Limited	S	Telecommunications	Zambia	Active	100	-	-
▪ Liquid Telecommunications Kenya Limited	H	Telecommunications	Kenya	Active	99.99	50,709	50,709
▪ East Africa Data Centre Limited	S	Telecommunications	Kenya	Active	99.99	-	-
▪ Liquid Telecommunications Uganda Limited	H	Telecommunications	Uganda	Active	99.99	1,463	1,463
▪ Liquid Telecommunications Rwanda Limited	H	Telecommunications	Rwanda	Active	70	5,090	5,090
▪ Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	H	Telecommunications	Democratic Republic of Congo	Active	99	8,940	50

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 29/02/20	Company 28/02/19
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations DRC S.A.R.L	S	Telecommunications	Democratic Republic of Congo	Dormant	100	-	-
▪ Liquid Telecommunications Operations Mozambique Limitada	H	Telecommunications	Mozambique	Dormant	100	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	-	-
▪ 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
▪ Liquid Telecommunications International FZE	H	Telecommunications	United Arab Emirates	Active	100	545	545
▪ Liquid Telecommunications Botswana (Pty) Limited	H	Telecommunications	Botswana	Active	100	10,731	10,731
▪ Liquid Telecommunications Financing PLC	H	Financing for group	United Kingdom	Active	100	130	130
▪ Liquid Telecommunications Investments Limited	S	Financing for group	United Kingdom	Active	100	-	-
▪ Raha Tanzania Holdings Limited	H	Telecommunications	Mauritius	Active	70	12,650	12,650
▪ 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	H	Telecommunications	South Africa	Active	100	419,444	398,599
▪ Liquid Telecommunications Operations South Africa (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications South Africa (Pty) Limited	S	Telecommunications	South Africa	Active	100	-	-
▪ Liquid Telecommunications Sahara Holdings Limited	H	Telecommunications	Mauritius	Active	100	1	1
▪ Liquid Telecommunications Co. Limited	S	Telecommunications	Sudan	Active	100	-	-
▪ Liquid Telecom West Africa Data Centre Ghana Limited	H	Telecommunications	Ghana	Active	100	473	-
▪ Liquid Telecom West Africa Data Centre Nigeria Limited	H	Telecommunications	Nigeria	Active	100	28	-
						711,406	681,170

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

S = This is an indirect holding.

See note 41.1 for additional non-cash investment in subsidiaries made during the year ended 29 February 2020.

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

The directors have valued the unquoted investments in subsidiaries at cost of the investments less impairments. Refer to note 3 for Critical accounting judgements and key sources of estimation uncertainty. See note 13.2 below for the current year position.

13.2 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	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**	**29/02/20**	**28/02/19**
	%	**%**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	-	-	-	(41,429)	-	-
Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited)	-	-	-	(561)	-	-
Individually immaterial subsidiaries with non-controlling interests			(208)	(1,402)	2,026	10,458
			(208)	**(43,392)**	**2,026**	**10,458**

In February 2020, the company acquired the remaining shares in Liquid Telecommunications Botswana (Pty) Limited for a non-cash consideration of USD 0.09 (BWP 1.00). For more details, see note 41.1 - *Transactions excluded from statements of cash flows.*

During the year ended 28 February 2019, the company acquired the following:

(i) the remaining shares in Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited) for a total consideration of USD 35.0 million.
(ii) the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for a non-cash consideration of USD 135.0 million. See note 41.1 and 43.

13. Investments in subsidiaries (continued)

13.2 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.

On 28 February 2019, 10,705,789 ordinary shares at par value of USD 0.0297541580 were issued by the company to Econet Wireless Private Limited (Zimbabwe) in exchange for the acquisition of the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for total consideration of USD 135.0 million. See note 41.1 and note 43.

The assets and liabilities of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe have been translated at a rate of ZWL$:USD 2.5:1 at 1 October 2018 and at the balance sheet date, unless the underlying asset or liability was incurred in USD. In this instance the value has been maintained at ZWL$:USD 1:1. As set out in note 1.1 - Zimbabwean currency and Hyperinflation accounting, items for profit or loss have been retranslated at the rate of ZWL$:USD 1:1 for the period 1 March 2018 to 30 September 2018 and at ZWL$:USD 2.5:1 for the period 1 October 2018 to 28 February 2019.

	29/02/20	28/02/19
	USD'000	USD'000
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe		
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Equity attributable to owners of the company	-	-
Non-controlling interests	-	-
Revenue	-	116,919
Expenses	-	(198,153)
(Loss) / Profit for the year	-	(81,234)
(Loss) / Profit attributable to owners of the company	-	(39,805)
(Loss) / Profit attributable to the non-controlling interests	-	(41,429)
(Loss) / Profit for the year	-	(81,234)
(Loss) / Profit and total comprehensive income attributable to owners of the company	-	(39,805)
(Loss) / Profit and total comprehensive income attributable to the non-controlling interests	-	(41,429)
(Loss) / Profit and total comprehensive income for the year	-	(81,234)
Net cash inflow from operating activities	-	14,407
Net cash inflow from investing activities*	-	389
Net cash inflow	-	14,796

* The net cash inflow from investing activities excludes the USD 54 million adjustment to cash and cash equivalents resulting from the currency changes in Zimbabwe.

13. Investments in subsidiaries (continued)

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

Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited)

On 1 October 2018, the company acquired the remaining shares in Liquid Telecommunications Zambia Limited for a total consideration of USD 35.0 million. The reported figures below, as at 28 February 2019, relate to first 7 months' of transactions.

	29/02/20 USD'000	28/02/19 USD'000
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Equity attributable to owners of the company	-	-
Non-controlling interests	-	-
Revenue	-	19,312
Expenses	-	(20,435)
(Loss) / profit for the year	-	(1,123)
(Loss) / profit attributable to owners of the company	-	(561)
(Loss) / profit attributable to the non-controlling interests	-	(561)
(Loss) / profit for the year	-	(1,122)
(Loss) / profit and total comprehensive income attributable to owners of the company	-	(561)
(Loss) / profit and total comprehensive income attributable to the non-controlling interests	-	(561)
(Loss) / profit and total comprehensive income for the year	-	(1,122)
Net cash inflow from operating activities	-	3,666
Net cash outflow from investing activities	-	(8,705)
Net cash inflow from financing activities	-	123
Net cash inflow / (outflow)	-	(4,916)

13. Investments in subsidiaries (continued)

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

In February 2020, the company acquired the minority interests in Liquid Telecommunications Botswana (Pty) Limited for USD 0.09 (BWP 1.00). This transaction resulted in the de-recognition of a Fibre Optical-IRU of USD 9.0 million (see note 10 - Intangible assets), representing the capital contributed by the minority interest, together with a cumulative loss of USD 9.4 million and a foreign exchange impact of USD 0.4 million. These adjustments have been reflected in the total equity of the group as shown below and in the consolidated statement of changes in equity.

During the year ended 28 February 2019, the following transactions took place:

i) the company acquired the remaining shares in Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe for non-cash consideration of USD 135.0 million. Refer to note 13.2 for more details.
ii) the company acquired the remaining shares in Liquid Telecommunications Zambia Limited (previously know as CEC Liquid Telecommunications Limited) for a total consideration of USD 35.0 million. Refer to note 13.2 for more details.
iii) The ownership structure of Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) was also amended, with the group increasing its ownership from 97.5% to 100% for a non-cash consideration of USD 450,000. See note 41.1 for more details.

	Group	
	29/02/20	**28/02/19**
	USD'000	**USD'000**
Carrying amount of non-controlling interest acquired	7,867	36,557
Additional consideration	(9,354)	(170,450)
Excess of consideration recognised in parent's equity	**(1,487)**	**(133,893)**

14. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests 29/02/20	28/02/19
			%	%
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	**29/02/20** USD'000	**28/02/19** USD'000
Total assets	2,858	2,621
Total liabilities	(218)	(220)
Net assets	2,640	2,401
Revenue	1,977	1,867
Profit for the period	523	308
Total comprehensive income for the year	523	308
Group's share of net assets of associate	528	480
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:		
Opening balance	480	506
Share of profits of associate	105	62
Foreign exchange difference	(57)	(88)
Closing balance	528	480

15. Investments

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Opening balance	10,814	12,447	10,810	10,810
Additions	-	310	-	-
Impairment	-	(1,943)	-	-
Total investments	**10,814**	**10,814**	**10,810**	**10,810**
Investment details:				
Investments in equity instruments designated as at FVTOCI*	10,814	10,814	10,810	10,810
Total investments	**10,814**	**10,814**	**10,810**	**10,810**

IFRS 9 "Financial Instruments" observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if sufficient more recent information is not available to measure the fair value. The directors considered the requirements of IFRS 9 and are of the opinion that cost is the best estimate for fair value.

No impairment was required following the review of the carrying value of the investments by the directors for the year ended 29 February 2020.

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

16. 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	
	29/02/20	28/02/19
	USD'000	USD'000
Net deferred tax assets	31,708	34,938
Net deferred tax liabilities	(17,638)	(62,909)
Net deferred tax assets / (liabilities)	**14,070**	**(27,971)**

	Deferred revenue	Property, plant and equipment	Assessed Losses	Other	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - Gross deferred tax assets:					
At 1 March 2018	9,168	967	40,910	6,262	57,307
(Charge)/Credit to profit for the year	(156)	229	3,193	-	3,266
Foreign exchange difference	(493)	(950)	(3,627)	4,248	(822)
At 28 February 2019	8,519	246	40,476	10,510	59,751
(Charge)/Credit to profit for the year	(16)	(543)	2,057	49,511	51,009
Foreign exchange difference	(1,768)	1,328	(2,759)	(14,742)	(17,941)
Adjustments - IAS 29	-	-	220	-	220
At 29 February 2020	**6,735**	**1,031**	**39,994**	**45,279**	**93,039**

16. Deferred taxation (continued)

	Deferred revenue	Property, plant and equipment	Other	Total
	USD'000	USD'000	USD'000	USD'000
Group - Gross deferred tax liabilities:				
At 1 March 2018	(6,164)	(42,636)	(18,347)	(67,147)
Charge to profit for the year	(1,742)	(388)	(15,224)	(17,354)
Adjustment - IFRS 15 and IFRS 9	(211)	-	(245)	(456)
Foreign exchange difference	7,936	(20,130)	9,429	(2,765)
At 28 February 2019	(181)	(63,154)	(24,387)	(87,722)
Credit to profit for the year	-	16,538	-	16,538
Foreign exchange difference	181	39,881	20,440	60,502
Adjustments - IAS 29	-	(68,287)	-	(68,287)
At 29 February 2020	**-**	**(75,022)**	**(3,947)**	**(78,969)**

Management have carried out an assessment of the group's ability to utilise its tax losses in the relevant territories, based on the business plans over a five year time term as the most appropriate recognition period and have concluded that the same is recoverable. The deferred tax asset recognised on tax losses in the group is USD 40.0 million (2019: USD 40.5 million), of which the most material balances are in South Africa (USD 35.7 million) and Kenya (USD 2.0 million). The tax losses for Liquid Telecommunication South Africa (Pty) Limited are USD 409.8 million (2019: USD 479.1 million) of which USD 38.0 million (2019: USD 27.3) deferred tax asset has been recognised and the tax losses for Liquid Telecommunications Kenya Limited are USD 82.2 million (2019: USD 79.1 million) of which USD 2.0 million (2019: 10.3 million) deferred tax asset has been recognised.

17. Investments at amortised cost

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
CABS housing scheme	193	1,384	-	-
	193	**1,384**	**-**	**-**

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 were past due or impaired at the end of the reporting period.

18. Long term receivables

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 32)	-	-	197,382	181,234
Other receivables	61	437	-	-
	61	**437**	**197,382**	**181,234**

Other receivables include an operating lease with Zimbabwe Electricity Transmission and Distribution Company (ZETDC) to rent their infrastructure over a minimum period of 25 years for which a prepayment of ZWL$ 1.4 million (USD 0.56 million) has been made. This prepayment will be amortised over the life of the lease.

19. Inventories

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Goods for resale	27,710	12,200	-	-
Provision for obsolete inventory	(186)	(104)	-	-
Inventory written off	(475)	(388)	-	-
Transfer to Property, plant and equipment (Note 11)	-	(7)	-	-
	27,049	**11,701**	**-**	**-**
Cost of inventories expensed	9,539	16,059	-	-

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

20. Trade and other receivables

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Trade receivables	150,886	122,767	-	-
Allowance for doubtful debts	(41,692)	(32,096)	-	-
Affiliated entities (note 32)	39,631	41,106	53,638	16,404
Total trade and affiliated entities receivables, net of allowance for doubtful debts	**148,825**	**131,777**	**53,638**	**16,404**
Short-term inter-company receivables (note 32)	-	-	86,473	81,758
Sundry debtors	44,489	11,636	116	-
Deposits paid	4,565	4,596	-	-
Prepayments	23,494	24,577	1,836	2,311
	221,373	**172,586**	**142,063**	**100,473**

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

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 completed 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 are repayable within the next 6 months.

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Ageing of past due but not impaired:				
31 - 60 Days	10,594	15,205	255	512
61 - 90 Days	9,895	6,659	303	462
91 - 120 Days	8,030	5,966	367	175
121 + Days	39,298	43,141	20,040	14,289
	67,817	70,971	20,965	15,438
Current items	81,008	60,806	32,673	966
Total trade and affiliated entities receivables, net of allowance for doubtful debts	**148,825**	**131,777**	**53,638**	**16,404**

In addition to the current items not yet due of USD 81.0 million (28 February 2019: USD 60.8 million) and USD 32.7 million (28 February 2019: USD 1.0 million) for the group and company respectively, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

See note 3 - '*Critical accounting judgements and key sources of estimation uncertainty*' for the impact of COVID-19 pandemic on the expected credit loss assessment on Trade and affiliated entities receivables.

Included in amounts past due but not impaired are USD 39.6 million (28 February 2019: USD 41.1 million) of receivables from the Econet Group. Refer to note 32 for the total breakdown of Econet Group trade receivables.

The following table details the risk profile of trade receivables:

	Current	**31 - 60**	**61 - 90**	**91 - 120**	**> 120**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Group - 2020						
Average expected default rate	4.8%	4.6%	5.3%	16.6%	47.1%	
Trade and affiliated entities receivables - Gross	85,100	11,107	10,449	9,626	74,235	190,517
Lifetime ECL	4,092	513	554	1,596	34,937	41,692
Group - 2019						
Average expected default rate	4.1%	2.9%	4.8%	31.2%	37.6%	
Trade and affiliated entities receivables - Gross	63,382	15,663	6,994	8,676	69,158	163,873
Lifetime ECL	2,576	458	335	2,710	26,017	32,096

20. Trade and other receivables (continued)

	Current USD'000	31 - 60 USD'000	61 - 90 USD'000	91 - 120 USD'000	> 120 USD'000	Total USD'000
Company - 2020						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	32,673	255	303	367	20,040	53,638
Lifetime ECL	-	-	-	-	-	-
Company - 2019						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	966	512	462	175	14,289	16,404
Lifetime ECL	-	-	-	-	-	-

The following table shows the movement in lifetime expected credit loss ("ECL") that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
Movement in the allowance for doubtful debt:	USD'000	USD'000	USD'000	USD'000
Opening balance - Under IAS 39	(32,096)	(27,123)	-	(192)
Adjustment upon application of IFRS 9	-	(1,758)	-	-
Opening balance - restated	(32,096)	(28,881)	-	(192)
Doubtful debt provision raised	(16,114)	(7,890)	-	-
Bad debts recovered	88	211	-	192
Reversal of provision	1,981	191	-	-
Foreign exchange differences	3,774	4,273	-	-
Adjustments - IAS 29	675	-	-	-
Closing balance	**(41,692)**	**(32,096)**	**-**	**-**

21. Cash and cash equivalents, and restricted cash and cash equivalents

Cash and bank balances	81,257	77,222	13,033	781
Money market deposits	2,235	16,053	-	-
Cash and cash equivalents	**83,492**	**93,275**	**13,033**	**781**
Restricted cash and cash equivalents	1,511	1,807	-	-
Total cash and cash equivalents	85,003	95,082	13,033	781

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

Cash and cash equivalents include USD 22.5 million (28 February 2019: USD 49.1 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 18.0:1. See note 1.1 - *Zimbabwean currency and Hyperinflation accounting* for more detailed disclosure.

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

Guarantees	241	425	-	-
Customer deposits held	1,270	1,382	-	-
	1,511	**1,807**	**-**	**-**

22. Share capital and share premium

	Group & Company	
	29/02/20	28/02/19
	USD'000	USD'000
Issued and paid share capital		
Ordinary shares	**3,638**	**3,638**
Share premium	**251,446**	**251,446**

22. Share capital and share premium (continued)

The share capital above represents 122,236,964 ordinary shares (2019: 122,236,964 ordinary shares) 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 28 February 2018	111,531,175	3,319	116,765
Issue of shares - non-cash (note 41.1)	10,705,789	319	134,681
Balance at 28 February 2019 and at 29 February 2020	122,236,964	**3,638**	**251,446**

Convertible preference shares

On 11 December 2018, CDC Group Plc ("CDC") agreed to invest USD 180.0 million into the Liquid Telecommunications group by way of subscription for convertible preference shares with same par value as the ordinary shares. The funds were received in April 2019. The convertible preference shares have voting and dividend rights in line with the ordinary shares and are exchangeable at the option of CDC based on certain conditions applicable only at conversion date

Acquisition of Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe ("LTZ") remaining shares

The company issued 10,705,789 ordinary shares to Econet Wireless Zimbabwe Limited ("EWZ") on 28 February 2019 in connection with the company's acquisition of LTZ shares from EWZ (the "LTZ share acquisition"). Pursuant to arrangements between the company and EWZ made in connection with the LTZ share acquisition, these shares have restricted rights and are redeemable until such time as all final approvals have been received. On 21 November 2019, management received the final approval from the Reserve Bank of Zimbabwe, with the last condition having been satisfied.

Royal Bafokeng Holding Limited - On sale agreement

In October 2017, the group entered into a subscription, a share repurchase agreement and a sale agreement with Royal Bafokeng Holdings Limited ("RBH"). The agreements include an "On-Sale" clause whereby the group will issue additional shares if the price per share is below an agreed price. Management has carried out an assessment of the current estimated market price compared to the agreed price and is of the opinion that there is no financial implication as at 29 February 2020. Management have considered a range of scenarios and as an illustration, should the market price be 5% below the agreed price the prescribed calculations indicate an additional USD 1.3 million of share value will be issued to RBH and if 10% below the agree price an additional USD 2.3 million of share value will be issued to RBH.

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

	Group		**Company**	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
23a. Long term borrowings:	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Stanbic Bank of Zambia Limited	10,859	14,672	-	-
USD 730 million 8.5% Senior Secured Notes	721,656	718,118	-	-
	732,515	**732,790**	**-**	**-**
23b. Short term portion of long term borrowings:				
Stanbic Bank of Zambia Limited	3,813	3,813	-	-
USD 730 million 8.5% Senior Secured Notes	8,273	8,273	-	-
USD 10 million Cisco loan facility	-	1,137	-	-
USD 73 million revolving credit facility	125	73,083	125	73,083
Other short term borrowings	-	940	-	-
	12,211	**87,246**	**125**	**73,083**

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 29 February 2020, the USD 730.0 million 8.5% Senior Secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited (previously known as CEC Liquid Telecommunications Limited) with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

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

In addition to the bonds, the group has a USD 73.0 million Revolving Credit Facility agreement between the company, The Mauritius Commercial Bank (participation previously owned by Citibank, N.A.), Standard Bank of South Africa, Standard Finance (Isle of Man) Limited and Standard Chartered Bank. The Revolving Credit Facility is secured and is guaranteed on a senior secured basis by, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Financing Plc, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of Libor plus 3.75%, and is available to be drawn before October 2021 to be utilised for general corporate purposes. As at 28 February 2019, the company had drawn down all of the facility. The facility was repaid in full in April 2019. At 29 February 2020, the facility was undrawn, however, in March 2020, the group drew USD 40.0 million as a precautionay measure in light of the COVID-19 pandemic.

As at 29 February 2020, Liquid Telecommunications Zambia Limited has a USD 15.3 million term loan and USD 8.0 million of Revolving Credit Facility facilities with Stanbic Bank of Zambia. The company guarantees up to USD 13.0 million in aggregate of these facilities. The facility agreement also includes first ranking charge over certain assets including bank accounts and receivables of Liquid Telecommunications Zambia Limited. The term loan is denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from June 2017. The Revolving Credit Facility facilities are denominated in USD, bear interest at the rate of Libor plus 6% and are repayable by December 2020. As at 29 February 2020, the outstanding balance on the term loan is USD 6.7 million and USD 8.0 million on the Revolving Credit Facilities. The Revolving Credit Facilities were extended after the year end. See 'Funding facilities' in note 42 for further details.

24. Long term intercompany borrowing

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Long term intercompany payables (note 32)	-	-	436,273	434,773
Intercompany equity loan payables (note 32)	-	-	8,488	8,878
	-	-	444,761	443,651

The company's 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.

25. Other long term payables

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Senior Secured notes premium	2,637	4,567	-	-
Unfavourable contracts	9,687	10,479	-	-
	12,324	**15,046**	**-**	**-**

The USD 180.0 million senior secured notes were issued in November 2017 at a premium totalling USD 9.0 million which is being amortised over the period of the bond (refer to note 23 for terms).

The breakdown of unfavourable contracts is as follows:

SEACOM Limited	9,687	10,479	-	-

Refer to note 26 for the unfavourable contracts terms.

26. Trade and other payables

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Trade accounts payable	80,568	76,301	636	1,940
Payable balance to affiliated entities (note 32)	3,315	3,155	2,043	9,674
Short-term inter-company payables (note 32)	-	-	16,886	16,437
Accruals	53,177	56,383	3,950	5,674
Staff payables	2,147	1,746	-	-
Transaction taxes due in various jurisdictions	3,660	3,494	-	-
Unfavourable contracts (short term portion)	633	579	-	-
Senior Secured notes premium	1,930	1,930	-	-
Other short term payables	9,257	8,224	-	-
	154,687	**151,812**	**23,515**	**33,725**

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.

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

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

The breakdown of unfavourable contracts is as follows:

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
Short term portion of unfavourable contracts:	**USD'000**	**USD'000**	**USD'000**	**USD'000**
SEACOM Limited	633	579	-	-

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

The group purchased Liquid Telecommunications South Africa (Pty) Limited and as part of the IFRS 3 fair value assessment an unfavourable contract with SEACOM was identified. The contract relates to the O&M for an IRU for 19 STM1s. The IRU's O&M charges' present value exceeds the present value of the O&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the committed contract price and for the excess O&M charges as at acquisition.

27. Long term and short term provisions

Group

	NIP provision USD'000	Licence fee provision USD'000	Total USD'000
Long term provisions:			
At 1 March 2018	3,082	922	4,004
Reclassification to short term portion	(761)	(922)	(1,683)
Foreign exchange difference	(490)	-	(490)
At 28 February 2019	**1,831**	**-**	**1,831**
Reclassification to short term portion	(274)	-	(274)
Foreign exchange difference	(161)	-	(161)
At 29 February 2020	**1,396**	**-**	**1,396**

	Leave Pay provision USD'000	Bonus provision USD'000	NIP provision USD'000	Licence fee provision USD'000	Other provision USD'000	Total USD'000
Short term provisions:						
At 1 March 2018	2,973	12,528	378	9,192	133	25,204
Additional provisions raised	96	1,313	306	199	83	1,997
Reclassification from long term portion	-	-	761	922	-	1,683
Payment/Reversal	(447)	(360)	-	(5,072)	385	(5,494)
Foreign exchange difference	(318)	(1,605)	(109)	(560)	3	(2,589)
At 28 February 2019	2,304	11,876	1,336	4,681	604	20,801
Additional provisions raised	255	1,595	250	685	8	2,793
Reclassification from long term portion	-	-	274	-	-	274
Payment/Reversal	(398)	(3,883)	-	(800)	(460)	(5,541)
Foreign exchange difference	(467)	(1,011)	(179)	(292)	(25)	(1,974)
At 29 February 2020	**1,694**	**8,577**	**1,681**	**4,274**	**127**	**16,353**

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

Bonuses are payable to all eligible staff according to the terms of the group's remuneration policy. The individual payout is a percentage of the total cost to the group, taking into account the employee's level, individual performance rating and group performance. The payment is time-apportioned based on the length of time the employee has been employed by the group in the current year. The actual payments are made post financial year end.

Liquid Telecommunications South Africa (Pty) Limited (LTSA) entered into an agreement with the Western Cape Provincial Government of South Africa to provided broadband and ICT services over a 10 year period in June 2014. As a condition to fulfill this agreement, LTSA entered into a sub-agreement in August 2015 with the Department of Trade and Industry (DTI) which obligates LTSA to comply with the National Industrial Participation (NIP) program where a levy of 30% of the imported value of goods and services above the threshold of USD 10 million is payable. LTSA accounts for the full NIP obligation at the commencement of the contract based on projected value of imports in fulfillment of the whole contract, and the obligation is amortised to the statement of profit or loss and other comprehensive income over the term of the contract.

The licence fee provision includes provision for 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 and end user devices in schools and training facilities. Liquid Telecommunications South Africa (Pty) Limited has capitalised the obligation by raising a provision at the estimated present value of the total obligation. This is reassessed annually. The capitalised amount is amortised over the remaining licence period. In assessing the present value of the ICASA obligation, a discount rate of 13.1% (2019: 13.4%) per annum has been applied.

28. Deferred revenue

	Group		Company	
	29/02/20 USD'000	28/02/19 USD'000	29/02/20 USD'000	28/02/19 USD'000
Long term portion of deferred revenue	52,898	54,422	-	-
Short term portion of deferred revenue	6,690	21,960	18	18
	59,588	**76,382**	**18**	**18**

28. Deferred revenue (continued)

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

29. Long term lease liabilities and short term portion of long term lease liabilities

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Long term lease liabilities	65,492	-	-	-
Short term portion of long term lease liabilities	29,922	-	-	-
	95,414	**-**	**-**	**-**
Maturity analysis:				
Less than 1 year	29,922	-	-	-
1 to 2 years	21,040	-	-	-
2 to 3 years	11,638	-	-	-
3 to 4 years	10,383	-	-	-
4 to 5 years	12,871	-	-	-
More than 5 years	9,560	-	-	-
	95,414	**-**	**-**	**-**

The group does not face a significant liquidity risk with regard to its lease liabilities.

30. Cash generated from operations

	Notes	Group		Company	
		29/02/20	28/02/19	29/02/20	28/02/19
		USD'000	USD'000	USD'000	USD'000
(Loss) / Profit before tax		(120,839)	(88,591)	4,567	(19,465)
Adjustments for:					
Depreciation, impairment and amortisation	5	149,889	99,414	509	2,299
Bad debts provision / (reversed)		14,045	8,337	-	(192)
Bad debts recovered	5	(88)	(211)	-	(192)
(Decrease) / increase in provisions	27	(2,748)	1,877	-	-
Foreign exchange loss / (gain)		602,026	94,160	(127)	104
Hyperinflation monetary gain		(458,507)	-	-	-
Profit on disposal of fixed assets		(675)	(54)	-	
Interest income	6	(2,979)	(5,589)	(17,661)	(17,686)
Finance costs	7	79,427	73,528	38,950	38,525
Share of profits of associates	14	(105)	(62)	-	-
		259,446	182,809	26,238	3,393
Working capital changes:					
(Increase) / decrease in inventories		(2,581)	185	-	1
(Increase) / decrease in trade and other receivables		(103,576)	(886)	(41,403)	13,838
Increase / (decrease) in trade and other payables		2,052	(6,217)	(10,381)	11,062
(Decrease) / increase in deferred revenue		(12,758)	(3,537)	-	18
Increase / (decrease) in accruals		3,988	(2,466)	(1,724)	1,792
(Decrease) / increase in unfavourable contracts		(582)	917	-	-
Cash generated from / (used in) operations		**145,989**	**170,805**	**(27,270)**	**30,104**

31. Acquisition / disposal of subsidiary company

There were no acquisitions and disposals during the years ended 29 February 2020 and 28 February 2019.

32. Related party transactions

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

Transactions between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation and are not disclosed in the 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	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Sales of goods and services:				
Econet Global Related Group Companies	58,630	102,529	-	-
	58,630	**102,529**	**-**	**-**
Purchase of goods and services:				
Econet Global Related Group Companies	27,179	29,399	-	-
	27,179	**29,399**	**-**	**-**
Management fees paid:				
Econet Global Related Group Companies	240	1,500	-	1,500
Liquid Telecommunications Limited	-	-	3,385	5,097
Liquid Telecommunications Operations Limited	-	-	48	-
Liquid Telecommunications Kenya Limited	-	-	-	111
Liquid Telecommunications South Africa (Pty) Limited	-	-	-	5,601
Liquid Telecommunications International FZE	-	-	1,090	594
	240	**1,500**	**4,523**	**12,903**
Management fees received:				
Econet Global Related Group Companies	26	9	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	1,417	1,467
Liquid Telecommunications Kenya Limited	-	-	1,381	-
Liquid Telecommunications South Africa (Pty) Limited	-	-	1,663	-
Liquid Telecommunications Uganda Limited	-	-	197	-
Liquid Telecommunications Rwanda Limited	-	-	229	-
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	188	-
Zanlink Limited	-	-	87	-
Raha Limited	-	-	233	-
	26	**9**	**5,395**	**1,467**
Dividend received:				
Liquid Telecommunications Operations Limited	-	-	35,000	30,000
	-	**-**	**35,000**	**30,000**
Dividend paid:				
Econet Global Limited	-	13,500	-	13,500
	-	**13,500**	**-**	**13,500**
Finance costs:				
Liquid Telecommunications Limited	-	-	29	71
Liquid Telecommunications Financing Plc	-	-	37,028	36,929
	-	**-**	**37,057**	**37,000**
Administration fees paid:				
DTOS Limited	367	309	194	169

32. Related party transactions (continued)

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Interest income:				
Econet Global Related Group Companies	425	338	379	235
Liquid Telecommunications Zambia Limited	-	-	165	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	7,863	7,601
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	1,324	1,018
Liquid Telecommunications Operations Limited	-	-	1,266	1,176
Africa Digital Networks S.A.R.L Limited	-	-	534	607
East Africa Data Centre Limited	-	-	213	172
Liquid Telecommunications Uganda Limited	-	-	770	1,143
Liquid Telecommunications International FZE	-	-	518	512
Liquid Telecommunications Kenya Limited	-	-	2,941	4,542
Liquid Telecommunications Sahara Holdings Limited	-	-	33	-
Liquid Telecommunications Rwanda Limited	-	-	143	180
Liquid Sea Limited	-	-	-	74
Raha Tanzania Holdings Limited	-	-	383	372
Liquid Telecommunications Botswana (Pty) Limited	-	-	76	54
	425	**338**	**16,608**	**17,686**
Long term intercompany payables:				
Liquid Telecommunications Financing Plc	-	-	436,273	434,773
	-	**-**	**436,273**	**434,773**

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.

	Group		Company	
Long term intercompany receivables:				
Liquid Telecommunications Sahara Holdings Limited	-	-	3,669	180
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	71,631	71,631
Liquid Telecommunications Kenya Limited	-	-	56,564	54,336
Africa Digital Networks S.A.R.L Limited	-	-	9,129	8,182
Liquid Telecommunications Rwanda Limited	-	-	2,583	2,440
East Africa Data Centre Limited	-	-	3,802	3,622
Liquid Telecommunications Uganda Limited	-	-	14,564	13,465
Liquid Telecommunications International FZE	-	-	6,253	6,740
Raha Tanzania Holdings Limited	-	-	5,413	4,898
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	18,750	14,807
Liquid Telecommunications Botswana (Pty) Limited	-	-	1,009	933
Liquid Telecommunications Zambia Limited	-	-	4,015	-
	-	**-**	**197,382**	**181,234**

The long term intercompany receivable from Liquid Telecommunications Sahara Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

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 3.75% and is repayable in February 2024.

The long term intercompany receivable from Liquid Sea Limited was fully impaired during the year ended 28 February 2019 and is disclosed in Depreciation, impairment and amortisation (see note 5).

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 3.75% and is repayable in February 2024.

32. Related party transactions (continued)

The long term intercompany receivable from Liquid Telecommunications Rwanda Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from East Africa Data Centre Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

The long term intercompany receivable from Liquid Telecommunications Uganda Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 3.75%. 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) was fully settled during the year ended 28 February 2019.

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 February 2024.

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 Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.5% and is repayable in January 2023.

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 March 2022.

The long term intercompany receivable from Liquid Telecommunications Zambia Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2024.

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Short term intercompany payables:				
Liquid Telecommunications Mozambique Limitada	-	-	1	1
Liquid Telecom West Africa Data Centre Ghana Limited	-	-	413	-
Liquid Telecom West Africa Data Centre Nigeria Limited	-	-	28	-
Liquid Telecommunications Financing PLC	-	-	16,444	16,436
	-	**-**	**16,886**	**16,437**
Short term intercompany receivables:				
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	48,513	42,332
Liquid Telecommunications Operations Limited	-	-	37,960	39,426
	-	**-**	**86,473**	**81,758**

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

32. Related party transactions (continued)

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Receivables balances from affiliated entities and other related parties:				
Econet Global Limited (Mauritius)	27,171	18,695	27,171	5,922
Econet Global Related Group Companies	12,460	22,411	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	9,626	8,120
Liquid Telecommunications Zambia Limited	-	-	-	264
Liquid Telecommunications Limited	-	-	74	-
Liquid Telecommunications Rwanda Limited	-	-	520	96
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	253	8
Liquid Telecommunications South Africa (Pty) Limited	-	-	10,321	215
Raha Limited	-	-	469	68
Liquid Telecommunications Operations Limited	-	-	1,673	56
ZOL Zimbabwe (Private) Limited	-	-	58	47
Liquid Telecommunications Kenya Limited	-	-	1,201	21
Africa Digital Networks S.A.R.L Limited	-	-	292	203
Liquid Telecommunications Uganda Limited	-	-	427	104
Transaction Payment Solutions International Limited	-	-	8	7
Transactions Payment Solutions Botswana (Proprietary) Limited	-	-	-	3
HAI Telecommunications Limited	-	-	1,096	1,096
Liquid Telecommunications International FZE	-	-	55	38
Zanlink Limited	-	-	105	2
Liquid Telecommunications Botswana (Pty) Limited	-	-	154	46
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	135	88
	39,631	**41,106**	**53,638**	**16,404**

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

	Group 29/02/20	Group 28/02/19	Company 29/02/20	Company 28/02/19
Payable balance to affiliated entities:				
Econet Global Related Group Companies	3,315	3,155	-	-
Liquid Telecommunications Operations Limited	-	-	26	-
Liquid Telecommunications South Africa (Pty) Limited	-	-	1,949	9,665
Liquid Telecommunications Zambia Limited	-	-	68	-
Liquid Telecommunications Financing Plc	-	-	-	9
	3,315	**3,155**	**2,043**	**9,674**

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

	Group 29/02/20	Group 28/02/19	Company 29/02/20	Company 28/02/19
Equity loans owed to:				
Liquid Telecommunications Botswana (Pty) Limited	-	-	8,488	8,878
	-	**-**	**8,488**	**8,878**

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 29/02/20	Group 28/02/19	Company 29/02/20	Company 28/02/19
Acquisition of non-controlling interest in subsidiary				
Econet Global Related Group Companies	-	135,000	-	-
	-	**135,000**	**-**	**-**

Refer to note 13.2 for more details on the acquisition of non-controlling interest in subsdiary.

33. Compensation of key management personnel

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
The remuneration of the directors and other key management personnel during the year is as follows:				
Short-term employee benefits	4,907	4,308	2,521	1,958
Post-employment benefits	-	40	-	-
	4,907	**4,348**	**2,521**	**1,958**

34. Commitments

34.1 Capital commitments

At 29 February 2020, the group committed to the following capital commitments:

Authorised and contracted	53,754	40,925	-	-

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

34.2 Other

The group continues to provide support to its subsidiaries, where appropriate, to ensure they are able to continue their operations and meet their liabilities as and when they fall due.

35. Operating lease arrangements

All operating lease arrangements, above the diminimis threshold and more than twelve months of duration, were recognised in accordance with IFRS 16 for the year ended 29 February 2020. See note 1.2 - *'Application of New and Revised International Financial Reporting Standards (IFRS)'* for the impact of the initial application of IFRS 16 "Leases" and note 29 - *'Long term lease liabilities and short term portion of long term lease liabilities'* for the maturity profile of the lease liabilities.

As at 28 February 2019, all operating lease arrangements were accounted for in accordance with IAS 17 "Leases" and disclosed as follows:

Payments recognised as an expense:				
Minimum lease payments	-	19,722	-	-

Operating lease commitments
At 28 February 2019 the group was committed to making the following annual payments in respect of operating leases:

Leases which expire:				
Within one year	-	22,873	-	-
Between two to five years	-	55,924	-	-
After five years	-	23,460	-	-
	-	**102,257**	**-**	**-**

Operating lease payments represent rentals payable by the group for its capacity on satellites, equipment, office properties 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.

36. Financial instruments

36.1 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 interest cover, net debt to EBITDA ratio and gross debt to EBITDA ratio to comply with its Senior Secured notes and other borrowing facilities covenants. The group complied with its maintenance ratios throughout the financial year and the overall strategy remains unchanged from prior years.

36. Financial instruments (continued)

36.1 Capital risk management (continued)

The capital structure of the group and company consist of net debt (which includes borrowings offset by cash and cash equivalents) and equity attributable to owners of the group and company, comprising issued share capital, convertible preference shares, reserves and retained earnings.

36.2 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. Management reviews the capital structure of the group on a periodic basis, including the cost of capital and the risks associated with each class of capital.

36.3 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	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Debt (i)	840,140	820,036	444,886	516,734
Cash and cash equivalents (net of restricted cash)	(83,492)	(93,275)	(13,033)	(781)
Net debt	**756,648**	**726,761**	**431,853**	**515,953**
Equity (ii)	364,943	251,758	608,679	425,526
Net debt to equity ratio	2.1:1	2.9:1	0.7:1	1.2:1

(i) Debt is defined as long and short-term borrowings and lease liabilities, as detailed in notes 23, 24 and 29.

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

36.4 Categories of financial assets and liabilities

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Financial assets				
Amortised cost	283,136	244,912	350,642	280,177
FVTOCI	10,814	10,814	10,810	10,810
	293,950	**255,726**	**361,452**	**290,987**
Financial liabilities				
Amortised cost	907,170	980,397	468,401	550,459

36.5 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.

36.6 Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see notes 36.7 and 36.8) and interest rates (see notes 36.9 and 36.10). The group does enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk where appropriate.

36. Financial instruments (continued)

36.7 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters. The group constantly reviews its foreign exchange rate exposures and enters into foreign currency hedging contracts when appropriate.

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

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
Assets				
Currency of the United Kingdom (GBP)	23,001	13,968	-	-
Currency of United States (USD)	103,926	82,619	361,452	290,987
Currency of Zimbabwe (ZWL$)	25,365	61,756	-	-
Currency of South Africa (ZAR)	109,767	71,790	-	-
Currency of Botswana (BWP)	940	869	-	-
Currency of Kenya (KES)	15,884	13,920	-	-
Currency of Zambia (ZMK)	802	2,673	-	-
Currency of Rwanda (RWF)	7,290	3,837	-	-
Currency of Nigeria (NGN)	109	106	-	-
Currency of Uganda (UGX)	3,174	1,797	-	-
Currency of Tanzania (TZS)	3,692	2,391	-	-
	293,950	**255,726**	**361,452**	**290,987**
Liabilities				
Currency of the United Kingdom (GBP)	21,150	9,416	123	1,011
Currency of United States (USD)	782,826	869,688	457,822	540,404
Currency of Zimbabwe (ZWL$)	18,344	18,443	-	-
Currency of South Africa (ZAR)	59,689	61,255	10,456	9,044
Currency of Botswana (BWP)	509	238	-	-
Currency of Kenya (KES)	17,138	14,877	-	-
Currency of Zambia (ZMK)	208	1,069	-	-
Currency of Rwanda (RWF)	2,557	2,849	-	-
Currency of Nigeria (NGN)	9	9	-	-
Currency of Uganda (UGX)	2,409	995	-	-
Currency of Tanzania (TZS)	2,331	1,558	-	-
	907,170	**980,397**	**468,401**	**550,459**

36.8 Foreign currency sensitivity analysis

The group is mainly exposed to the currencies of United Kingdom (GBP), Zimbabwean dollar (ZWL$), 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 reversed.

36. Financial instruments (continued)

36.8 Foreign currency sensitivity analysis (continued)

	Group		Company	
	29/02/20	28/02/19	29/02/20	28/02/19
	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	(185)	(455)	12	101
ZWL$ Currency impact	(702)	(4,331)	-	-
ZAR Currency impact	(5,008)	(1,054)	1,046	904
KES Currency impact	125	96	-	-
RWF Currency impact	(473)	(99)	-	-
	(6,243)	**(5,843)**	**1,058**	**1,005**

36.9 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 note 36.12 below). Interest rates have been disclosed in the respective notes where applicable.

36.10 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 29 February 2020 for the group and the company respectively would increase by USD 0.7 million (2019: increase of USD 0.002 million) and decrease by USD 1.4 million (2019: decrease of USD 2.5 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 29 February 2020 (2019: no increase or decrease).

36.11 Credit risk management

Credit risk refers to the risk that a 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 monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Note 20 details the group's and the company's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

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 expected credit loss, represents the group's maximum exposure to credit risk.

36. Financial instruments (continued)

36.12 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 details the remaining contractual maturity for financial liabilities. The table has 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 - 2020							
Financial liabilities	8.47%	60,392	25,087	66,123	750,071	5,497	907,170
Group - 2019							
Financial liabilities	8.23%	70,336	79,112	87,680	736,600	6,669	980,397
Company - 2020							
Financial liabilities	8.50%	6,227	11,031	6,382	444,761	-	468,401
Company - 2019							
Financial liabilities	8.50%	11,614	5,675	89,519	443,651	-	550,459

36.13 Fair values

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

37. Dividend

No dividend was declared for the year ended 29 February 2020 (28 February 2019: USD 13.5 million paid). The dividends, for the year 28 February 2019, were declared in fulfilment of the Econet Strategic Support agreement ("SSA") and paid to Econet Wireless Group only - all other shareholders renounced their right to these dividends.

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

	Group		Company	
	29/02/20	**28/02/19**	**29/02/20**	**28/02/19**
Dividends paid per share (Cents per share)	-	12.10	-	12.10

38. 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**
29 February 2020				
Investments (note 15)	-	-	10,814	10,814
Unfavourable contracts (note 25 & 26)	-	-	10,320	10,320
Total	**-**	**-**	**21,134**	**21,134**
28 February 2019				
Investments (note 15)	-	-	10,814	10,814
Unfavourable contracts (note 25 & 26)	-	-	11,058	11,058
Total	**-**	**-**	**21,872**	**21,872**

39. Loss per share

	Group	
	29/02/20	**28/02/19**
Basic loss per share (Cents per share)	(51.64)	(65.20)

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

	Group	
	29/02/20	**28/02/19**
	USD'000	**USD'000**
Loss attributable to owners of the company	(63,120)	(72,739)

	Group	
	29/02/20	**28/02/19**
Weighted average number of ordinary shares for the purpose of basic earnings per share	122,236,964	111,560,506

See note 22 for number of shares.

40. Contingent liabilities

The group does not have any contingent liabilities at year end.

41. Non-cash transactions

41.1 Transactions excluded from statements of cash flows

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:

During the year ended 29 February 2020:

• In February 2020, the company acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited for USD 0.09 (BWP 1.00). This transaction resulted in the de-recognition of a Fibre Optical-IRU of USD 9.0 million (see note 10 - Intangible assets), representing the capital contributed by the minority interest, together with a cumulative loss of USD 9.4 million and a foreign exchange impact of USD 0.4 million. These adjustments have been reflected in the total equity of the group as shown below and in the consolidated statement of changes in equity.

• the company made some disposals and acquisitions of property, plant and equipment and intangible assets with other subsidaries at a net amount of USD 1.3 million which were settled through short-term inter-company receivables/payables.

• the investments in Liquid Telecom West Africa Data Centre Ghana Limited and Liquid Telecom West Africa Data Centre Nigeria Limited, totalling to USD 0.5 million, are payable at year end.

During the year ended 28 February 2019:

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

• the group acquired the remaining 2.5% non-controlling interest in Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L) for a non-cash consideration of USD 450,000.

• there were several disposals and acquisitions of property, plant and equipment and intangible assets between some subsidiaries at cost/carrying value. The company also made some disposals and acquisitions with other subsidaries at a net amount of USD 1.1 million which were settled through short-term inter-company receivables/payables.

41.2 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.

2020: Group	**01/03/2019**	**Non-cash**	**Cash**	**29/02/2020**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	(13,062)	(66,365)	(79,427)
Short-term portion of long-term borrowings (note 23b)	87,246	3,493	(78,528)	12,211
Net long-term borrowings (note 23a)	732,790	(1)	(274)	732,515
Long term lease liabilities (note 29)	76,032	3,687	(14,227)	65,492
Short term portion of long term lease liabilities (note 29)	35,187	16,953	(22,218)	29,922
	931,255	11,070	(181,612)	760,713

2019: Group	**01/03/2018**	**Non-cash**	**Cash**	**28/02/2019**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	(8,709)	(64,819)	(73,528)
Short-term portion of long-term borrowings (note 23b)	15,019	(857)	73,084	87,246
Net long-term borrowings (note 23a)	731,214	9,397	(7,821)	732,790
	746,233	(169)	444	746,508

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 23 for borrowings information.

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

41. Non-cash transactions (continued)

41.2 Reconciliation of liabilities arising from financing activities (continued)

2020: Company	**01/03/2019**	**Non-cash**	**Cash**	**29/02/2020**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	-	(38,950)	(38,950)
Short-term portion of long-term borrowings (note 23b)	73,084	(1)	(72,958)	125
Net long-term borrowings (note 24)	443,652	(1)	1,110	444,761
	516,736	(2)	(110,798)	405,936

2019: Company	**01/03/2018**	**Non-cash**	**Cash**	**28/02/2019**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	-	(38,525)	(38,525)
Short-term portion of long-term borrowings (note 23b)	-	-	73,084	73,084
Long term intercompany borrowing (note 24)	440,581	-	3,071	443,652
	440,581	-	37,630	478,211

42. Going concern

The directors have reviewed the consolidated cash flow projections of the Liquid Telecommunications group and Liquid Telecommunications Holdings Limited for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 29 February 2020, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), new equity finance, the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2021. Although the full effects of the pandemic are not yet known, the potential impact of the following consequences have been taken into account; instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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

Funding facilities

The group is currently funded from a combination of retained earnings, USD 730.0 million Senior Secured Notes (maturity in July 2022), USD 73.0 million Revolving Credit Facility ("RCF") (maturity in April 2022) plus USD 23.3 million of locally provided Revolving Credit Facilities (maturity in financial years 2020 and 2021 which has been extended to financial year 2025) and term loans (maturity in financial years 2020 to 2022) in Zambia, of which USD 14.7 million is outstanding at the statement of financial position date. The USD 73.0 million RCF was still undrawn at the statement of financial position date. In March 2020, USD 40.0 million was drawn down from the USD 73.0 million RCF as a precautionary measure to preserve liquidity due to uncertainties of the impact of COVID-19 pandemic.

Impact of IFRS 16 "Leases"

The directors have also considered the impact of the new accounting standard, IFRS 16 "Leases", which became effective for the first time in financial year 2020 and are of the opinion that it will not have any material impact on the going concern of the group.

Cash position

As at 29 February 2020, the group has an unrestricted cash position of USD 83.5 million (28 February 2019: USD 93.3 million). Of this amount, USD 22.5 million (28 February 2019: USD 49.1 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 18.0:1 (28 February 2019: 2.5:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

New equity finance

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

42. Going concern (continued)

Operational performance

For the year ended 29 February 2020, the group reported an operating profit of USD 97.5 million (28 February 2019: 81.5 million) and a net cash inflow from operating activities of USD 136.5 million (28 February 2019: USD 152.4 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the proportion of the group's total operating profit for the year and cash balance at the end of the year represented by Zimbabwe, has reduced compared to the prior year.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the year ended 29 February 2020 is appropriate.

43. Share-based payment

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

The company has recognised the acquisition of the 51% of LTZ and the corresponding issue of its shares as at 28 February 2019, the effective date on which the the company shares were issued.

Although there are vesting conditions in the Share Purchase Agreement between the company and EWZL, these are not market conditions and therefore in management's view, do not affect the fair value estimate. Management considers the effective date of the transaction for financial reporting purposes as 28 February 2019, being the date that shares were issued by the company to EWZL. On 21 November 2019, management received the final approval from the Reserve Bank of Zimbabwe, with the last condition having been satisfied.

This transaction has had no impact on the statement of profit or loss for the year ended 29 February 2020.

44. Immediate and ultimate holding companies

The directors regard Econet New Arx Limited as the immediate holding company and Econet Global Limited as the ultimate holding company, both incorporated in Mauritius.

45. Comparative figures

Certain comparatives have been reclassified to conform with current year's presentation.

46. Post balance sheet events

Zimbabwean currency

On 23 March 2020, in response to the financial uncertainties caused by the COVID-19 pandemic, the Government of Zimbabwe, through the Reserve Bank of Zimbabwe (RBZ) adopted a fixed exchange rate system at the current interbank level of ZWL$:USD 25:1. Further to an announcement on 8 June, the RBZ has indicated that this fixed rate will end on 23 June 2020.

COVID-19 pandemic

On 11 March 2020 the World Health Organisation declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including quarantine obligations being imposed by certain governments. The evolution of the pandemic in the various territories in which the group operates is being closely monitored by the directors and they have to date assessed a number of potential scenarios to understand the potential financial impact of COVID-19 on the group. The impact indicates a reduction of general economic activity but with minor impact on the underlying services being provided by the group. Given the general levels of uncertainty in the global economy, the directors have taken active steps to access increased levels of working capital financing and conservatively manage expenses for the year ahead. The directors are monitoring the risk on the approved business plan for the year and financial indicators. They also continue to monitor economic and industry specific data as it emerges, including any further impact of the volatility in exchange rates.

46. Post balance sheet events

COVID-19 pandemic (continued)

For the purposes of the annual financial statements, the group has performed a detailed assessment of the impact of COVID-19 on the financial position of the group as at 29 February 2020 and results of operations for the year (see note 3 - *Critical accounting judgements and key sources of estimation uncertainty* for more detail), and except for certain provisions relating to future recoverability of trade receivables, the impact of the COVID-19 pandemic is considered as a non-adjusting event.

Disposal of shares in Liquid Telecommunications Kenya Limited

On 1 March 2020, the company entered into an agreement with Stamford TC Limited whereby the company disposed 20% of its shareholding in Liquid Telecommunications Kenya Limited to Stamford TC Limited for a consideration of USD 2.3 million. This transfer is made to satisfy the 20% local equity participation required of telecommunication companies in Kenya.

Dividend

Following the year end, on 8 June 2020 the company declared a dividend in shares, or where a shareholder had an outstanding liability to the company, by offset of that liability. Of the USD 40.3 million value of the dividend, USD 15.0 million was satisfied by the offset of a receivable balance due from Econet Global Limited (EGL) as at 29 February 2020 and the remainder satisfied by 2,620,950 shares at a value of USD 9.67 per share.

Acquisition of shares in Worldstream (Pty) Ltd

On 10 June 2020, the company entered into an agreement to purchase 71 percent shareholding in Worldstream (Pty) Ltd from EGL for a non-cash consideration of USD 9.0 million.