LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 28 FEBRUARY 2018

Good progress in expanding and monetising our fibre footprint and the development of our cloud and data centre solutions

28 June 2018

Leading pan-African telecoms Group Liquid Telecom, a subsidiary of Econet Global, today announces its financial results for the year-ended 28 February 2018.

Financial highlights for the year ended 28 February 2018
We have delivered well in our core data services segments which, in addition to the benefit of the Neotel acquisition concluded on 7 February 2017, has enabled us to deliver strong growth in revenue and EBITDA on both a proforma and reported basis. Cash generated from operations increased by 109 per cent on revenues of USD 681 million and an EBITDA of USD 191.4 million. Year-end net debt of USD 601 million represents 3.1x EBITDA.

	FY 2017-18	FY 2016-17 (proforma)	FY 2016-17 (Reported)	Proforma change	Reported change
	(USDm)	(USDm)	(USDm)	(%)	(%)
Revenue	680.9	594.6	343.0	14.5	98.5
Adjusted EBITDA [2]	191.4	157.7	116.2	21.4	64.7
Cash generated from operations	184.0	n/a	87.7	n/a	109.8
Net Debt [1]	601.0	n/a	467.1	n/a	n/a

[1] Net debt as at 28 February 2018 is defined as gross debt less unrestricted cash and cash equivalent.
[2] Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, and is also presented after adjusting for the following items: acquisition and other investment costs, foreign exchange (loss)/ gain, and share of profit from associate

Strategic and operational highlights for the year ended 28 February 2018

- We have broadened our product portfolio and expanded our offering across our network, with significant sales to enterprises, governments and MNOs. This includes South Africa's freight utility Transnet; South Africa Western Cape and Eastern Cape governments; a global security firm with sites across our footprint and Kenya' electricity utility KETRACO.
- Our fibre footprint increased by 3,900 kilometres following our investment in long-haul routes in South Africa, metro networks principally in South Africa, Zimbabwe, Zambia and Kenya and FTTH networks.
- We expanded our product capabilities through further investment in our data centres primarily in Johannesburg and Cape Town. This is complemented by the establishment of the Liquid Telecom digital market place where we provide digital and cloud-based services to our enterprise, wholesale and retail customers. This range of digital products also builds upon our new partnership with Microsoft, recognising us as a Tier 1 and Tier 2 Cloud Services Provider (CSP).
- In December, Royal Bafokeng Holdings (RBH) exchanged their shareholding in Liquid Telecom South Africa ("LTSA") for a 10.34 per cent holding in Liquid Telecom Holdings providing the Group with 100 per cent economic interest in LTSA while maintaining our BEE status. This included a cash investment in the Group of USD22.2 million.
- In February 2018 we were awarded a 20-year fibre infrastructure licence to operate in the Democratic Republic of Congo and subsequent to the year-end we received our network facility and service licence in Botswana. Our operating licence in Zimbabwe was also renewed for 15 years.

Chief Executive Officer, Nic Rudnick, commented:

"I am pleased with the overall progress of the Group as we implement our corporate strategy to monetise the projects we have been delivering and further develop the Group into a solutions provider across our fibre footprint. This is reflected in our strong revenue and EBITDA performance.

During the year, we have delivered the new South Africa data centre in Johannesburg with the second, in Cape Town expected to be delivered in the second half of the 2018. In addition, we have been awarded our national operating licence in Democratic Republic of Congo, connected more businesses and government buildings across our footprint, broadened our Fibre to the Home (FTTH) network in Zambia and a signed a memorandum of understanding with Sudatel in Sudan in order to deliver FTTH services. In addition, we have continued to roll out Kwesé Play and other content services across our network.

As part of the development of the Group we are investing in both our own, and our customers' digital transformation. Our evolution represents far more than just a set of new products and is central to our transition from being a supplier of connectivity and related services to becoming a fully integrated digital solutions provider. This means we are not only transforming our offering but also changing the way we engage with our employees and customers ensuring that our digital transformation will put the customers at the heart of everything that we do."

Group Executive Chairman, Strive Masiyiwa, added:

"The Board continues to consider its strategic options for raising capital in order to provide additional funding to accelerate the Group's growth plans. Building on our continued strong performance and improved capital structure, our clear corporate strategy will cement our competitive advantage as we continue to build Africa's digital future."

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

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About Liquid Telecom

Liquid Telecom is a leading communications solutions provider across 13 countries in Eastern, Central and Southern Africa that serves mobile operators, carriers, enterprise, media and content companies and retail customers with high-speed, reliable connectivity, hosting and co-location and digital services.

It has built Africa's largest independent fibre network, spanning over 50,000km, and operates state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, with a combined potential 19,000 square metres of rack space and 80 MW of power.

This is in addition to leading cloud-based services, such as Microsoft Office365, Microsoft Azure, Symantec and Dropbox and innovative digital content provision including Netflix and Kwesé TV across our fibre footprint.

Through this combined offering Liquid Telecom is enhancing customers experience on their digital journey.

For more information, visit www.liquidtelecom.com

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Chairman's statement

Group performance

The financial year ended 28 February 2018 has been a standout year as we consistently delivered on our corporate strategy of providing telecommunications solutions to our customers. This was supported by the issuance of our first bond in July 2017. This, together with our bond tap in November, allowed us to simplify our capital structure. During the year, we have invested in and extended our fibre broadband network and broadened our product portfolio further into colocation, hosting, data storage and digital services.

Trading for the year was strong, with the business delivering a 98.5 per cent increase in revenue to USD681 million. On a proforma basis, we have grown revenue by 14.5 per cent following a strong performance from our wholesale data, enterprise and retail segments. EBITDA grew by 64.7 per cent to USD191.4 million, and on a proforma basis by 21.4 per cent. This was primarily due to our focus on the higher margin data services as we continue to monetise our increasing fibre footprint, broadened product portfolio and knowledge base. Margins in LTSA are improving although it has taken longer than estimated to deliver the synergies within our South African entity following our focus on increasing new sales and service activation pipeline.

Through the year we have continued to develop the Group as we build Africa's digital future. The expansion of our fibre footprint to new destinations, broadening of our product portfolio into data centres supplied across Africa, the award of national operating licences in new countries such as the Democratic Republic of Congo (DRC) and Botswana and the building of partnerships with new and existing customers are pleasing and show our progress against our vision.

Management changes

After eleven years as CFO, Kate Hennessy left Liquid Telecom on the 30th April, in order to focus on her family. We wish her well and thank her for her service and commitment during a period in which she was instrumental in the growth and development of the Group. On 1 May 2018, we appointed Phil Moses as Group CFO. He comes with significant experience in the telecommunications sector most recently as CFO of Arqiva Group between 2011 and 2016. He has also served as BT's Director of Investor Relations and Chief Financial Officer of BT OpenReach. We welcome him into the senior management team and look forward to his contribution.

In addition, in April, we announced the appointment of Reshaad Sha as CEO of our South African operation to replace Kyle Whitehill. For the last five years, Reshaad has served as Chief Strategy Officer and Executive Director of Dark Fibre Africa, most recently also taking on the responsibility of CEO of SqwidNet. He will oversee the growth of digital services and the rollout of enhanced network services for enterprises and consumers across South Africa and is a key addition to the Group senior management team.

Board and shareholder changes

On 6 December 2017 we completed the agreement with our empowerment partner in South Africa, Royal Bafokeng Holdings, to exchange their shareholding in our South African operations for an equivalent 10.34 per cent ownership in our holding company. They will retain their voting rights in LTSA. This is a positive development which gives investors 100 per cent access to the future growth and cash flows in our South African operation, the largest business in Liquid Telecom and introduces a strong shareholder of outstanding repute to the board at the holding company level. As part of this exchange and, in addition to the LTSA shares, the company has received a cash component of USD22.2 million.

As part of the evolution of the Group the Board approved the creation of five sub-committees in order to strengthen our corporate governance and support the Group's further development. The committees comprise of the following:-

- Strategy and Investment;
- Audit and Risk;
- Corporate Social Responsibility and Ethics;
- Related Party;
- Remuneration

Throughout the year we made a number of appointments to guide and provide the necessary governance as the Group develops and delivers its corporate strategy. In June, Donald Gips joined the Board as an Independent Non-Executive Director and in November following the RBH share exchange transaction, we welcomed David Wilson as a Non-Executive Director. Vassi Naidoo continues in his role as Senior Independent Director and from April 2018 he was nominated as Chair of the Audit and Risk Committee. All three, bring a wealth of experience and skills to the Group.

Innovation Partnerships

As part of our strategy to deliver digital solutions and ecosystems for our customers, we have targeted innovation as an important element. In order to do this we are developing product pipelines and revenue generating partnerships on which we can leverage our existing infrastructure, technologies, market presence, internal expertise, as well as our strategic partners (such as Microsoft).

Through our innovation partnerships, we also seek to nurture financially sustainable start-ups that build the enterprises of the future. Our aim has been to increase the number of African entrepreneurs, develop digital skills among the unemployed youth and contribute to the overall digital transformation of Africa. Importantly we have chosen to focus on bringing key solutions such as Cloud computing, Internet of Things ("IoT"), machine learning, Artificial Intelligence ("AI"), blockchain technology, media development and distribution, as well as game and application development.

With that in mind, through the year the Group has initiated key innovation partnerships that are already having an impact for our customers such as Microsoft GoCloud where we are working with and providing solutions to over 100 start-ups in partnership with Microsoft and a number of educational and research institutions such as Strathmore Business School, Carnegie Mellon university, University of Johannesburg and the Council for Scientific and Industrial Research in South Africa. In addition, we have hosted and supported a number of gaming events in Kenya, Uganda and Zambia and are becoming a well-recognised brand within the African gaming ecosystem.

Our people

Our business has grown significantly over the last twelve months with our staff numbering 2,365 following the acquisition of Neotel which added 962 people to the business. With the evolution of the actions required to deliver our strategy, we are now also broadening our knowledge base from our core engineering skills to managed service capabilities and digital services. The Board and I are grateful to all our employees for their continued efforts during a time of significant change. The knowledge, commitment and values with which the company works are ever-more important as we broaden our capabilities and our brand grows.

Awards

Over the year we have received a number of prestigious awards including the "Best operator in an Emerging Market", "Best Wholesale Service Provider in the Middle East and Africa" and "Best African Wholesale Carrier" for the sixth consecutive year. In addition, in May, we won the East AfricaCom award for best Network Improvement which celebrates the achievements of the people and companies at the forefront of digital transformation in East Africa. These awards demonstrate the strength of our business model and the value of the Liquid Telecom brand as a pan-African wholesale solutions provider. I would like to congratulate the Liquid Telecom Team which continues to work tirelessly to put the customer at the heart of all that what we do.

Strive Masiyiwa

Group Executive Chairman

Chief Executive Officer's statement

Our strategic plans continue to develop well exemplified by our reaching new destinations, expanding our product offering and enhancing our brand in order to build Africa's digital future. We signed a Memorandum of Understanding with Sudatel to deploy new FTTH networks in Sudan and other infrastructure-based products. We also entered into a commercial agreement with Kenya's power utility KETRACO to commercialise their OPGW fibre across the country. Further, we were awarded a 20-year fibre infrastructure licence in the Democratic Republic of Congo, which opens many more opportunities to deploy new routes and connect more premises in this underserved area. We signed a landmark partnership agreement with China Telecom to step up network collaboration between Africa and Asia and better serve multinationals operating in the fastest growing economies across our combined footprint.

We continue to explore geographic expansion opportunities, through partnership or focused acquisitions, with a view to increase the value of our existing network and provide a wider footprint to our wholesale and enterprise customers. After the period, this is shown by the receipt of a network facility and service licence in Botswana and the receipt of our licence in the Democratic Republic of Congo.

We have made significant progress in broadening our product portfolio and expanding our offering across our network as we deliver on our strategic objective to become a single point of contact for customers' communications and digital service needs. In South Africa, the upgrade of the data centres in both Johannesburg and Cape Town for one of the largest global cloud providers continues to progress well. We are also developing the ways we can add value to our customers by addressing more of their needs for digital services. This is illustrated through the increased investment in our products team and our new partnership with Microsoft to deliver cloud products and services. This is in addition to entering into a complementary partnership agreement where we will provide our customers with dedicated connectivity into Microsoft Online Services via Microsoft ExpressRoute. We also launched the "GoCloud" initiative in partnership with Microsoft, to accelerate innovation across Africa by using Azure Cloud platforms and launched the Liquid Launchpad initiative with Kwesé and the Meltwater Entrepreneurial School of Technology in South Africa to develop entertainment tech start-ups.

In conjunction with our data centre and fibre route expansion, we have continued to diversify into new services to support our fast-growing retail segment, notably content services for consumers such as Netflix and Kwesé and off-the-shelf cloud services for Small office Home office (SoHo) and Small and Medium Enterprises (SMEs). Our combined offering will support our customers as they develop their business, creating a strong platform for their own digital transformation.

The development of these solutions across our fibre footprint are an important part of our product offering as we go about delivering our vision of Building Africa's digital future.

Outlook

Overall, trading in the full-year of 2017-18 has been strong when compared to the pro forma for 2016-17 and as part of our focus on delivery of our corporate strategy we will continue to manage our costs and cash flow closely.

In addition, in the medium-term, with positive demand trends, the strengths of our highly skilled and evolving employee base, a diverse and expanding geographical footprint and market-driven product portfolio, the Group is well positioned to take advantage of emerging opportunities.

The Group continues to consider its strategic options for raising capital in order to provide additional funding to accelerate its growth plans. Building on our continued strong performance and improved capital structure, our clear corporate strategy will cement our competitive advantage as we continue to build Africa's digital future.

Nic Rudnick

Chief Executive Officer

OPERATIONAL AND FINANCIAL REVIEW

Liquid Telecom is a leading communications solutions provider across 13 countries in Eastern, Central, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. We have built Africa's largest independent fibre network, spanning over 50,000km, and operate state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, with a combined potential rack space of over 19,000 square metres.

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

Wholesale voice

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

Wholesale data

Alongside this, our wholesale data division provides Global IP Transit and fibre connectivity to 2G, 3G and 4G mobile base stations across our extensive independent and self-owned fibre network and international leased lines. We cover a wide range of customers from international carriers to African mobile and public telecom operators and African Internet service providers. We also help other Internet Service Providers (ISPs) reach more customers with attractive offers using our wholesale FTTH services, monetising our open-access fibre network. In addition, we provide wholesale cloud and colocation services and we are a tier 2 supplier for Microsoft cloud services [across Africa].

Enterprise

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

Retail

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

Key performance indicators (KPI)

The following table sets out the Groups' key financial and operating measures by division for the 2017-18 year with the full year 2016-17 as a comparator.

	(FY) 2016-17[4]	(Q1) 2017-18 [4]	(Q2) 2017-18	(Q3) 2017-18	(Q4) 2017-18	FY 2017-18
Operating measures						
Wholesale voice						
Total wholesale voice minutes (in millions) on our network	482	382	402	380	306	1,470
Wholesale data						
Number of kilometres of fibre laid [1]	6,072	964	927	1.085	957	3,933
Amount of IP Transit capacity sold (Mbps) [5]	64,562	67,816	71,918	79,701	80,050	80,050
Enterprise						
Number of enterprise customers [6]	10,042	10,042	10,875	11,293	11,494	11494
Retail						
Service penetration of GPON FTTH access networks (% of homes passed) [7]	26.5%	30.4%	33.1%	34.3%	36.8%	36.8%
Financial Measures						
Average churn rate [2]	0.74%	0.84%	1.18%	1.87%	2.11%	1.55%
New sales ("sold TCV for new services", USD million) [3]	84.6	67.5	63.1	109.4	49.4	289.4
Service Activation Pipeline ('MRR backlog") (USD 000)	1,579	1,368	1,889	4,479	4,515	4,515

Footnotes:

[1] Represents the number of kilometres of new routes (including backbone, metro and FTTX) over which fibre is installed over a particular period. Multiple fibre cables or ducts within the same trench are only counted once. These numbers exclude Neotel (in FY2016-17), Raha (In FY 2016-17 and Q1 2017-18) and Zanlink (in FY 2016-17 and Q1 2017-18).

[2] Average churn is defined as the monthly recurring revenue that was lost during the period following a termination of service due to disconnections, downgrades, price reduction, and non-renewals, divided by the monthly recurring revenue at the start of the period. Average churn rate for a period is calculated as the average of monthly churn.

[3] The new sales (sold Total Contract Value (TCV) for new services) FY 2016-17 figures do not include Neotel, Raha or Zanlink. The numbers are for new business only and do not include upgrades. TCV includes the value of the non-recurring charges as well as the cumulative recurring charges over the term of the contract.

[4] Includes Neotel, Raha but not Zanlink.

[5] Amount of IP transit capacity sold to our customers, is calculated by counting the IP transit capacity purchased by each operation (on behalf of their own customers) from the Group entity. It excludes all other products such as international leased lines.

[6] The number of enterprise customers has been restated from 13,398 in the Q1 results release to 10,042. In the second quarter it accounts for the number of customers instead of customer connections (Ugandan and Tanzanian entities still count customer connections). This is believed to be a better representation for this KPI. The number for February 28, 2017 includes connections in South Africa.

[7] The service penetration of GPON FTTH access networks (% of homes passed) is defined as the number of subscribers (active in the last 90 days) divided by the number of premises passed.

Revenue

Revenue per segment	For the twelve-month period ended				For the three-month period ended			
	28 February 2018	28 February 2017	28 February 2017	2018 versus 2017	28 February 2018	28 February 2017	28 February 2017	2018 versus 2017
	Audited	Audited	Audited		Audited	Audited	Audited	
		Proforma		Proforma		Proforma		Proforma
	(USDm)	(USDm)	(USDm)	%age	(USDm)	(USDm)	(USDm)	%age
Wholesale voice traffic	**146.9**	**146.3**	**123.2**	**0.4**	**34.1**	**37.3**	**32.1**	**(8.6)**
Data and Other services	**534.0**	**448.3**	**219.8**	**19.1**	**160.9**	**116.6**	**72.6**	**38.0**
Wholesale	219.3	171.0	118.1	28.2	76.2	39.6	38.7	92.4
Enterprise	265.2	233.8	73.4	13.4	72.1	65.3	25.6	10.4
Retail	49.5	43.6	28.3	13.5	12.6	11.7	8.3	7.7
Total Revenue	**680.9**	**594.6**	**343.0**	**14.5**	**194.9**	**153.9**	**104.8**	**26.6**

Footnotes:
Proforma results for the three-month period ended 28 February 2017 include the results of Neotel and Liquid Group for the period 1 December 2016 to 28 February 2017 assuming the business was one Group. Proforma results for the twelve-month period ending 28 February 2017 include the results of Neotel and Liquid Group for the period 1 March 2016 to 28 February 2017 assuming the business was one Group.

On a proforma basis, taking account of the full-year performance of Neotel in the financial year 2017-18, in the full year we grew revenue by 14.5 per cent to USD 680.9 million following a good performance in the wholesale data, enterprise and retail segments as well as a better than expected performance in wholesale voice, despite a lower performance in the fourth quarter.

In the fourth quarter, on a proforma basis we grew revenue by 26.6 per cent to USD194.9 million following a strong performance from the wholesale data, and continued growth in enterprise and retail segments.

Following the integration of our South African sales operations, a number of contracts were renewed on the back of lower pricing. This helped secure long-term revenue streams and closer relationships with our customers. This has affected our churn but the impact has started to diminish in the fourth quarter. We also secured a total of USD289.4 million in new total contract value (TCV) during 2017-18 (FY 2016-17: USD84.6 million), an exceptional performance, demonstrated by an exceptional third quarter where several new key wins were structured with significant upfront revenues. The fourth quarter was flat, impacted by seasonal factors, such as the holiday period and a shorter month in February.

Key contracts in the year included: the provision of multi-site WLAN connectivity and VOIP services for large corporates and regional governments in South Africa; managed connectivity and dark fibre IRUs on key fibre routes (e.g. NLD 7 and 8) in South Africa; co-location and data centre hosting services for mobile operators cloud service providers and financial institutions; IP transit services to mobile operators and other Internet Service Providers (ISP's) across our footprint and Microsoft Office365 subscriptions to corporates. We also secured a multi-year infrastructure deal to provide wholesale FTTH connections to a mobile operator in Eastern Africa. As a result of our focus on improving our sales, the service activation pipeline grew significantly over the year (by 185.9 per cent versus full-year 2016-17) to USD4.5 million (MRR only) in the fourth quarter, primarily driven by an increase in orders in the enterprise segment in South Africa.

Wholesale voice

In the full year wholesale voice revenue on a proforma basis increased by 0.4 per cent to USD 146.9 million. For the fourth quarter wholesale voice revenue decreased by 8.6 per cent to USD34.1 million (Q4 2016-17: USD37.3 million) with total minutes decreasing by 18.1 per cent to 306.8 million minutes (Q3 2017-18: 380.1 million minutes) with average revenue per minute increasing by 12.1 per cent to 11.1 US cents (Q3 2017-18: 9.9 US cents).

In the fourth quarter, the increase in the average revenue per minute during the quarter is principally due to the increase in volumes to higher-rate destinations such as Zimbabwe, Burundi and Eritrea. In addition, our South African international revenue per minute increased following the deregulation of the international termination rate into South African Networks which was mentioned in the third quarter.

In addition, the seasonal factors such as holidays and the shorter month of February coupled with our focus on high-margin traffic in South Africa since the acquisition of Neotel reduced the number of minutes in the fourth quarter compared to the previous quarter.

In the fourth quarter of 2017-18, we signed new contracts with several local and global MNOs in order to access calls from and to European and United States subscribers, broadening our footprint in the African fixed line and mobile operator markets. However, we terminated fewer minutes to the United States in the fourth quarter versus the third quarter and this change in mix has resulted in increase in the international revenue per minute.

Wholesale data

In the full year wholesale data revenue, on a proforma basis, increased by 28.2 per cent to USD 219.3 million. In the fourth quarter of 2017-18 revenue increased by 92.4 per cent to USD76.2 million (Q4 2016-17: USD39.6 million), principally due to a good performance mainly in South Africa, Zimbabwe, Kenya and Zambia. This very strong fourth quarter performance was aided by the billing of USD 24 million of IP backhaul service upgrades in Zimbabwe which were provided during the year.

Revenues for the full year were driven by several significant long-term contracts for dark fibre, international leased lines and IP backhaul to MNOs and IP transit. As part of this growth, we entered into a number of long-term indefeasible rights of use (IRU) contracts with MNOs where we provide dark fibre along newly-built long distance routes, such as NLD 7 and 8 in South Africa, and connected a significant number of MNO base stations. We entered into a multi-year fibre infrastructure contract to provide wholesale FTTH connections to a mobile operator in Eastern Africa. Throughout the year and during the fourth quarter, we have expanded our network to provide fast and reliable connectivity to the busiest 4G mobile base stations in South Africa, Kenya, Tanzania, Zambia and Zimbabwe.

In October 2017, we entered into a long-term partnership with the Kenyan Electricity Transmission Company Limited (KETRACO) to commercialise their fibre links built over the national electricity transmission grid across Kenya. We have started to implement with the first phase of the build and we expect to conclude the project in the second quarter of the 2018-19 financial year. This complements our strategy to further extend our fibre network to remote areas of Kenya and better interconnect neighbouring countries such as Ethiopia, Uganda, and Tanzania, as well as provide onward connectivity to Rwanda, Sudan, DRC and Burundi.

As part of our strategy to self-fund the expansion of our fibre network, it remains important to secure wholesale infrastructure contracts (typically over 10 to 15 years) such as IRUs because they provide significant up-front cash inflows. On the back of these contracts, we have been able to invest in new long-haul routes and in the upgrade of our domestic and cross-border transmission capabilities, for example the upgrade of the East Africa Ring and of the South African backbone to 100Gbps wavelength technology. We have strong relationships with international carriers and MNOs with whom we have entered into long-term Master Service Agreements. We provide long-distance, cross-border connectivity services, as well as connectivity to mobile base stations. Our wholesale data customer base also includes competitors, to whom we supply managed services on an open-access basis and provide them with international capacity to access the Internet.

Following the announcement in August 2017 of our agreement to partner in the acceleration of cloud services adoption in Africa with Microsoft, we built on those foundations as we were approved to become a wholesale supplier for Microsoft products across our Odin platform. This, in addition to our broader offering, has contributed to our working with more customers, such as China Telecom where we will provide Africa and Asia with connectivity and explore joint service opportunities.

In February, we were awarded our nation-wide fibre infrastructure licence in DRC where we will deliver connectivity solutions to both wholesale and enterprise customers. In addition, and after the period, in June 2018 we were awarded our Botswana network facility and service licence which will provide us with further redundancy to Zimbabwe and the north.

Enterprise

In 2017-18 enterprise revenues increased by 261.4 per cent to USD265.2 million (FY 2016-17: USD73.4 million) and revenue in the fourth quarter of 2017-18 increased by 181.6 per cent to USD72.1 million (Q4 2016-17: USD25.6 million) following the integration of Neotel (now trading as Liquid Telecom South Africa). On a proforma basis, our full year revenue increased by 13.4 per cent.

On a proforma basis, enterprise revenue in the fourth quarter of 2017-18 increased by 10.4 per cent to USD72.1 million (Q4 2016-17: USD65.3 million). The strong growth compared to last year's proforma revenue was principally due to increased revenue in Uganda, Kenya, Zambia, Zimbabwe and South Africa aided by the acquisition of Raha and Zanlink in Tanzania. By the end of the fourth quarter, the number of enterprise customers grew to 11,494 customers (Q3 2017-18: 11,293 customers) with the financial and governmental sectors the principal drivers of demand.

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

During the fourth quarter, we won a number of large contracts including multi-site WLAN connectivity and VOIP services for large corporates and regional governments in South Africa. We have made significant progress during the fourth quarter in broadening our service portfolio and expanding our product offering across our network as we work towards our strategic objective to become a single point of contact for enterprises' communications and digital service needs. We are developing the ways we can add value to our customers by addressing more of their needs for digital solutions. This is illustrated in the third quarter through the delivery of Microsoft cloud products and services across Africa, such as dedicated connectivity into Microsoft Online Services via Microsoft ExpressRoute Meet-Me locations. We have secured significant contracts to provide Microsoft Office365 services to corporates across our footprint, in line with our expectations. We also launched the GoCloud initiative in partnership with Microsoft, to accelerate innovation across Africa by using Azure Cloud platforms, and the Liquid Launchpad initiative with Kwesé and the Meltwater Entrepreneurial School of Technology in South Africa, to support the development of African tech start-ups.

Co-location and hosting services revenues grew by 60.0 per cent particularly in South Africa and Kenya, leading to investment in additional floor space in our data centre in Kenya. We are adding 500 square meters to the East Africa Data Centre in Nairobi, resulting in a total 1500 square metres of rack space, with a fourth floor available for further expansion. In South Africa, we are building significantly more space. The extension of the data centres in both Johannesburg and Cape Town for one of the largest global cloud providers continues to progress well with handover of the Johannesburg facility achieved in December 2017. Further additions will deliver a capability of 19,000 metres of rack space and up to 80.5 MegaWatts (MW) of available power across our footprint.

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

In the fourth quarter, our payment solutions services grew 7.1% per cent over a quarter supporting 11.4 million (Q3 2017-18: 10.6 million) retail transactions (payments at a point of sale) worth an aggregate USD570 million (Q3 2017-18: USD522 million), an increase of 9.2 per cent over a quarter. We now have over 25,715 (Q3 2017-18: 24,606) point-of-sale (POS) terminals under management, with several pan-African banking institutions outsourcing their entire POS network to Liquid Telecom.

In Zimbabwe we agreed a number of contracts to provide connectivity to the largest universities, government agencies, entertainment and transportation industries.

In the year, we have continued to expand our fibre footprint. The acquisition of Zanlink in June added scale to our Tanzanian entity in what is a relatively new country of operations for the Group.

Retail

Retail revenue in the twelve months of 2017-18 was USD49.5 million, a 74.9 per cent increase year-on-year (2016-17: USD28.3 million). Revenue in the fourth quarter of 2017-18 was USD12.6 million, a 51.8 per cent increase year-on-year (FY 2016-17: USD8.3 million).

On a proforma basis, retail revenue in the fourth quarter of 2017-18 increased by 7.7 per cent to USD 12.6 million (Q4 2016-17: USD 11.7 million). The performance was driven by increased service take-up of the fibre to the home (FTTH GPON) service in Zambia and Zimbabwe and from our new fixed wireless LTE broadband service in Zambia, offset slightly by a small reduction in customers in South Africa. This is in addition to our continued good performance in Kenya where we have provided services to a large MNO incumbent throughout the year.

During the fourth quarter, we have continued to diversify into value added services to support our fast-growing retail segment, notably content services for consumers and off-the-shelf cloud services for Small Office Home office (SoHo) and Small and Medium Enterprises (SMEs) such as Office 365 and Microsoft Azure cloud services. Our enriched offering improves the quality of our relationship with customers, reduce churn by making our services more relevant to them, help our SoHo and SME customers develop their own business and create a platform for a richer digital life for all our customers.

Following a further review of how best to enter the content delivery business, we decided to partner with Kwese Play on their content streaming business only, a development which has allowed us to unwind the purchase of a 19.98% stake the Group had acquired in Econet Media Limited for USD60 million. We will continue to support customers in streaming Econet Media's content such as Netflix and Kwesé TV across our network in our retail and wholesale segments.

New FTTH customers, in Kenya, Rwanda, Zambia and Zimbabwe, have driven service penetration growth (as a per cent of premises passed), with an average 36.8 per cent of premises passed (Q3 2017-18: 34.3 per cent). Add-on services, such as discounted night-time packages, and competitive pricing have contributed to strong commercial performance in terms of rapid customer acquisition, low churn and stable average revenue per customer. Every month we see customers upgrading from entry-level, capped FTTH packages to our unlimited, premium packages, helping sustain a higher average ARPU over time. FTTH networks were expanded in Lusaka (Zambia) and Kigali (Rwanda) this year.

In Zambia, we are expanding the coverage of our LTE fixed wireless broadband network in several cities to address a larger share of the broadband market, following strong demand for our services. The number of fixed LTE customers continues to increase in Zambia, driven by an aggressive commercial effort and the deployment of additional LTE base stations during the period. In Zimbabwe, we started to roll-out our LTE fixed wireless broadband and launched commercially after the period. We also introduced new broadband data bundles from our FTTH packages.

Gross profit

Gross Profit	For the twelve-month period ended				For the three-month period ended			
	28 February 2018	28 February 2017	28 February 2017	2018 versus 2017	28 February 2018	28 February 2017	28 February 2017	2018 versus 2017
	Audited	Audited	Audited		Audited	Audited	Audited	
		Proforma		Proforma		Proforma		Proforma
	(USDm)	(USDm)	(USDm)	%age	(USDm)	(USDm)	(USDm)	**%age**
Gross Profit	**426.8**	**359.6**	**205.3**	**18.7**	**131.8**	**95.9**	**65.8**	**37.4**
Gross Margin %	*62.7%*	*60.5%*	*59.9%*	*2.2 percentage points*	*67.6%*	*62.3%*	*62.8%*	*5.3 percentage points*

Footnotes

(1) Proforma results for the three-month period ended 28 February 2017 include the results of Neotel and Liquid Group for the period 1 December 2016 to 28 February 2017 assuming the business was one Group and Proforma results for the twelve-month period ending 28 February 2017 include the results of Neotel and Liquid Group for the period 1 March 2016 to 28 February 2017 assuming the business was one Group

In 2017-18, total gross profit was USD426.8 million, 107.9 per cent above 2016-17. For the 3 months ended 28 February 2018, total gross profit was USD131.8 million, 100.3 per cent above the fourth quarter in 2016-17.

On a proforma basis, in the full year, gross profit increased by 18.7 per cent to USD426.8 million and in the fourth quarter was 37.4 per cent higher when compared to the proforma fourth quarter last year. This follows a good performance in South Africa, Kenya, Zimbabwe and Zambia. The gross profit margin in the fourth quarter of the year improved from 62.3 per cent to 67.6 per cent when compared to proforma last year principally driven by the strong growth in high margin wholesale data where we billed USD 24 million of service upgrades to an MNO in Zimbabwe relating to the whole year. This, combined with a good performance from our retail and enterprise segments was partially offset by the decrease in wholesale voice margins.

Liquid Telecom South Africa is working well towards delivering solutions across its network throughout a customers' digital journey. In addition, the wholesale data industry has seen increased competition which has impacted our volumes and prices. However, our diversified business model, our broadening product portfolio and our developing fibre footprint are enabling us to manage the challenge well.

Total overheads and other income

Total Overheads and Other Income	For the twelve month period ended				For the three month period ended			
	28 February 2018	28 February 2017	28 February 2017	2018 versus 2017	28 February 2018	28 February 2017	28 February 2017	2018 versus 2017
	Audited	Audited	Audited		Audited	Audited	Audited	
		Proforma		Proforma		Proforma		Proforma
	(USDm)	(USDm)	(USDm)	%age	(USDm)	(USDm)	(USDm)	%age
Other Income	1.3	2.6	2.2	(50.0)	0.6	1.6	1.6	(62.5)
Selling and distribution costs	(19.3)	(18.5)	(7.7)	4.3	(9.4)	(10.8)	(2.9)	(13.0)
Administrative Costs	(102.7)	(87.7)	(32.0)	17.1	(29.9)	(21.8)	(10.8)	37.2
Staff Costs	(114.9)	(98.2)	(51.5)	17.0	(31.5)	(24.1)	(14.3)	30.7
Total Overheads and Other Income	**(235.6)**	**(201.8)**	**(89.0)**	**16.7**	**(70.2)**	**(55.1)**	**(26.4)**	**27.4**
% to Total Revenue	*34.6%*	*33.9%*	*25.9%*	*+70 basis points*	*36.0%*	*35.8%*	*25.2%*	*+20 basis points*

Footnotes

(1) Proforma results for the three-month period ended 28 February 2017 include the results of Neotel and Liquid Group for the period 1 December 2016 to 28 February 2017 assuming the business was one Group and Proforma results for the twelve-month period ending 28 February 2017 include the results of Neotel and Liquid Group for the period 1 March 2016 to 28 February 2017 assuming the business was one Group

For the full year on a proforma basis, overheads and other income increased by 16.7 per cent to USD 235.6 million. In the fourth quarter overheads and other income increased by 27.4 per cent year-on-year to USD70.2 million. Overheads as a percentage of revenue in the fourth quarter increased to 36.0 per cent from 35.8 per cent in the fourth quarter 20-16-17.

In the full year, on a pro forma basis, selling and distribution costs rose 4.3 per cent to USD19.3 million principally because of increase in marketing costs post the Neotel acquisition, partially offset by lower bad debt costs. For the fourth quarter, selling and distribution costs decreased by 13.0 per cent to USD9.4 million due to higher marketing costs in 2016-17 as we incurred one off rebranding expenses, after acquiring Neotel.

Additionally, in 2017-18, on a proforma basis, administration costs increased by 17.1 per cent to USD102.7 million following the investment in network support as the scale of the Group increased and we expanded our digital services offering. In addition, we migrated computer services away from a previous supplier as part of the integration into Liquid South Africa and we improved the governance structure of the Group. During the fourth quarter, on a proforma basis administration costs increased by 37.2 per cent to 29.9 million principally due to continued upscaling of our IT services in South Africa and our investment in expanding our fibre footprint, as well as some year-end directors fees.

Finally, our staff costs during the year, on a proforma basis, increased by 17.0 per cent to USD114.9 million following the increase in our employee numbers to 2,395 at the year-end (FY 2016-17: 2,131). This is principally due to the acquisition of Zanlink in June 2017 and the continued expansion of our product, sales and engineer teams as we expand the network and increase our product portfolio and the insourcing of the call centre staff in our South African entity. In addition, we increased our sales and systems capabilities in line with the requirements of the Group. During the fourth quarter, staff costs increased by 30.7 per cent to USD 31.5 million, reflecting the growth in staff numbers and higher bonus and commission payments accrued at the year end.

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

Adjusted EBITDA and profit

Adjusted EBITDA	For the twelve month period ended				For the three month period ended			
	28 February 2018	28 February 2017	28 February 2017	2018 versus 2017	28 February 2018	28 February 2017	28 February 2017	2018 versus 2017
	Audited	Audited	Audited		Audited	Audited	Audited	
		Proforma		Proforma		Proforma		Proforma
	(USDm)	(USDm)	(USDm)	%age	(USDm)	(USDm)	(USDm)	%age
Adjusted EBITDA	**191.4**	**157.7**	**116.2**	**21.4**	**61.1**	**40.8**	**39.4**	**49.8**
Adjusted EBITDA margin %	*28.1%*	*26.5%*	*33.9%*	*+160 basis points*	*31.3%*	*26.5%*	*37.6%*	*+483 basis points*
Depreciation, impairment and amortisation	(94.3)	(78.4)	(38.4)	20.3	(31.7)	(19.4)	(10.8)	63.4
Acquisition costs	(2.5)	-	(4.5)	n/a	(1.3)	-	(3.2)	n/a
Interest income	3.4	5.3	1.6	(35.8)	0.3	2.1	0.6	(85.7)
Finance costs	(79.0)	(53.9)	(13.8)	46.6	(17.3)	(18.0)	(7.2)	(3.9)
Share of profit of associate	0.1	0.1	-	-	-	-	-	n/a
Foreign exchange (loss) / gain	(1.3)	5.9	2.0	n/a	(0.6)	0.8	(0.2)	n/a
Profit before tax	17.7	36.7	63.1	(51.8)	10.5	6.2	18.6	69.4
Tax expense	(17.6)	26.0	(9.0)	n/a	(12.6)	29.4	(4.3)	n/a
Profit for the period	**0.1**	**62.7**	**54.1**	n/a	**(2.0)**	**35.6**	**14.3**	n/a

Footnotes

(1) Proforma results for the three-month period ended 28 February 2017 include the results of Neotel and Liquid Group for the period 1 December 2016 to 28 February 2017 assuming the business was one Group and Proforma results for the twelve-month period ending 28 February 2017 include the results of Neotel and Liquid Group for the period 1 March 2016 to 28 February 2017 assuming the business was one Group

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

Adjusted EBITDA in 2017-18, on a proforma basis increased by 21.4 per cent to USD191.4 million. In the fourth quarter adjusted EBITDA increased by 49.8 per cent. The full year increase was driven by the change of product mix in favour of higher margin segments such as wholesale data, enterprise and retail, offset by investment in marketing for the rebranding of Neotel and higher staff and administration costs, partially driven by costs of the migration of computer services. EBITDA grew faster in the fourth quarter of the year (year-on-year) principally because of the revenue growth in the wholesale data.

Depreciation, impairment and amortisation in 2017-18 increased by 20.3 per cent to USD94.3 million on a proforma basis principally driven by amortisation of purchase price adjustments such as customer relationships, brand, and fair value adjustment to the network, buildings and spectrum arising from the acquisition of Neotel and Raha in the prior year and Zanlink in the 2017-18 year.

Finance costs in 2017-18 increased by 46.6 per cent to USD 79.0 million on a proforma basis, predominantly due to the arrangement fees written off (USD 24.6 million) relating to loans refinanced in July and November 2017.

Profit before tax in 2017-18 was USD 17.7 million (FY 2016-17 proforma: USD 36.7 million). For the fourth quarter of 2017-18, the profit before tax was USD 10.5 million (Q4 2016-17 proforma: USD 6.2 million).

Tax expense for the twelve months of 2017-18 was USD 17.6 million.

Profit after tax for the twelve months of 2017-18 was USD 0.1 million (FY 2016-17 proforma: profit of USD 62.7 million) largely due to the prior year proforma benefits from a large tax credit.

Cash generated from operations

Cashflow	For the twelve month period ended		For the three month period ended	
	28 February 2018	28 February 2017	28 February 2018	28 February 2017
	Audited	Audited	Audited	Audited
	(USDm)	(USDm)	(USDm)	(USDm)
Cash generated from operations	**184.0**	**87.7**	**84.8**	**43.1**
Net cash (used in)/ from operating activities	181.0	86.1	84.9	41.8
Net cash used in investing activities	(269.2)	(110.9)	(46.5)	(47.3)
Net cash used in financing activities	82.7	65.1	(20.7)	94.3
Net increase / (decrease) in cash and cash equivalent	**(5.5)**	**40.3**	**17.7**	**88.7**

Cash flow generated from operations in 2017-18 increased by 109.8 per cent to USD184.0 million (FY 2016-17: USD87.7 million). In the fourth quarter of 2017-18, cash flow from operations increased from USD43.1 million to USD84.8 million. During the year, strong growth in EBITDA was offset by a small increase in working capital due to expansion of trade receivables as the business grows.

During the year, cash generated from financing activities was USD82.7 million, principally relating to the issuance of USD730.0 million senior secured notes offset by the refinancing of existing term loans. This additional cashflow was used to provide funding for capital expenditure.

Capital investment and network developments

During the year, we invested USD201.9 million (FY 2016-17: USD80.6 million) of capital expenditure to support the long-term growth across our segments. The increase in capital expenditure was principally due to the acquisition of Neotel and our investment in data centres in South Africa. In the fourth quarter of 2017-18, capital expenditure was USD43.8 million (FY 2016-17 USD15.6 million)

In February 2018 we unwound the USD60 million investment in Econet Media Limited made in the third quarter. This USD60 million is shown within receivables from Econet.

For the wholesale data segment, during the twelve months, we have invested into building further additional backbone fibre spurs and metropolitan fibre networks, in particular in Kenya, Rwanda, South Africa and Zimbabwe. In addition, we broadened the reach of our network where we now serve additional wholesale customers by connecting more mobile base stations, which was also used to serve additional enterprise customers.

We have worked with national authorities in Botswana and after the period obtained nationwide fibre wholesale and retail licences. We are partnering with national authorities to provide fast broadband over satellite to primary schools in Eastern Africa for the next 5 years.

In February 2018, a nation-wide fibre wholesale and retail licence was awarded to Liquid Telecom DRC allowing further investment in long-haul, metro and fibre access infrastructure in the next financial year. This will enable us to activate new long-haul fibre networks, such as a 2500km-long fibre-over-powerline (OPGW) link. In Zimbabwe, we completed an OPGW project to provide further physical network redundancy and reliability across the region, in addition to the dualisation of the Harare-to-Masvingo route.

Also, we invested in active equipment to increase the reliability (e.g. security systems and power generators) and capacity (e.g. new switches and routers) of our network, in particular in Kenya. We took on a new long-term lease (IRU) for additional international capacity on international submarine cables to support our growth.

For the enterprise segment, during the twelve months, we have worked on the rebranding of Neotel to Liquid Telecom South Africa, aligning its business model and proposed solutions for our South African enterprise customers closer to that offered by our other African operations, has been a major success with a strong buy-in from employees and customers alike.

We also invested significantly in our infrastructure in South Africa to use our own local access networks (instead of relying on third parties) to deliver services to enterprises, create a seamless international network from Cape Town to Nairobi and offer a greater customer experience across our operations. We have also made additional investments in core and IT infrastructure in South Africa, which will enable strong growth in connectivity and digital services across our footprint as part of our strategy to diversify into value-add services.

We continued the expansion of our data centres, on the back of a contract with a large Over The Top cloud services provider in South Africa, strong demand in Kenya and interconnecting points of presence and internet exchanges. In February 2018, we opened the South Africa Data Centre in Johannesburg, to support rising demand for cloud-based services in Southern Africa. We are investing in Kenya to build the third phase of the EADC data centre, which will increase the available floor space by $500m^2$.

We delivered more MPLS and Direct Internet Access (DIA) connections to our enterprise customer base, including connectivity between sites, Internet access as well as VoIP and cloud-based services. We are now delivering significant government contracts, some of which were won in the first quarter, in particular in South Africa (such as additional services to the Western Cape Government where we are linking 1,964 sites, to the Eastern Cape Government and National Long Distance backbone routes), from non-governmental organisations (such as United Nations agencies across our footprint) and from financial institutions. This lead to further investment in fibre infrastructure on the back of these contracts.

We are introducing an upgraded system to improve our enterprise voice offering, including unified communications, which is now being rolled out across our operations. In Kenya, we are upgrading the WiMAX network to a new generation WiMAX 16E network to deliver wireless broadband connections to our enterprise customer base that cannot be served economically with fibre yet. Across our operations, we are delivering on our strategy to own the end-to-end fibre network on which we deliver services to enterprises, by investing in dedicated fibre customer connections.

In May 2017, our carrier-independent data centre in Nairobi (branded EADC) received its formal certification as a tier 3 data centre, which we have marketed to our international and regional accounts and thus received significant interest for additional rack space. In November 2017, we announced a new investment, with an arrangement with Telesat, to deliver enhanced satellite services to enterprise customers in Central and Southern Africa, with a seamless integration with our pan-African fibre network.

For the retail segment, during the twelve months, we continued building fibre-to-the-home (FTTH) local access networks, connecting over 1000 new premises per month across our FTTH footprint (which includes Kenya, Rwanda, Zambia and Zimbabwe) and rolling out hundreds of kilometres of local fibre access network every month.

We are also extending the coverage of our fixed wireless access networks (mainly using 4G LTE technology) that enable us to deliver broadband Internet access customers commanding a lower priced service and/or outside of FTTH areas. In Zambia, we already cover around 45,000 premises with a total of 42 LTE base stations and are deploying over 160 new base stations to significantly extend this coverage to the largest cities in the country in FY18-19. In Zimbabwe we started rolling out a similar LTE network in several key cities with 50 base stations and the commercial launch was held after the period in Q1 FY18-19.

In South Africa, we maintain an extensive LTE and CDMA network serving around 80,000 active customers, with voice and Internet access services.

Net debt

Net Debt	28 February 2018	28 February 2017
	(USDm)	(USDm)
Total Gross Debt	**761.7**	**608.2**
Less: Unrestricted cash	160.7	141.0
Net debt	**601.0**	**467.1**
EBITDA	**191.4**	**116.2**
Covenants		
Gross debt / EBITDA (x)	3.98	5.23
Net Debt / EBITDA (x)	3.14	4.02

Net debt, as at 28 February 2018, stood at USD601.0 million compared to USD467.1 million as at 28 February 2017, following the issuance and tap of our senior secured note totalling USD730.0 million. Our drawings were used to refinance existing debt and invest in, as mentioned previously, increased working capital and the investment in new infrastructure and products to further support the expansion of our network and product offering.

For further information on the constitution of our gross debt please refer to note [12].

The long-term policy of the group is to have a net debt to EBITDA ratio of between two and three times. We are well positioned to achieve that target as we expand our fibre footprint and grow our EBITDA.

Shareholder changes

On 6 December, we completed the agreement with our empowerment partner in South Africa, Royal Bafokeng Holdings, to exchange their shareholding in our South African operations plus a cash adjustment for an equivalent 10.34 per cent ownership in our holding company. Their voting rights will remain in our South African operation. As part of this exchange, and in addition to the Liquid Telecom South Africa shares, the company received a cash component of USD 22.2 million. This is an exciting move which gives investors 100 per cent access to the future growth and cash flows in our South African operation, the largest business in Liquid, and introduces a strong shareholder of outstanding repute at the holding company level.

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

28 June 2018

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 12 months period ended 28 February 2018

	Notes	12 months period ended 28/02/2018 USD'000 (Audited)	12 months period ended 28/02/2017 USD'000 (Audited)	3 months period ended 28/02/2018 USD'000 (Unaudited)	3 months period ended 28/02/2017 USD'000 (Unaudited)
Revenue	3	680,948	342,992	194,938	104,783
Interconnect related costs		(121,141)	(89,516)	(29,257)	(24,189)
Data and network related costs		(176,413)	(54,672)	(45,819)	(17,301)
Other income		1,343	1,861	552	1,290
Dividend received		-	308	-	308
Selling, distribution and marketing costs		(19,258)	(7,721)	(9,359)	(2,916)
Administrative expenses		(59,227)	(25,584)	(18,455)	(8,282)
Staff costs		(114,863)	(51,472)	(31,520)	(14,284)
Adjusted EBITDA	3	191,389	116,196	61,080	39,409
Depreciation, impairment and amortisation		(94,347)	(38,417)	(31,711)	(10,848)
Acquisition and other investment costs		(2,494)	(4,477)	(1,329)	(3,236)
Operating profit		94,548	73,302	28,040	25,325
Interest income	4	3,383	1,554	310	629
Finance costs	5	(78,961)	(13,785)	(17,273)	(7,203)
Foreign exchange (loss) / gain		(1,314)	2,032	(555)	(161)
Share of profits of associate		76	3	16	3
Profit before taxation		17,732	63,106	10,538	18,593
Tax expense	6	(17,594)	(9,037)	(12,556)	(4,336)
Profit / (loss) for the year		**138**	**54,069**	**(2,018)**	**14,257**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Translation gain on accounting for foreign entities		81,499	11,019	93,509	10,494
Fair value gain on available-for-sale investments		-	1,681	-	-
Other comprehensive gain for the year		81,499	12,700	93,509	10,494
Total comprehensive profit for the period		**81,637**	**66,769**	**91,491**	**24,751**
Profit / (loss) attributable to:					
Owners of the company		(12,895)	45,688	(8,723)	11,064
Non-controlling interest		13,033	8,381	6,705	3,193
		138	**54,069**	**(2,018)**	**14,257**
Total comprehensive profit attributable to:					
Owners of the company		72,275	55,086	84,197	18,170
Non-controlling interest		9,362	11,683	7,294	6,581
		81,637	**66,769**	**91,491**	**24,751**
(Loss) / earnings per share					
Basic and diluted (Cents per share)		(12.56)	45.69	(8.49)	11.07

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 28 February 2018

	Notes	28/02/2018 USD'000 (Audited)	28/02/2017 USD'000 (Audited)
Non-current assets			
Goodwill	7	160,522	145,833
Intangible assets	8	185,921	174,396
Property, plant and equipment	9	764,866	600,991
Investment in associates		506	378
Investments		12,447	15,785
Deferred tax assets		37,115	31,173
Held to maturity investments		3,206	2,952
Long-term receivables	10	1,153	6,409
Total non-current assets		**1,165,736**	**977,917**
Current assets			
Inventories		31,310	22,134
Trade and other receivables	11	277,278	166,146
Taxation		957	239
Held to maturity investments		-	245
Cash and cash equivalents		160,718	141,048
Restricted cash and cash equivalents		2,937	11,688
Total current assets		**473,200**	**341,500**
Total assets		**1,638,936**	**1,319,417**
Equity and liabilities			
Capital and reserves			
Share capital		3,319	1
Share premium		116,765	2,333
Retained earnings		233,646	283,582
Foreign currency translation reserve		79,831	(5,338)
Total equity attributable to owners of the parent		**433,561**	**280,578**
Non-controlling interests		94,019	147,010
Total equity		**527,580**	**427,588**
Non-current liabilities			
Long-term borrowing	12	731,214	589,402
Long term provisions		922	4,059
Other long term payables		15,880	10,094
Deferred revenue	14	53,702	42,829
Deferred tax liabilities		47,736	35,590
Total non-current liabilities		**849,454**	**681,974**
Current liabilities			
Short-term portion of long-term borrowing	12	15,019	5,210
Trade and other payables	13	201,321	176,294
Short term provisions		8,523	4,273
Deferred revenue	14	27,188	22,027
Taxation		9,851	2,051
Total current liabilities		**261,902**	**209,855**
Total equity and liabilities		**1,638,936**	**1,319,417**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 12 months period ended 28 February 2018

Group

	Share Capital	Share Premium	Investment Revaluation reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2016	1	2,333	(11,319)	(13,055)	294,865	54,564	327,389
Change in ownership	-	-	-	-	(3,530)	68,241	64,711
Profit for the period	-	-	-	-	45,688	8,381	54,069
Foreign exchange gain	-	-	-	7,717	-	3,302	11,019
Fair value gain on available-for sale investments	-	-	1,681	-	-	-	1,681
Acquisition of subsidiaries	-	-	-	-	-	2,528	2,528
Dividend	-	-	-	-	(48,898)	-	(48,898)
Profit on disposal under common control	-	-	-	-	5,095	-	5,095
Reclassifaction upon disposal	-	-	9,638	-	(9,638)	-	-
Equity loan	-	-	-	-	-	9,994	9,994
At 28 February 2017	**1**	**2,333**	**-**	**(5,338)**	**283,582**	**147,010**	**427,588**
At 1 March 2017	1	2,333	-	(5,338)	283,582	147,010	427,588
Issue of share capital	3,318	114,432	-	-	(2,862)	-	114,888
Change in ownership	-	-	-	-	(20,679)	(64,024)	(84,703)
Profit for the period	-	-	-	-	(12,895)	13,033	138
Foreign exchange gain	-	-	-	85,169	-	(3,670)	81,499
Dividend	-	-	-	-	(13,500)	-	(13,500)
Acquisition of subsidiaries	-	-	-	-	-	1,670	1,670
At 28 February 2018	**3,319**	**116,765**	**-**	**79,831**	**233,646**	**94,019**	**527,580**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 12 months period ended 28 February 2018

	Notes	12 months period ended 28/02/2018 USD'000 (Audited)	12 months period ended 28/02/2017 USD'000 (Audited)	3 months period ended 28/02/2018 USD'000 (Unaudited)	3 months period ended 28/02/2017 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit before tax		17,732	63,106	10,538	18,593
Adjustments for:					
Depreciation	9	67,815	31,932	18,599	11,120
Amortisation	8	26,198	5,143	12,903	(1,183)
Impairment of property, plant and equipment		-	136	-	-
Stock written off		205	1,194	201	911
Obsolete stock provision		129	12	8	-
Bad debts provision		5,091	(422)	6,201	(600)
Bad debts recovered		(205)	(1,207)	(27)	(1,206)
Increase / (decrease) in provisions		(2,765)	(53)	(2,713)	(86)
Foreign exchange (gain) / loss		(158)	(1,651)	(1,233)	225
(Profit) / loss on disposal of fixed assets		(275)	19	(66)	27
Interest income	4	(3,383)	(1,554)	(310)	(629)
Finance costs	5	78,961	13,785	17,273	7,203
Share of profits of associates		(76)	(3)	(16)	(3)
		189,269	110,437	61,358	34,372
Working capital changes:					
(Increase) / decrease in inventories		(8,723)	4,685	(5,700)	(3,373)
(Increase) / decrease in trade and other receivables		(41,483)	(42,864)	(2,085)	7,576
Increase in trade and other payables		17,455	3,346	28,972	3,882
Increase / (decrease) in deferred revenue		10,763	7,538	(10,828)	(1,571)
Increase in accruals		19,809	4,921	14,538	2,060
(Decrease) / increase in unfavourable contracts		(3,135)	(373)	(1,474)	129
Cash generated from operations		183,955	87,690	84,781	43,075
Income tax (paid) / received		(2,930)	(1,620)	77	(1,316)
Net cash generated from operating activities		181,025	86,070	84,858	41,759
Cash flows from investing activities:					
Interest income	4	3,128	1,554	55	629
Acquisition of other investments		(63,162)	(781)	(2,450)	(102)
Disposal of investments in subsidiary		-	(3)	-	-
Acquisition of subsidiary companies		(17,589)	(27,674)	83	(27,674)
Purchase of property, plant and equipment	9	(190,662)	(71,880)	(45,136)	(15,178)
Proceeds on disposal of property, plant and equipment		2,359	1,730	(271)	1,647
Purchase of intangible assets	8	(11,250)	(8,715)	1,385	(468)
Proceeds on disposal of intangible assets		2,693	30	(498)	30
Proceeds from held to maturity investments		245	156	180	303
Decrease / (increase) in long term receivables		5,000	(5,278)	166	(6,525)
Net cash used in investing activities		(269,238)	(110,861)	(46,486)	(47,338)
Cash flows from financing activities:					
Dividend paid		(13,500)	(26,800)	(13,500)	(23,500)
Finance costs		(55,887)	(13,785)	(32,666)	(7,203)
Issue of subsidiary share capital & equity loans to minorities		68	75,566	-	75,566
Issue of share capital		22,222	-	22,222	-
Increase in external long-term loan borrowings		129,822	30,132	3,258	49,460
Net cash generated from / (used in) financing activities		82,725	65,113	(20,686)	94,323
Net increase in cash and cash equivalents		(5,488)	40,322	17,686	88,744
Cash and cash equivalents at beginning of the period		152,736	100,397	135,991	52,595
Translation of cash with respect to foreign subsidiaries		16,407	12,017	9,978	11,397
Cash and cash equivalents at end of the period		**163,655**	**152,736**	**163,655**	**152,736**

1. General information

Liquid Telecommunications Holdings Limited is a private company incorporated in Mauritius on the 26th 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.

2. Accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the twelve months ended 28 February 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

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

Going concern

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

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

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

• On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 15. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on completion of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

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

Based on the assessment made and articulated in the reasons set out above, the directors are of the opinion, that the adoption of the going concern assumption for the preparation of the financial statements as of 28 February 2018 is justified.

Accounting policies

The accounting policies applied by the Group in the preparation of the condensed consolidated financial statements pesented are in accordance with IFRS and are consistent with those applied by the Group in the preparation of the financial statements for the year ended 28 February 2018.

3. Segment information

3.1 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 falls below 10% of total group revenue (Rest of Africa). The group also has support operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

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

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

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

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

The following is an analysis of the Group's revenue and results by reportable segment for the 12 months period ended 28 February 2018.

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

The following is an analysis of the Group's revenue and results by reportable segment for the 12 months period ended 28 February 2017.

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

3. Segment information (continued)

3.1 Segment revenue and results (continued)

The following is an analysis of the Group's revenue and results by reportable segment for the 3 months period ended 28 February 2018.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Wholesale voice traffic	5,468	-	2	35,690	-	(7,102)	34,058
Data and other services							
Wholesale	22,148	36,745	9,661	18,430	-	(10,814)	76,170
Enterprise	51,338	6,856	12,618	1,306	-	-	72,118
Retail	3,276	7,548	1,768	-	-	-	12,592
Inter-segmental revenue	(3,350)	(169)	(727)	(13,670)	-	17,916	-
Group External Revenue	**78,880**	**50,980**	**23,322**	**41,756**	**-**	**-**	**194,938**
Adjusted EBITDA	16,485	32,499	3,967	16,549	(9,292)	872	61,080

The following is an analysis of the Group's revenue and results by reportable segment for the 3 months period ended 28 February 2017.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Central Administration Costs	Eliminations	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Wholesale voice traffic	4,356	-	4	33,775	-	(5,996)	32,139
Data and other services							
Wholesale	9,379	13,699	7,566	22,971	-	(11,241)	42,374
Enterprise	11,254	6,696	8,938	(1,326)	-	-	25,562
Retail	856	6,182	1,295	-	-	-	8,333
Inter-segmental revenue	(3,156)	(246)	(1,025)	(16,435)	-	17,237	(3,625)
Group External Revenue	**22,689**	**26,331**	**16,778**	**38,985**	**-**	**-**	**104,783**
Adjusted EBITDA	6,023	13,787	3,029	21,246	(3,001)	(1,675)	39,409

4. Interest income

	12 months period ended		3 months period ended	
	28/02/2018	28/02/2017	28/02/2018	28/02/2017
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest received - bank / external	2,443	470	422	240
Interest received - inter-group (note 15)	940	1,084	(112)	389
	3,383	**1,554**	**310**	**629**

5. Finance costs

	12 months period ended		3 months period ended	
	28/02/2018	28/02/2017	28/02/2018	28/02/2017
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest on bank overdraft and loans	54,278	9,804	(7,410)	3,305
Finance arrangement fees	24,683	3,898	24,683	3,898
Interest paid - related party (note 15)	-	83	-	-
	78,961	**13,785**	**17,273**	**7,203**

6. Taxation

	12 months period ended		3 months period ended	
	28/02/2018	28/02/2017	28/02/2018	28/02/2017
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Current taxation	8,674	3,682	6,284	2,301
Deferred taxation	7,657	4,244	6,029	1,434
Withholding taxation	1,263	1,111	243	601
Total taxation	**17,594**	**9,037**	**12,556**	**4,336**

7. Goodwill

	28/02/2018	28/02/2017
	USD'000 (Audited)	USD'000 (Audited)
Cost		
Opening balance	145,833	9,558
Acquisition of subsidiaries	635	129,997
Foreign exchange (loss) / gain	14,054	6,278
Closing balance	**160,522**	**145,833**

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

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

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

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

• Growth rates: the group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The average growth rates used ranged from 5% to 10%.
• Discount rates: discount rates ranged from 13.5% to 18.0%. Discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

8. Intangible assets

Group

	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Other Intangible Assets	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:							
At 1 March 2017	23,524	38,041	85,935	56,055	3,154	26,417	233,126
Acquisition of subsidiaries	-	-	-	4,149	-	-	4,149
Purchases during the year	-	2,804	17,671	-	306	-	20,781
Disposals during the year	(1,784)	(496)	-	-	(68)	-	(2,348)
Reclassification (note 14)	-	540	8,047	-	(540)	-	8,047
Transfers from / (to) fixed assets (note 9)	296	(27)	190	-	6	-	465
Foreign exchange differences	2,431	3,879	2,296	8,233	-	4,792	21,631
At 28 February 2018	24,467	44,741	114,139	68,437	2,858	31,209	285,851
Accumulated amortisation:							
At 1 March 2017	4,266	30,381	23,299	50	-	734	58,730
Amortisation	1,413	3,300	7,123	4,409	-	9,953	26,198
Disposals during the year	-	(124)	-	-	-	-	(124)
Transfers to fixed assets (note 9)	-	(4)	-	-	-	-	(4)
Reclassification	-	-	8,047	50	-	(50)	8,047
Foreign exchange differences	931	3,215	1,346	412	-	1,179	7,083
At 28 February 2018	6,610	36,768	39,815	4,921	-	11,816	99,930
Carrying amount:							
At 28 February 2017	19,258	7,660	62,636	56,005	3,154	25,683	174,396
At 28 February 2018	17,857	7,973	74,324	63,516	2,858	19,393	185,921

9. Property, plant and equipment

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:								
At 1 March 2017	56,875	10,227	30,711	77,720	8,362	41,505	804,658	1,030,058
Acquisition of subsidiaries	-	26	68	633	54	-	686	1,467
Additions	13,447	1,130	4,059	8,129	692	72,514	90,691	190,662
Disposals	-	(772)	(569)	(870)	(342)	(659)	(2,072)	(5,284)
Transfers	2,895	18	259	4,788	-	(42,983)	35,023	-
Transfer from / (to) intangible assets (note 8)	303	-	-	(276)	-	(492)	-	(465)
Transfer to inventory	-	-	-	-	-	(9)	-	(9)
Foreign exchange differences	4,962	483	2,944	1,539	1	6,148	58,779	74,856
At 28 February 2018	78,482	11,112	37,472	91,663	8,767	76,024	987,765	1,291,285
Accumulated depreciation								
At 1 March 2017	14,249	7,765	23,382	57,039	5,157	(2,257)	323,732	429,067
Acquisition of subsidiaries	-	14	43	266	34	-	41	398
Depreciation charge for the year	1,844	960	3,796	10,150	1,230	-	49,835	67,815
Disposals	-	(738)	(135)	(280)	(278)	-	(1,769)	(3,200)
Transfers	19	-	6	74	-	-	(99)	-
Transfer from intangible assets (note 8)	-	-	-	4	-	-	-	4
Foreign exchange differences	1,580	384	2,266	1,114	8	-	26,983	32,335
At 28 February 2018	17,692	8,385	29,358	68,367	6,151	(2,257)	398,723	526,419
Carrying amount:								
At 28 February 2017	42,626	2,462	7,329	20,681	3,205	43,762	480,926	600,991
At 28 February 2018	60,790	2,727	8,114	23,296	2,616	78,281	589,042	764,866

10. Long-term receivables

	28/02/2018 USD'000 (Audited)	28/02/2017 USD'000 (Audited)
Long term intercompany receivables (note 15)	-	5,278
Long term receivables	1,153	1,131
	1,153	**6,409**

11. Trade and other receivables

	28/02/2018 USD'000 (Audited)	28/02/2017 USD'000 (Audited)
Trade receivables	114,676	102,745
Allowance for doubtful debts	(27,123)	(20,068)
Affiliated entities (note 15)	48,571	20,806
Short-term inter-company receivables (note 15)	74,420	6,043
Sundry debtors	17,642	24,040
Deposits paid	4,078	3,742
Prepayments	29,941	18,091
Prepayments to related parties (note 15)	15,073	10,747
	277,278	**166,146**

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

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

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

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

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

	Ageing of past due but not impaired	
	28/02/2018 USD'000 (Audited)	28/02/2017 USD'000 (Audited)
Group		
31 - 60 days	18,589	15,168
61 - 90 days	6,343	5,054
91 - 120 days	5,270	6,135
121 + days	23,501	17,341
	53,703	**43,698**

Included in past due but not impaired is USD 17.4 million relating to Econet Group. Refer to note 15 for the total breakdown of Econet Group trade receivables.

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

	28/02/2018 USD'000 (Audited)	28/02/2017 USD'000 (Audited)
Long term borrowings:		
USD 300 million loan facility	-	291,288
Stanbic Bank of Zambia Limited	15,529	15,250
Tata Communications International Pte Limited	-	56,487
USD 730 million 8.5% Senior Secured Notes	714,546	-
USD 10 million Cisco loan facility	1,125	3,144
ZAR 2.95 billion loan facility	-	223,049
Other long term borrowings	14	184
	731,214	**589,402**
Short term portion of long term borrowings:		
USD 300 million loan facility	-	2,263
Stanbic Bank of Zambia Limited	3,847	-
USD 730 million 8.5% Senior Secured Notes	8,273	-
USD 10 million Cisco loan facility	1,927	1,927
ZAR 2.95 billion loan facility	-	75
Other short term borrowings	972	945
	15,019	**5,210**

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

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

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

In July 2017, Liquid Telecommunications Financing Plc issued USD 550.0 million senior secured notes. In November 2017, further USD 180.0 million senior secured notes were issued which form a single series with the original notes with a premium of USD 9.0 million. The senior secured notes bear interest, payable half yearly, at the rate of 8.5% and are payable at maturity in July 2022. As at 28 February 2018, the USD 730.0 million 8.5% senior secured notes due in 2022 issued by Liquid Telecommunications Financing Plc are guaranteed on a senior secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Investments Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications Operations SA (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, and including bank accounts, (ii) assignment over present and future intercompany loans receivables and agreements (iii) assignment over receivables including trade debtors, intellectual property rights and insurances, and (iv) deed of hypothecation over trademarks.

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

12. Short term portion of long term liabilities and long term liabilities (continued)

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

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

13. Trade and other payables

	28/02/2018	28/02/2017
	USD'000	USD'000
	(Audited)	(Audited)
Trade accounts payable	96,120	79,071
Payable balance to affiliated entities (note 15)	4,358	3,813
Accruals	82,104	74,045
Staff payables	3,005	2,610
Transaction taxes due in various jurisdictions	5,275	2,431
Unfavourable contracts	1,156	3,176
Senior secured notes premium	1,930	-
Other short term payables	7,373	10,158
Other payable to related company (note 15)	-	990
	201,321	**176,294**

The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is generally charged at 2% per annum on the outstanding balance. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

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

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

14. Deferred revenue

	28/02/2018	28/02/2017
	USD'000	USD'000
	(Audited)	(Audited)
Long term portion of deferred revenue	53,702	42,829
Short term portion of deferred revenue	27,188	22,027
	80,890	**64,856**

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

15. Related party transactions

In addition to the subsidiary companies disclosed in note 12, the following are related parties to the Liquid Telecommunications Holdings Limited Group: Worldstream (Pty) Limited (incorporated in South Africa), Econet Global Limited. (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Vision Limited (Mauritius), Econet Media Limited (Mauritius), Kwese Play (Pty) Limited (South Africa) and Econet South Africa (Pty) Limited and are referred to as "Econet Global Related Group Companies". They have been disclosed as related parties due to their common control.

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

	12 months period ended		3 months period ended	
	28/02/2018	28/02/2017	28/02/2018	28/02/2017
	USD'000 (Audited)	USD'000 (Audited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Sales of goods and services				
Econet Global Related Group Companies	107,948	74,054	47,360	24,875
Purchase of goods and services				
Econet Global Related Group Companies	29,965	35,134	7,248	8,849
Management fees paid				
Econet Global Related Group Companies	1,500	1,500	375	375
Dividend paid				
Econet Global Limited	13,500	32,859	13,500	17,620
AMRO International Holdings Limited	-	15,049	-	4,890
GW Fibre Limited	-	990	-	990
	13,500	**48,898**	**13,500**	**23,500**
Interest Income				
Econet Global Related Group Companies	940	1,084	(112)	389
Finance costs				
AMRO International Holdings Limited	-	83	-	-
Administration fees paid				
DTOS Limited	258	198	59	46

	28/02/2018	28/02/2017
	USD'000 (Audited)	USD'000 (Audited)
Long term intercompany receivables		
Econet Global Related Group Companies	-	5,278
Short term intercompany receivables		
Econet Global Related Group Companies	74,420	6,043
Receivables balances from affiliated entities and other related parties		
Econet Global Related Group Companies	48,571	20,806
Payable balance to affiliated entities		
Econet Global Related Group Companies	4,358	3,813
Other payable to related company		
GW Fibre Limited	-	990

15. Related party transactions (continued)

	28/02/2018 USD'000 (Audited)	28/02/2017 USD'000 (Audited)
Prepayments		
Econet Global Related Group Companies	15,073	10,747
Proceeds from disposal / transfer of subsidiary		
Econet Global Related Group Companies	-	22,098

16. Capital commitments

	28/02/2018 USD'000 (Audited)	28/02/2017 USD'000 (Audited)
At 28 February 2018 the group was committed to making the following capital commitments:		
Authorised and contracted	43,539	17,217
Authorised by directors but not contracted	84,612	78,218
	128,151	**95,435**

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

17. Post balance sheet events

17.1 Receivables from Econet Group

On 28 February 2018, the group was owed various trade and short term receivables from Econet Group per Note 15. Econet Group has paid USD 22.5 million to the group post year end. A further USD 59.9 million will be paid on completion of a facility agreement between Econet Group and certain financial institutions. Econet Group is currently in the process of fulfilling the conditions to signing the agreement which are administrative in nature and are expected to be fulfilled.

17.2 Acquisition of the remaining shares in CEC Liquid Telecommunications Limited

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
28 February 2018				
Unfavourable contract	-	-	10,539	10,539
Total	**-**	**-**	**10,539**	**10,539**
28 February 2017				
Unfavourable contract	-	-	13,270	13,270
Total	**-**	**-**	**13,270**	**13,270**

19. Non-cash transactions

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

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

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

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

• In 2017 the company disposed of its shares in Liquid Telecommunications Operations SA (Proprietary) Limited (USD 51,821,143) in return for an equivalent investment in Liquid Telecommunications Holdings South Africa (Pty) Limited (previously known as K2016272836 (South Africa) (Pty) Limited).

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

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

20. Change in presentation

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

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

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

	28/02/2018 USD'000 (Audited)	28/02/2017 USD'000 (Audited)
Consolidated Statements of Profit or Loss		
Revenue		
Cost of sales	254,130	137,734
Administrative expenses	43,424	6,454
	297,554	**144,188**
Interconnect related costs	(121,141)	(89,516)
Data and network related costs	(176,413)	(54,672)
	(297,554)	**(144,188)**
Consolidated Statements of Cash Flows		
Cash flows from operating activities:	55,887	13,785
Cash flows from financing activities:	(55,887)	(13,785)
	-	-

20. Change in presentation (continued)

A reconciliation of the Audited Profit or loss and Management profit or loss is included below:

	Audited Statement of profit or loss	Reclassification of network costs	Management statement of profit or loss
	USD'000	USD'000	USD'000
12 months period ended 28 February 2018:			
Revenue	680,948		680,948
Interconnect related costs	(121,141)		(121,141)
Data and network related costs	(176,413)	43,424	(132,989)
Gross Profit			426,818
Other income	1,343		1,343
Dividend received	-		-
Selling, distribution and marketing costs	(19,258)		(19,258)
Administrative expenses	(59,227)	(43,424)	(102,651)
Staff costs	(114,863)		(114,863)
Adjusted EBITDA	**191,389**	**-**	**191,389**
12 months period ended 28 February 2017:			
Revenue	342,992		342,992
Interconnect related costs	(89,516)		(89,516)
Data and network related costs	(54,672)	6,454	(48,218)
Gross Profit			205,258
Other income	1,861		1,861
Dividend received	308		308
Selling, distribution and marketing costs	(7,721)		(7,721)
Administrative expenses	(25,584)	(6,454)	(32,038)
Staff costs	(51,472)		(51,472)
Adjusted EBITDA	**116,196**	**-**	**116,196**
3 months period ended 28 February 2018:			
Revenue	194,938		194,938
Interconnect related costs	(29,257)		(29,257)
Data and network related costs	(45,819)	11,923	(33,896)
Gross Profit			131,785
Other income	552		552
Dividend received	-		-
Selling, distribution and marketing costs	(9,359)		(9,359)
Administrative expenses	(18,455)	(11,923)	(30,378)
Staff costs	(31,520)		(31,520)
Adjusted EBITDA	**61,080**	**-**	**61,080**
3 months period ended 28 February 2017:			
Revenue	104,783		104,783
Interconnect related costs	(24,189)		(24,189)
Data and network related costs	(17,301)	2,536	(14,765)
Gross Profit			65,829
Other income	1,290		1,290
Dividend received	308		308
Selling, distribution and marketing costs	(2,916)		(2,916)
Administrative expenses	(8,282)	(2,536)	(10,818)
Staff costs	(14,284)		(14,284)
Adjusted EBITDA	**39,409**	**-**	**39,409**