LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
FINANCIAL RESULTS FOR THE HALF-YEAR ENDED 31 AUGUST 2017

Strong overall operating performance and further development of our digital service offering

26 October 2017

Leading pan-African telecoms Group Liquid Telecom, a subsidiary of Econet Global, today announces its financial results for the half-year ended 31 August 2017.

Financials

	H1 2017-18	H1 2016-17 [1]	Change
	(USDm)	(USDm)	(%)
Revenue	315.1m	156.9m	100.8
EBITDA	82.2m	51.2m	60.3
Operating cash flow	44.3m	30.0m	47.3
Net Debt[3]	613.2m	n/a[2]	n/a

[1] These numbers constitute Liquid Telecom results only.
[2] The net debt as at 31 August 2016/17 is given as n/a because it is not comparable following the refinancing and debt issuance.
[3] Net debt as at 31 August 2017 is defined as gross debt less unrestricted cash and cash equivalent

Highlights

- Revenues up 101 per cent following the Neotel acquisition (now fully rebranded to Liquid Telecom South Africa) and significant growth in the Enterprise (up 309 per cent) and Retail (up 84 per cent) segments
- EBITDA up 60 per cent as we increased our scale and product offering in South Africa and focused on the higher margin business within the enterprise and retail segments. This was partially offset by low but improving Liquid Telecom South Africa margins
- We started to partner with Microsoft to provide cloud services and products such as Microsoft Azure, Microsoft Dynamics 365, Microsoft Office 365, Enterprise Mobility Suite and Windows 10 as well as dedicated connectivity into Microsoft Online Services via Microsoft ExpressRoute
- After the period, we contributed USD25 million of video content rights with an additional USD35 million into Econet Media Ltd, of which we now own almost 20 per cent, giving us full access to EML's content library, including Netflix and over 100 other channels. The revenue share and other arrangements with EML will make a positive EBITDA and operating cash flow contribution from instigation
- Finalised the exchange of Royal Bafokeng Holding's shareholding in Liquid Telecom South Africa for a 10.34 per cent stake in the Liquid holding company giving us a 100% economic interest in Liquid Telecom South Africa while maintaining BEE status in South Africa. As part of this exchange and in addition to the Liquid Telecom South Africa shares, we will receive a cash component of USD22.2 million
- Operating cash flow increased 47 per cent to USD44.3m driven by the growth in EBITDA
- Successful refinancing and debt issuance providing the required financial support for our growth with net debt of USD613.2 million at 31 August 2017.

Chief Executive Officer, Nic Rudnick, commented:
"The Group has performed well in the first half of the year with revenues up 6.7 per cent and EBITDA up 12.5 per cent, on a pro forma basis following strong enterprise and retail performances. I am pleased with how the business is developing to meet the needs of our customers as we expand our digital and cloud services.

During the first-half we have continued to deliver on our strategy with further investment and monetisation of our network. We invested in growing our footprint, expanded the scale of our data centres to host third party cloud servers and broadened our digital services offering, including Netflix. In addition, we have started to partner with Microsoft to become a strategic provider of their cloud services and products and we are focusing on maximising the potential of our current network as well as expanding into new geographies. In combination, this will cement our competitive advantage as we continue to build Africa's digital future. "

There will be an investor call at 14:00BST 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 services and solutions provider across 13 countries in Eastern, central and Southern Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity 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 6,800 square metres of rack space.

This is in addition to leading cloud-based services, such as Microsoft Office365 and Microsoft Azure and innovative digital content provision including Netflix, NBA, TED and Kwesé TV.

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

For more information, visit www.liquidtelecom.com

- Ends -

Chairman's statement

Group performance

The half-year has been one of consistent delivery of our corporate strategy of investing in and extending our network. We are optimising its use through the provision of digital services illustrated by our partnership with Microsoft as one of their Cloud Services Providers (CSP) to Africa. This shows the value of our extensive self-owned network and product portfolio to our customers.

The integration of our South African operations is continuing to transform our business towards becoming a truly Pan-African fibre network and digital services provider. In the long-run our vision is to provide fully managed services to our customers on our network and support them through their digital journey. Commercial and technical synergies are being implemented at a steady pace, aiming to deliver about USD17 million by year-end.

Trading in the first-half ended 31 August 2017 was strong, with the business delivering a 101 per cent increase in revenue to USD315.1 million (H1 2016-17: USD156.9 million). On a proforma basis, taking account of the acquisition of Neotel, we have grown revenue by 6.7 per cent following a very strong performance from our enterprise and retail segments. EBITDA grew by 60.3 per cent to USD82.2 million (H1 2016-17: USD51.2 million), and on a proforma basis by 12.5 per cent, principally because of our focus on the higher margin enterprise and retail segments as we build upon our increased footprint, broadened product portfolio and knowledge base, partially offset by lower but improving Neotel margins.

In the half-year we have continued to expand our fibre footprint. In June, we finalised the acquisition of Zanlink (now part of Raha) expanding our network to the island of Zanzibar and we are increasing our fibre routes in South Africa including National Long Distance (NLD) routes, the North-west route and fibre built for the Western Cape projects. This is in addition to more fibre to the home (FTTH) in Zimbabwe, Zambia, Kenya and Rwanda. In addition, we are continuing to expand our network to provide fast and reliable connectivity to 4G mobile base stations in particular in South Africa and Kenya. In Zambia, we are expanding our own LTE/4G fixed wireless network in several cities to address a larger share of the broadband market.

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 announcement of 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.

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.

We are delighted to be at the forefront of "Building Africa's digital future".

Cash flow from operations before interest payments increased by 47.3 per cent in the first half of 2017-18 to USD44.3m (H1 2016-17: USD30m). During the half-year there has been significant investment in working capital due to the normalisation of Neotel's trade payables and the prepayment of transmission and LTE equipment on account of a contract supporting the continued expansion of our network. This investment in working capital has been offset by a strong performance in sales of IRUs with the movement in deferred revenue in the first-half remaining high at USD14.4 million (Q1 2017-18: USD9.4 million).

After the period we finalised, although did not complete, 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 our South African operation. 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 Telecom and introduces a strong shareholder of outstanding repute at the holding company level. As part of this exchange and, in addition to the Liquid Telecom South Africa shares, the company will receive will receive a cash component of USD 22.2 million.

Our people

Our business has grown significantly over the last year with our staff numbering over 2,200. 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 for the immense effort, positive and proactive thinking that our people have given to the Group. The knowledge, commitment and values with which the company works are ever more important as we broaden our capabilities and our brand grows.

Outlook

Overall, trading in the half has been strong when compared to the pro forma first-half in 2016. As part of our focus on delivery 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 employee base, a diverse geographical footprint, market-driven product portfolio and our robust balance sheet the Group is well positioned to take advantage of emerging opportunities.

Strive Masiyiwa

Group Executive Chairman

OPERATIONAL AND FINANCIAL REVIEW

Liquid Telecom is a leading communications services and solutions provider across 13 countries in Eastern, Central and Southern Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity. 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 rack space of 6,800 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 on 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, monetizing our open-access fibre network.

Enterprise

Our enterprise division works with large-scale corporate and governmental consumers of bandwidth with complex, multi-country connectivity and cloud service requirements to deliver customised solutions, where customers need a specific value-added offering. 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) and fixed wireless access (FWA, using LTE, CDMA EVDO or WiMAX technology) service offerings. 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.

Key performance indicators (KPI)

The following tables set out the Groups' key financial and operating measures by division. The commentary below is written with the key performance indicators and the financial statements in conjunction with the comparator of the second quarter 2016-17 for Liquid Telecom or where relevant the full-year as at 28th February 2017.

The following are drivers for the income statement with the comparator being the first quarter of 2017-18.

	(FY) 2016-17	(Q1) 2017-18	(Q2) 2017-18	Q2 2017-18 vs Q1 2017-18 (%)
Operating measures				
Wholesale voice				
Total wholesale voice minutes (in millions) on our network	482	382	402	5.2
Wholesale data				
Number of kilometers of fibre laid [1]	6072 [2]	964	927	(3.8)
Financial Measures				
Average churn rate	0.74%	0.84%	1.18%	34 basis points
New sales ("sold TCV for new services", USD million) [3]	84.6	67.5	63.1	(6.5)

Footnotes:

[1] Represents the number of kilometers 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] The process for documenting the number of kilometers of fibre laid did not include monthly timing but yearly. We have therefore not provided the number for Q1 and Q2 2016-17. Going forward, the inventory documentation includes monthly timestamps.

[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.

The following are indicators for the operations with the comparator of the first quarter of 2017-18.

	(FY2016-17) at February 28, 2017	(Q1) 2017-18 at May 31, 2017 [4]	(Q2) 2017-18 at August 31, 2017	Q2 2017-18 vs Q1 2017-18 (%)
Operating measures				
Wholesale data				
Amount of IP transit capacity sold (Mbps) [5]	64,562	67,816	71,918	6.0
Enterprise				
Number of enterprise customers [6]	13,391	10,042	10,875	8.3
Retail				
Service penetration of GPON FTTH access networks (% of homes passed)	26.5	30.4	33.1	8.9
Financial Measures				
Service Activation Pipeline ('MRR backlog") (USD 000)	1,579	1,368	1,889	38.1

Footnotes:

[4] Includes Neotel, Raha but not Zanlink.

[5] Amount of IP transit capacity sold to our customers, 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. The number for FY2016-17 excludes Neotel.

[6] The number of enterprise broadband customers has been restated from 13,398 in the Q1 results release to 10,042. It now accounts for the number of customers instead of customer connections excluding our Ugandan and Tanzania entities. The new number is believed to be a better representation for this KPI. The number for February 28, 2017 includes connections in some countries.

Revenue

Trading in the second quarter of 2017-18 was strong, delivering an increase of 112 per cent in revenue to USD162.7 million (Q2 2016-17: USD76.9 million). On a proforma basis, taking account of the acquisition of Neotel, we have grown revenue by 7.4 per cent following a strong performance from the enterprise and retail segments.

Trading in the first six months of 2017-18 was strong, delivering an increase of 101 per cent in revenue to USD315.1 million (H1 2016-17: USD156.9 million). On a proforma basis, taking account of the acquisition of Neotel, we have grown revenue by 6.7 per cent following a strong performance from the enterprise and retail segments.

We secured a total of USD63.1 million in new total contract value (TCV) during the second quarter (Q1 2017-18: USD67.5 million) remaining at a high level, building upon a strong first quarter performance for a total USD130.6 million in TCV for the first half, with several key wins structured with significant non-recurring revenues. Key contracts in the second quarter included providing 1.5Gbps of international connectivity for a Mobile Network Operator (MNO) in a landlocked country, a large co-location and hosting contract for an MNO, Dense Wavelength Division Multiplexing (DWDM) high-capacity transmission services for a governmental entity, the provision of IP Transit for a new MNO customer and several large multi-year contracts for IP Transit and international leased lines.

	For the 6 month period ended			For the 3 month period ended		
	31 August 2017 (Reviewed) US$ thousands	31 August 2016 (proforma)(1) (Unreviewed) US$ thousands	31 August 2016 (Unaudited) US$ thousands	31 August 2017 (Reviewed) US$ thousands	31 August 2016 (proforma)(1) (Unreviewed) US$ thousands	31 August 2016 (Unaudited) US$ thousands
Revenue by segment						
Wholesale voice traffic	**73,952**	**74,831**	**61,787**	**39,456**	**36,497**	**29,900**
Data and Other services	**241,183**	**220,383**	**95,150**	**123,212**	**115,045**	**47,033**
Wholesale	88,958	85,661	50,702	46,849	42,730	23,705
Enterprise	128,071	113,284	31,323	63,884	61,210	16,541
Retail	24,154	21,438	13,125	12,479	11,105	6,787
Total Revenue	**315,135**	**295,214**	**156,937**	**162,683**	**151,542**	**76,933**

Footnotes

(1) Proforma results for the three month period ended 31 August 2016 include the results of Neotel and Liquid Group for the period 1 June 2016 to 31 August 2016 assuming the business was one Group and Proforma results for the first six months period ending 31 August 2016 include the results of Neotel and Liquid Group for the period 1 March 2016 to 31 August 2016 assuming the business was one Group

Wholesale voice

Wholesale voice revenue for the first half of 2017-18 increased by 19.7 per cent to USD74.0 million (H1 2016-17: USD61.8 million). Wholesale voice revenue in the second quarter of 2017-18 increased by 32.0 per cent to USD39.5 million (Q2 2016-17: USD29.9 million).

On a proforma basis, wholesale voice revenue in the second quarter of 2017-18 increased by 8.1 per cent to USD39.5 million (Q2 2016-17: USD36.5 million) with total minutes increasing by 293 per cent to 402.2 million minutes (Q2 2016-17: 102.2 million minutes) with average revenue per minute decreasing by 28 per cent to 21 US cents (Q2 2016-17: 29 US cents). The increase in minutes and the reduction in the average revenue per minute are principally due to management focus on higher margin traffic in South Africa since the acquisition of Neotel, and the increase in volumes to destinations which are less profitable (by about 30 million minutes in the second quarter) such as Eritrea in the first quarter and Ethiopia in the second quarter.

During the second quarter of 2017-18, we signed new contracts with several local MNOs, including in the DRC, as well as framework agreement with multinational MNOs, that gives us the ability to deliver traffic to and from their subsidiaries from other African countries and other destinations. Our extensive cross-fibre network is a key selling proposition because we can reliably deliver traffic on our network to and between African destinations. We also concluded a deal with a global carrier to terminate a large percentage of their African retail traffic using our direct interconnects.

Wholesale data

Wholesale data revenue in the first half of 2017-18 increased by 75.5 per cent to USD88.9 million (H1 2016-17: USD50.7 million). Wholesale data revenue in the second quarter increased by 97.6 per cent to USD46.8 million (Q2 2016-17: USD23.7 million).

On a proforma basis, second quarter wholesale data revenue increased by 9.6 per cent, principally due to the rapid development of our wholesale business in DRC, Rwanda, Kenya and Zambia and the acquisition of Zanlink.

In the half-year we have continued to expand our fibre footprint. In June, we finalised the acquisition of Zanlink, which has now been integrated into our Tanzanian business in Raha, expanding our network to the island of Zanzibar, and we are increasing our fibre routes in South Africa including National Long Distance (NLD) routes, the North-west route and fibre built for the Western Cape projects. This is in addition to more fibre to the home (FTTH) in Zimbabwe, Zambia, Kenya and Rwanda. In addition, we are continuing to expand our network to provide fast and reliable connectivity to 4G mobile base stations in South Africa, Kenya and Tanzania.

During the second quarter, revenues were driven by several significant long-term contracts for IP transit and international leased lines to MNOs in Zambia and Zimbabwe. We contracted with a national MNO in a Central African landlocked country to provide over 1500Mbps of dedicated IP connectivity to our South Africa hub. Long-term contracts secure revenues over several years but have a reduced impact on revenues in the short term. On the back of these contracts, we are able to invest to upgrade our cross-border transmission capabilities, for example the upgrade of the East Africa Ring to 100Mbps wavelength technology and further backbone and metro upgrades in Tanzania.

We continued building strong relationship with international 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 (either as dark fibre or as a managed service). Our wholesale data customer base also includes competitors, with whom we cooperate on an open-access basis and provide them with international capacity to access the Internet.

Enterprise

Enterprise revenue in the first half of 2017-18 grew significantly by 308.9 per cent to USD128.1 million (H1 2016-17: USD31.3 million) driven by the transformational acquisition of Neotel. Revenue in the second quarter of 2017-18 increased by 286.3 per cent to USD63.9 million (Q2 2016-17: USD16.5 million).

On a proforma basis, enterprise revenues increased by 13.1 per cent in the first half. The strong growth in revenue compared to proforma last half-year's revenue was principally due to increased enterprise revenue in South Africa, Zambia and Kenya and strong growth in payment terminals, and the acquisition of Raha in Tanzania. During the second quarter, the number of enterprise customers increased by 8.3 per cent to 10,875 customers (Q1 2017-18: 10,042 customers).

We have made significant progress during the second quarter in broadening our product portfolio and expanding our 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 services. This is illustrated in the second quarter through the announcement of our new partnership with Microsoft to deliver cloud products and services across Africa. 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 Meet-Me locations.

Co-location and hosting services are developing well, leading to investment in additional floor space in our data centres in Kenya and South Africa. The East Africa Data Centre (EADC) is being extended to include a third floor. 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.

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 came from government entities, financial sector corporates, for connectivity, VoIP and data centre co-location services, and other multinational corporate accounts.

In the second quarter, our payment solutions services grew 6.5 per cent over a quarter supporting 9.8 million (Q1 2017-18: 9.2 million) retail transactions (payments at a point of sale) worth an aggregate USD512 million (Q1 2017-18: USD462 million), an increase of 10.8 per cent over a quarter. We now have over 23,470 (Q2 2017-18: 22,000) point-of-sale (POS) terminals under management, with several pan-African banking institutions outsourcing their entire POS network to Liquid Telecom.

We are continuing to grow our enterprise sales team and launch 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 connectivity services to international companies based in Africa's largest economy, South Africa.

Retail

Retail revenue in the first half of 2017-18 was USD24.1 million, an 84 per cent increase year-on-year (H1 2016-17: USD13.1 million). Revenue in the second quarter of 2017-18 was USD12.5 million, an 84.0 per cent increase year-on-year (Q2 2016-17: USD6.7 million).

On a proforma basis, the revenue in the second quarter increased by 12.4 per cent year-on-year. The performance on a proforma basis was driven by increased revenue from the fibre to the home (FTTH) service and from our new fixed LTE broadband service in Zambia, but dampened by a small reduction of CDMA customers in South Africa.

During the second 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. Our combined offering will add value for our customers, improve the breadth of our relationship through new services, reduce churn by making our service more relevant to our customers, help our SoHo and SME customers develop their own business and create a platform for a richer digital life for our customers.

In co-operation with Econet Media Limited we are continuing to meaningfully expand our content offering for our retail and wholesale customers. With Econet's platform management experience and content, and our distribution network and content, we believe this to be an important part of our growth strategy and a strong business model on which to deliver new and exciting content previously unavailable in most of our markets. This includes over 100 channels such as Netflix, Kwesé, Bloomberg, NBA, Tunein, RedBull and TED.

After the period, we contributed USD25m of previously owned video content rights with an additional USD35m into Econet Media Ltd, of which we now own almost 20%, giving us full access to EML content library. The agreement includes a revenue share, based on the volume of Netflix and Kwesé TV subscriptions and set-top boxes sold by EML, over a five-year period. We also secured an exclusive agreement to provide EML its content delivery network across Africa leveraging our fibre footprint and with satellite capacity for its direct-to-home (DTH) service. The revenue share and exclusive agreement have a positive EBITDA and operating cash flow impact from inception. Over the next five years, the revenue share alone will contribute a minimum USD25.2 million in additional EBITDA.

New FTTH customers, in Kenya, Rwanda, Zambia and Zimbabwe, have driven service penetration growth (as a per cent of premises passed) with an average 33.1 per cent of premises passed (Q2 2016-17: 24.6 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. Additional FTTH coverage was delivered in Rwanda during the second quarter and new FTTH networks are being built in Kampala (Uganda) and Dar Es Salaam (Tanzania).

In Zambia, we are expanding our LTE (4G wireless broadband technology) fixed wireless network in several cities to address a larger share of the broadband market, following strong demand in Lusaka and Kitwe 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.

Gross margin

	For the 6 month period ended			For the 3 month period ended		
	31 August 2017	31 August 2016 (proforma)(1)	31 August 2016	31 August 2017	31 August 2016 (proforma)(1)	31 August 2016
	(Reviewed)	(Unreviewed)	(Unaudited)	(Reviewed)	(Unreviewed)	(Unaudited)
	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands
Gross Margin	189,105	176,696	92,991	96,658	89,899	44,730
Gross Margin %	60.0%	59.9%	59.3%	59.4%	59.3%	58.1%

Footnotes

(1) Proforma results for the three months period ending 31 August 2016 include the results of Neotel and Liquid Group for the period 1 June 2016 to 31 August assuming the business was one Group and Proforma results for the first six months period ending 31 August 2016 include the results of Neotel and Liquid Group for the period 1 March 2016 to 31 August assuming the business was one Group

For the first half of 2017-18, total gross profit was USD189.1 million, 103.4 per cent above the first half of 2016-17. For the 3 months ended 31 August 2017, total gross profit was USD96.7 million, 116.1 per cent above the second quarter in 2016-17 and 7.5 per cent higher when compared to the proforma second quarter last year.

The gross profit margin in the second quarter of the year improved by 0.1 per cent, from 59.3 per cent to 59.4 per cent, compared to proforma last year principally driven by the strong growth in high margin retail and enterprise business offset by the decrease in wholesale voice margins. This was due to increased wholesale voice traffic to new lower-margin destinations such as Eritrea and the inclusion of Neotel traffic which resulted in an average gross profit margin for wholesale voice declining from 25.9 per cent in the second quarter of 2016-17 to 23.7 per cent in the second quarter of 2017-18, on a proforma basis.

The gross profit margin of the data and other services in the second quarter of 2017-18 decreased to 70.3 per cent from 78.2 per cent in Q2 2016-17. This is due to the dilution of the higher margins at Liquid Telecom (excluding Neotel) with the lower margins at Neotel. Neotel, now Liquid Telecom South Africa, makes a more extensive use of third-party local access networks to deliver data services than the rest of the Group, hence retaining a lower margin. Having access to additional capital, Liquid Telecom South Africa is working towards delivering services on its network on an end-to-end basis.

On a proforma basis, gross profit margins for data and other services in second quarter have increased slightly from 69.7 per cent in the second quarter of 2016-17 to 70.3 per cent in second quarter of 2017-18.

Total overheads and other income

	For the 6 month period ended			For the 3 month period ended		
	31 August 2017	31 August 2016 (proforma)(1)	31 August 2016	31 August 2017	31 August 2016 (proforma)(1)	31 August 2016
	(Reviewed)	(Unreviewed)	(Unaudited)	(Reviewed)	(Unreviewed)	(Unaudited)
	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands
Other Income	872	657	455	476	294	156
Selling and distribution costs	(5,796)	(9,216)	(2,651)	(2,247)	(4,307)	(1,482)
Administrative Costs	(47,072)	(45,982)	(14,921)	(23,376)	(22,911)	(7,046)
Staff Costs	(54,950)	(49,132)	(24,629)	(28,456)	(25,166)	(12,576)
Total Overheads and Other Income	(106,946)	(103,673)	(41,746)	(53,603)	(52,090)	(20,948)
% to Total Revenue	33.9%	35.1%		32.9%	34.4%	

Footnotes

(1) Proforma results for the three months period ending 3 August 2017 include the results of Neotel and Liquid Group for the period 1 June 2017 to 31 August 2017 assuming the business was one Group and Proforma results for the first six months period ending 31 August 2017 include the results of Neotel and Liquid Group for the period 1 March 2016 to 31 August assuming the business was one Group

Overheads and other income in the first half of 2017-18 as a percentage of revenue decreased slightly to 33.9 per cent year-on-year compared to the proforma figure of 35.1 per cent (H1 2016-17).

Overheads and other income in the three months to 31 August 2017 as a percentage of revenue decreased to 32.9 per cent year-on-year compared to the proforma figure of 34.4 per cent (Q2 2016-17). Other income principally consists of sundry income and profit and loss from the sale of fixed assets.

Selling and distribution costs in the first half of 2017-18 mainly consist of marketing costs and bad debt provision. These costs were USD5.8 million (Q2 2016-17: USD2.7 million). On a proforma basis for the 3 months to 31 August 2017, selling and distribution costs decreased by 47.8 per cent, principally due to a USD5.1 million reduction in provision for bad debt offset by a 83% increase in marketing costs to USD1.7 million as a result of the rebranding of Neotel.

Administrative costs in the first half of 2017-18 consist mainly of network, consultancy, computer and office costs. These costs were USD47 million (Q2 2016-17: USD14.9 million). On a proforma basis for the three months ended 31 August 2017, administrative costs increased by 2 per cent mainly due to increases in network support costs in line with the expansion of our network and computer expenses as costs are incurred to migrate services away from an existing supplier as part of the integration of Neotel into the Liquid Group.

Staff costs in the first half of 2017-18 were USD55.0 million (H1 2016-17: USD24.7 million). Employee numbers at 31 August 2017 have increased to 2,230 (FY 2016-17: 1,052) principally due to the acquisition of Neotel and Raha. On a proforma basis for the second quarter of the year, staff costs increased by 13.1 per cent principally due to the acquisition of Raha and a 10.4 per cent increase in employee numbers across the Group as we expanded the business in line with the increase in revenue.

EBITDA

	For the 6 month period ended			For the 3 month period ended		
	31 August 2017 (Reviewed) US$ thousands	31 August 2016 (proforma)(1) (Unreviewed) US$ thousands	31 August 2016 (Unaudited) US$ thousands	31 August 2017 (Reviewed) US$ thousands	31 August 2016 (proforma)(1) (Unreviewed) US$ thousands	31 August 2016 (Unaudited) US$ thousands
EBITDA	82,159	73,022	51,245	43,056	37,808	23,782
Depreciation, impairment and amortisation	(39,592)	(40,279)	(19,123)	(20,470)	(21,551)	(9,944)
Acquisition costs	(975)	0	(930)	(683)	0	(930)
Interest income	1,715	2,111	611	556	1,338	419
Finance costs	(42,001)	(24,313)	(4,442)	(27,961)	(14,504)	(2,071)
Share of profit of associate	44	(31)	0	28	(11)	0
Foreign exchange (loss) / gain	(1,308)	5,701	3,163	337	3,588	1,986
Tax expense	(3,059)	(2,304)	(3,309)	(1,272)	(1,075)	(1,439)
Profit for the period	(3,017)	13,907	27,215	(6,409)	5,593	11,803

Footnotes

(1) Proforma results for the three months period ending 31 August 2016 include the results of Neotel and Liquid Group for the period 1 June 2016 to 31 August assuming the business was one Group and Proforma results for the first six months period ending 31 August 2016 include the results of Neotel and Liquid Group for the period 1 March 2016 to 31 August assuming the business was one Group

EBITDA for the first half of 2017-18 increased by 60.3 per cent to USD82.2 million (Q2 2016-17: USD51.2 million). On a proforma basis for the second quarter of the year, EBITDA increased by 13.9 per cent year-on-year, driven by the increase in higher margin enterprise and retail revenue, reduction in provision for bad debt offset by investment in marketing for the rebranding of Neotel and higher computer costs due to migration of computer services. EBITDA grew faster in the second quarter of the year (13.9 per cent year-on-year) than during the first quarter of the year (11.0 per cent).

Profit before tax for the first half of 2017-18 was USD42,000 (H1 2016-17: profit of USD30.5 million). For the second quarter of 2017-18, the loss was USD5.1m principally due to increased financing costs, increased depreciation and amortisation due to our investment in network principally in South Africa, and lower foreign exchange income.

Finance costs during the second quarter of 2017-18 increased by 92.8 per cent to USD28.0 million on a proforma basis predominantly due to the write off of arrangement fees relating to loans refinanced in July 2017.

Tax expense for the first half of 2017-18 was USD3.1 million (H1 2016-17: USD3.3 million). In the second quarter of 2017-18, tax expense was USD1.3 million (Q2 2016-17: USD1.4 million) which was principally consist of deferred tax in Zimbabwe and current tax in Mauritius and the UK.

Loss after tax for the first half of 2017-18 was USD3.0 million (H1 2016-17: profit of USD27.2 million). For the second quarter of 2017-18, the loss increased to USD6.4 million.

Cash Flow

	For the 6 month period ended		For the 3 month period ended	
	31 August 2017	31 August 2016	31 August 2017	31 August 2016
	(Reviewed)	(Unreviewed)	(Reviewed)	(Unreviewed)
	US$ thousands	US$ thousands	US$ thousands	US$ thousands
Cash generated from operations	44,280	30,066	26,557	14,766
Net cash from/(used in) operating activities	21,553	26,353	15,881	13,016
Net cash (used in) / generated from investing activities	(147,225)	(48,916)	(92,006)	(21,426)
Net cash generated from financing activities	58,265	(16,150)	59,003	(2,819)
Net increase / (decrease) in cash and cash equivale	(67,407)	(38,713)	(17,122)	(11,229)

Cash flow generated from operations in the first half of 2017-18 increased by 47.3 per cent to USD44.2 million (Q2 2016-17: USD30 million). In the second quarter of 2017-18, cash flow from operations increased by 79.9 per cent. During this period, we made a significant investment in working capital due to the normalisation of Neotel trade payables and the prepayment of transmission and LTE equipment on account of a contract supporting the continued expansion of our network. The investment in working capital was offset by a USD5.1 million increase in deferred revenue resulting from strong sales of IRUs in the last three months.

Cash flow from operating activities in the first half of 2017-18 decreased by 18.2 per cent to USD21.5 million (H1 2016-17: USD26.4 million). This is as a result of finance costs increasing from USD4.4 million to USD20.8 million as a result of the increased level of debt in comparison to the prior year period.

During the second quarter of 2017-18, we invested USD92.0 million (Q2 2016-17: USD21.4 million) into broadening our portfolio and expanding our geographical footprint. This principally consists of capital expenditure of USD65.9 million and USD10 million to acquire video content rights.

During the first-half, we have invested further in building additional metropolitan fibre networks, in particular in Kenya, Rwanda, South Africa and Zimbabwe, to increase the reach to our network, serve additional wholesale customers by connecting more mobile base stations (this was also used to serve additional enterprise customers). We also continued the expansion of our data centres, on the back of a contract with a large Over The Top (OTT) provider in South Africa, strong demand in Kenya and interconnecting points of presence and internet exchanges. We are investing to build the third floor of the EADC data centre, which will increase the floorspace by 500m^2, and this is expected to be operational by the first quarter of 2018-2019. The expansion of the two data centres in Cape Town and Johannesburg is underway and on track to be ready to be delivered before the end of calendar year 2017 to a global cloud service provider.

We are working with national authorities in Botswana and DRC to finalise the process of obtaining nationwide fibre wholesale and retail licences. This will enable us to activate new long-haul fibre networks, such as a 2500km-long fibre-over-powerline (OPGW) link in DRC and a North-South OPGW link in Botswana. We are partnering with national authorities to provide fast broadband to primary schools in Eastern Africa for the next 5 years.

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. To support this change, we invested significantly during the first half 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 back-office 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 delivered more MPLS and Direct Internet Access (DIA) connections to our enterprise customer base, with over 833 additional enterprise customers using our telecommunications services, 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 Q1, in particular in South Africa (such as additional services to the Western Cape Government), from non-governmental organisations (such as United Nations agencies across our footprint) and from financial institutions. This leads to further investment in fibre infrastructure on the back of these contracts. Across our operations we have made selected investment in new routes, passive infrastructure and active equipment, to support revenue growth domestically and internationally.

We continued building fibre-to-the-home networks, connecting over 1000 new premises per week across our FTTH footprint (which includes Kenya, Rwanda, Zambia and Zimbabwe). We are also extending the fixed wireless access networks (using 4G and LTE technology) that enable us to serve customers at a lower price range and outside of FTTH areas. In Zambia, we already cover around 50,000 premises with a total of 48 LTE base stations and are deploying additional base stations to extend this coverage. To support our strategy to bring additional services to our retail customers, we have made a prepaid investment in new content products (including pay-TV, video-on-demand and other media services) to support the expansion of our retail business.

During the first-half of 2017-18, cash generated from financing activities was USD58.3 million principally relating to the issuance of USD550 million senior secured loan and the drawdown of USD112.5 million from our multicurrency term loan offset by the repayment of the Neotel bridge loan of ZAR 2.95 billion, the USD300 million term loan and the Tata term loan of USD57.3 million.

Net debt

	31 August 2017 (Reviewed) US$ thousands	28 February 2017 (Audited) US$ thousands
Total gross debt	690,584	608,177
Less: Unrestricted cash and cash equivalents	(77,414)	(141,048)
Net debt	**613,169**	**467,129**

Net debt at 31 August 2017 stood at USD613.2 million compared to USD467.1 million as at the 31 August 2016 following the issuance of our maiden USD550 million 8.5% senior secured note, drawn down USD25 million on our USD term loan and ZAR1,140 million of ZAR term loan facility. Our new drawings were used to refinance existing debt and invest in, the previously mentioned, increased working capital and the investment in new infrastructure and products to further support the expansion of our retail business.

The long-term strategy of the group is to have a net debt to EBITDA ratio of under 3 times. The investment phase that the Liquid group is in now will mean that the net debt to EBITDA ratio is above the level of 3 but from next financial year onwards, we should begin the process of delivering.

Shareholder changes

After the period we finalised, although did not complete, 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 will receive 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 Masiyawa Group Executive Chairman	Nic Rudnick Chief Executive Officer	Kate Hennessy Chief Finance Officer

29 August 2017

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 6 months period ended 31 August 2017

	Notes	6 months period ended 31/08/2017 USD'000 (Reviewed)	6 months period ended 31/08/2016 USD'000 (Unreviewed)	3 months period ended 31/08/2017 USD'000 (Unaudited)	3 months period ended 31/08/2016 USD'000 (Unaudited)
Revenue	3	315,135	156,937	162,682	76,933
Cost of sales		(126,030)	(63,946)	(66,024)	(32,203)
Gross Profit		189,105	92,991	96,658	44,730
Other Income		872	455	476	156
Dividend received		-	-	-	-
Selling and distribution costs		(5,796)	(2,651)	(2,246)	(1,482)
Administrative expenses		(47,072)	(14,921)	(23,376)	(7,046)
Staff costs		(54,950)	(24,629)	(28,456)	(12,576)
Profit before interest, taxation, impairment and amortisation		82,159	51,245	43,056	23,782
Depreciation, impairment and amortisation		(39,592)	(19,123)	(20,469)	(9,944)
Acquisition costs		(975)	(930)	(683)	(930)
Operating profit		41,592	31,192	21,904	12,908
Interest income	4	1,715	611	556	419
Finance costs	5	(42,001)	(4,442)	(27,961)	(2,071)
Foreign exchange (loss) / gain		(1,308)	3,163	337	1,986
Share of profits of associates		44	-	27	-
Profit / (Loss) before taxation		42	30,524	(5,137)	13,242
Tax expense	6	(3,059)	(3,309)	(1,272)	(1,439)
(Loss) / Profit for the period		**(3,017)**	**27,215**	**(6,409)**	**11,803**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange gain		6,136	437	8,410	(1,129)
Fair value gain on available-for-sale investments		-	1,681	-	-
Other comprehensive income for the period		6,136	2,118	8,410	(1,129)
Total comprehensive profit for the period		**3,119**	**29,333**	**2,001**	**10,674**
(Loss) / Profit attributable to:					
Owners of the company		(5,899)	22,698	(8,951)	9,283
Non-controlling interest		2,882	4,517	2,542	2,520
		(3,017)	**27,215**	**(6,409)**	**11,803**
Total comprehensive profit attributable to:					
Owners of the company		494	24,908	(1,076)	8,303
Non-controlling interest		2,625	4,425	3,077	2,371
		3,119	**29,333**	**2,001**	**10,674**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 August 2017

	Notes	6 months period ended 31/08/2017 USD'000 (Reviewed)	28/02/2017 USD'000 (Audited)
Non-current assets			
Goodwill	7	163,548	151,794
Intangible assets	8	149,404	133,940
Property, plant and equipment	9	678,123	612,522
Investment in associates		422	378
Investments		16,084	15,786
Deferred tax assets		38,636	38,836
Held to maturity investments		3,079	2,952
Long-term receivables	10	31,545	6,409
Total non-current assets		**1,080,841**	**962,617**
Current assets			
Inventories		22,476	22,135
Trade and other receivables	11	184,980	166,148
Taxation		-	-
Held to maturity investments		-	245
Cash and cash equivalents		77,414	141,048
Restricted cash and cash equivalents		12,368	11,687
Total current assets		**297,238**	**341,263**
Total assets		**1,378,079**	**1,303,880**
Equity and liabilities			
Capital and reserves			
Ordinary shares		-	-
Stated capital		1	1
Share premium		2,333	2,333
Equity loans		-	
Investment revaluation reserve		-	
Retained earnings		277,684	283,583
Foreign currency translation reserve		1,055	(5,338)
Total equity attributable to owners of the parent		**281,073**	**280,579**
Non-controlling interests		160,441	147,728
Total equity		**441,514**	**428,307**
Non-current liabilities			
Long-term liability	12	668,996	597,431
Long term provisions		2,302	4,059
Deferred Revenue	14	49,076	42,829
Deferred tax liabilities		35,004	33,709
Total non-current liabilities		**755,378**	**678,028**
Current liabilities			
Short-term portion of long-term liability	12	13,836	8,725
Trade and other payables	13	133,477	163,180
Short term provisions		1,825	1,801
Deferred Revenue	14	30,419	22,027
Taxation		1,630	1,812
Total current liabilities		**181,187**	**197,545**
Total equity and liabilities		**1,378,079**	**1,303,880**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6 months period ended 31 August 2017

	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	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	22,698	4,517	27,215
Restatement of curency	-	-	-	-	-	-	-
Foreign exchange gain / (loss)	-	-	-	529	-	(92)	437
Dividend	-	-	-	-	(25,398)	-	(25,398)
Profit on disposal under common control	-	-	-	-	5,095	-	5,095
Reclassifaction upon disposal	-	-	9,638	-	(9,638)	-	-
Fair value gain on available-for sale investments	-	-	1,681	-	-	-	1,681
At 31 August 2016	**1**	**2,333**	**-**	**(12,526)**	**287,622**	**58,989**	**336,419**
At 1 March 2017	1	2,333	-	(5,338)	283,583	147,728	428,307
Change in ownership	-	-	-	-	-	-	-
(Loss) / profit for the period	-	-	-	-	(5,899)	2,882	(3,017)
Foreign exchange gain / (loss)	-	-	-	6,393	-	(257)	6,136
Dividend	-	-	-	-	-	-	-
Fair value loss on available-for sale investments	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	734	734
Profit on disposal under common control	-	-	-	-	-	-	-
Reclassifaction upon disposal	-	-	-	-	-	-	-
Equity Loan	-	-	-	-	-	-	-
Change in ownership	-	-	-	-	-	9,354	9,354
Restatement of curency	-	-	-	-	-	-	-
At 31 August 2017	**1**	**2,333**	**-**	**1,055**	**277,684**	**160,441**	**441,514**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6 months period ended 31 August 2017

	Notes	6 months period ended 31/08/2017 USD'000 (Reviewed)	6 months period ended 31/08/2016 USD'000 (Unreviewed)	3 months period ended 31/08/2017 USD'000 (Unaudited)	3 months period ended 31/08/2016 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit / (Loss) before tax		42	30,524	(5,137)	13,242
Adjustments for:					
Depreciation	9	32,539	13,657	16,793	6,942
Amortisation	8	6,959	4,231	3,643	2,088
Profit on disposal / transfer of subsidiary		-	-	144	1
Impairment of property, plant and equipment		-	136	-	-
Stock written off		4	1,091	3	913
Obsolete stock provision		89	8	29	4
Bad debts provision		3,397	4	2,656	173
Bad debts recovered		-	(2)	-	164
Bad debts written off		2	-	2	-
Decrease in provisions		(60)	(31)	(3,209)	(16)
Foreign exchange loss / (gain)		203	(1,824)	(141)	(1,432)
Profit on disposal of fixed assets		(157)	(5)	(157)	(5)
Interest income	4	(1,715)	(611)	(556)	(419)
Finance costs	5	42,001	4,442	27,961	2,071
Share of profits of associates		(44)	-	(27)	-
		83,260	51,620	42,004	23,726
Working capital changes:					
Increase in trade and other receivables		(21,576)	(35,942)	(5,397)	(17,735)
(Increase) / decrease in inventories		(290)	6,064	716	3,834
(Decrease) / increase in trade and other payables		(33,436)	5,381	(13,204)	9,308
Increase / (decrease) in deferred revenue		14,447	7,061	5,067	(487)
Increase / (decrease) in accruals		2,419	(3,783)	(2,355)	(3,712)
Decrease in onerous contracts		(544)	(335)	(274)	(168)
Cash generated from operations		44,280	30,066	26,557	14,766
Income tax (paid) / received		(1,898)	729	(1,541)	321
Finance costs		(20,829)	(4,442)	(9,135)	(2,071)
Net cash generated from operating activities		21,553	26,353	15,881	13,016
Cash flows from investing activities:					
Interest income	4	1,715	611	556	419
(Acquisition) / disposal of other investments		(298)	(520)	14,932	(520)
Disposal of investments in subsidiary		-	(3)	-	-
Acquisition of subsidiary companies		(17,672)	-	(17,672)	-
Purchase of property, plant and equipment	9	(98,875)	(39,573)	(65,426)	(21,648)
Proceeds on disposal of property, plant and equipment		695	75	491	5
Purchase of intangible assets	8	(8,450)	(9,388)	(429)	397
Proceeds on disposal of intangible assets		391	(10)	391	(10)
Proceeds / (Purchase) of held to maturity investments		117	(108)	(60)	(55)
Increase in long term receivables		(24,848)	-	(24,789)	(14)
Net cash used in investing activities		(147,225)	(48,916)	(92,006)	(21,426)
Cash flows from financing activities:					
Dividend paid		-	(3,300)	-	-
Issue of subsidiary share capital & equity loans to minorities		68	-	68	-
Change in ownership of a subsidiary		-	-	-	-
Decrease in short-term portion of long-term borrowings		(4,167)	(16,832)	(4,141)	(8,285)
(Decrease) / increase in external long term loan payable		(1,204)	3,982	(492)	5,466
Proceeds from external long term loans payable		643,124	-	643,124	-
Repayments of external long-term loan borrowings		(579,556)	-	(579,556)	-
Net cash generated from / (used in) financing activities		58,265	(16,150)	59,003	(2,819)
Net decrease in cash and cash equivalents		(67,407)	(38,713)	(17,122)	(11,229)
Cash and cash equivalents at beginning of the period		152,735	100,397	101,944	73,562
Translation of cash with respect to foreign subsidiaries		4,454	190	4,960	(459)
Cash and cash equivalents at end of the period		**89,782**	**61,874**	**89,782**	**61,874**

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 29th January 2007. Its registered office is situated at 10th floor, Standard Chartered Tower, 19-21 Bank Street, Cybercity, Ebene, Mauritius.

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 three and six months ended 31 August 2017 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRSs"). The preparation and presentation of the financial statements is in compliance 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.

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 2017.

Going concern

The financial statements for the year ended 28 February issued in June 2017 included a note on going concern relating to a number of factors impacting the use of the going concern assumption. Following the release of the 2017 financial statements, the group has successfully completed a capital raising project which has resulted in a $550 million bond being issued as well as new term loan facilities totalling $150 million being established. Through this, the group was able to repay existing debt including the term loan for the acquisition of Neotel which was due in May 2018. These achievements, along with the integration of new business combinations completed in 2017 and year to date, results for the period excluding once off capital raising costs that were expensed, indicate that there is no material uncertainty in place at 31 August 2017 or the date of release of the condensed financial information. As such, the adoption of the going concern assumption remains appropriate in the preparation of these financial statements.

Review of interim financial information

The interim financial statements for the six months ended 31 August 2017 as set out on pages 1 to 15 have been reviewed in accordance with International Standard on review engagements 2410 by the group's auditors, Deloitte. Their unmodified review report is available for inspection at the company's registered office. The review conclusion does not report on all of the information contained in this announcement. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors engagement they should obtain a copy of the auditors' review report together with the accompanying financial information from the issuer's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's auditors.

3. Revenue

Wholesale Voice Traffic - primarily revenue from international voice interconnects between mobile network operators

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 SMEs and retail customers in Africa.

	6 months period ended		3 months period ended	
	31/08/2017	31/08/2016	31/08/2017	31/08/2016
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Unaudited)	(Unaudited)
Wholesale Voice Traffic	73,952	61,787	39,456	29,900
Data and Other services				
Wholesale	88,958	50,702	46,863	23,705
Enterprise	128,071	31,323	63,884	16,541
Retail	24,154	13,125	12,479	6,787
	315,135	**156,937**	**162,682**	**76,933**

Details for profit, assets and liabilities are not provided as these are not reported to or reviewed by our chief operating

4. Interest income

Dividend received	-	-	-	-
Interest received - bank / external	1,052	190	191	84
Interest received - inter-group (note 15)	663	421	365	335
	1,715	**611**	**556**	**419**

5. Finance costs

Interest on bank overdraft and loans	31,585	4,359	17,545	2,071
Amortisation of finance charges	10,416	-	10,416	-
Interest paid - related party (note 15)	-	83	-	-
Interest paid - inter-group (note 15)	-	-	-	-
Guarantee fees - inter-group (note 15)	-	-	-	-
	42,001	**4,442**	**27,961**	**2,071**

6. Tax

Current taxation	1,147	951	698	390
Deferred taxation	1,335	1,981	240	880
Withholding taxation	577	377	334	169
Total taxation	**3,059**	**3,309**	**1,272**	**1,439**

7. Goodwill

	31/08/2017	28/02/2017
	USD'000	USD'000
	(Reviewed)	(Audited)
Cost		
Opening balance	151,794	9,558
Acquisition of subsidiaries (note 18)	12,445	136,362
Addition	-	-
Foreign exchange differences	(691)	5,874
Closing balance	**163,548**	**151,794**

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. The group tests goodwill annually for impairment and found no such impairment existed for the above financial years. The business unit to which this goodwill relates is profitable and has a positive net asset value. The recoverable amounts are determined from value in use calculations.

8. Intangible assets

	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
At 1 March 2017	16,441	38,040	92,883	39,875	3,155	2,272	192,666
Restatement	-	-	-	-	-	-	-
Acquisition of subsidiaries (Note 18)	-	-	-	5,000	-	-	5,000
Purchases during the year	-	602	16,677	-	274	428	17,981
Disposals during the year	-	(494)	-	-	(19)	-	(513)
Reclassification	-	350	-	-	(350)	-	-
Transfers from fixed assets (note 9)	-	(27)	-	-	-	-	(27)
Foreign exchange differences	(45)	(144)	168	324	-	(482)	(179)
At 31 August 2017	16,396	38,327	109,728	45,199	3,060	2,218	214,928
At 1 March 2017	4,264	30,381	23,298	50	-	733	58,726
Amortisation	672	1,542	3,931	802	-	12	6,959
Disposals during the year	-	(122)	-	-	-	-	(122)
Transfers from fixed assets (Note 9)	-	(4)	-	-	-	-	(4)
Foreign exchange differences	(10)	(105)	76	-	-	4	(35)
At 31 August 2017	4,926	31,692	27,305	852	-	749	65,524
Carrying amount:							
At 28 February 2017	12,177	7,659	69,585	39,825	3,155	1,539	133,940
At 31 August 2017	11,470	6,635	82,423	44,347	3,060	1,469	149,404

9. Property, plant and equipment

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Fibre infrastructure USD'000	Total USD'000
Cost:								
At 1 March 2017	56,875	10,226	30,710	77,720	8,361	41,504	816,188	1,041,584
Acquisition of subsidiaries (Note 18)	-	26	68	633	54	-	378	1,159
Additions	3,090	250	1,798	4,663	322	70,806	17,946	98,875
Disposals	-	(1)	(535)	(5)	(153)	(1)	(306)	(1,001)
Transfers	1,657	13	80	1,225	-	(10,301)	7,326	-
Transfer from / to intangible assets (note 8)	302	-	-	(275)	-	-	-	27
Transfer to inventory	-	-	-	-	-	(9)	-	(9)
Foreign exchange differences	(121)	45	29	262	21	402	(2,251)	(1,613)
At 31 August 2017	61,803	10,559	32,150	84,223	8,605	102,401	839,281	1,139,022
Accumulated depreciation								
At 1 March 2017	14,248	7,764	23,380	57,039	5,156	(2,257)	323,732	429,062
Acquisition of subsidiaries (Note 18)	-	14	43	266	34	-	41	398
Depreciation charge for the period	833	459	1,819	4,818	630	-	23,980	32,539
Disposals	-	-	(109)	(1)	(113)	-	(240)	(463)
Transfers	16	-	-	77	-	-	(93)	-
Transfer to intangible assets (Note 8)	-	-	-	4	-	-	-	4
Foreign exchange differences	(54)	27	25	210	14	-	(863)	(641)
At 31 August 2017	15,043	8,264	25,158	62,413	5,721	(2,257)	346,557	460,899
Carrying amount:								
At 28 February 2017	42,626	2,462	7,330	20,681	3,205	43,762	492,456	612,522
At 31 August 2017	46,760	2,295	6,992	21,810	2,884	104,658	492,724	678,123

	31/08/2017	28/02/2017
	USD'000	USD'000
	(Reviewed)	(Audited)

10. Long-term receivables

Long term receivables	6,545	6,409
Long term prepayments	25,000	-
	31,545	**6,409**

11. Trade and other receivables

Trade receivables	102,061	102,746
Allowance for doubtful debts	(23,424)	(20,068)
Affiliated entities (note 15)	18,335	14,117
Other related parties (note 15)	14,766	6,690
Short-term inter-company receivables (note 15)	5,776	6,043
Other receivables	67,466	56,620
	184,980	**166,148**

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

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

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

The receivable balances from affiliated entities and other related parties are unsecured, interest free and 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	
	31/08/2017	28/02/2017
	USD'000	USD'000
	(Reviewed)	(Audited)
Group		
31 - 60 days	22,106	15,168
61 - 90 days	11,143	5,054
91 - 120 days	9,983	6,135
121 + days	33,241	17,341
	76,473	**43,698**

12. Short term portion of long term liability and long term liability

	31/08/2017 USD'000 (Reviewed)	28/02/2017 USD'000 (Audited)
Long term liabilities:		
Alios Finance	74	89
USD 550 million 8.5% Senior Secured Note due 2022	533,841	-
ZAR Senior Secured Loan	85,928	-
USD Senior Secured Loan	24,139	-
Standard Bank of South Africa Limited Term Loan	-	291,289
Stanbic Bank of Zambia Limited	15,250	15,250
Tata Communications International Pte Limited	-	56,487
CISCO Capital	2,070	3,144
Bank M Tanzania Limited	-	95
Standard Bank of South Africa and Nedbank Limited (bridge facility)	-	223,049
Onerous contracts	7,694	8,028
	668,996	**597,431**
Short term portion of long term liabilities:		
Huawei Technologies Investment Company Limited	922	922
USD 550 million 8.5% Senior Secured Note	6,199	-
ZAR Senior Secured Loan	1,298	-
USD Senior Secured Loan	181	-
Standard Bank of South Africa Limited	-	2,263
CISCO Capital	1,927	1,927
FNB Bank	3	23
Stanbic Bank of Zambia Limited	17	-
Standard Bank of South Africa and Nedbank Limited	-	76
Onerous contracts	3,289	3,514
	13,836	**8,725**

The liability from Huawei Technologies Investment Company Limited is unsecured, denominated in US$, bears interest at the rate of Libor plus 4.5% and is repayable in instalments from August 2011.

A USD550 million senior secured note was issued by Liquid Telecommunications Financing plc; bears interest, payable half yearly, at the rate of 8.5% and is payable at maturity in July 2022.

The ZAR senior secured loan from Citibank N.A. London branch, Standard Bank of South Africa Limited, and Standard Chartered Bank Limited is secured, denominated in South African Rands, bears interest at the rate of JIBAR plus 4.15% and is repayable by 10 January 2022 in thirteen quarterly instalments starting from 10 January 2019. The total contracted loan facility is ZAR1,340,000,000. As at 31 August 2017, ZAR1,140,000,000 was drawn down from the facility.

The USD senior secured loan from Citibank N.A. London branch, Standard Bank of South Africa Limited, and Standard Chartered Bank Limited is secured, denominated in US$, bears interest at the rate of LIBOR plus 4.65% and is repayable by 10 January 2022 in thirteen quarterly instalments starting from 10 January 2019. The total contracted loan facility is US$50,000,000. As at 31 August 2017, USD25,000,000 was drawn down from the facility.

The long term loan from Standard Bank of South Africa Limited to Liquid Telecommunications Holdings Limited is secured, denominated in US$, bears interest at the rate of Libor plus 5.25% and is repayable by December 2022 in twenty quarterly instalments starting from 22 March 2018. The total contracted loan facility is $300,000,000. The amount was repaid in full in July 2017.

The long term liability from Cisco Capital is secured by Liquid Telecommunications Holdings Limited. It is denominated in US$, bears interest at the rate of 3.07% and is repayable by October 2019.

The long term loan from Stanbic Bank Zambia Limited is secured. It is denominated in US$, bears interest at the rate of Libor plus 5.5% and is repayable by February 2021 in sixteen quarterly instalments starting from 15 June 2017. The total contracted loan facility is $15,250,000.

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

The long term loan note from Standard Bank of South Africa and Nedbank Limited 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 last 3 months, payable on a quarterly basis and the capital is repayable in May 2018 in one lump sum. The total contracted loan facility is ZAR 3,300,000,000 and as at 28 February 2017 ZAR 2,950,000,000 has been drawn down (Equivalent US$ 223,123,916). The amount was repaid in full in July 2017.

The long term payable to Tata Communications International Pte Limited is unsecured, bears interest at the rate of 4% and is repayable by February 2020. The amount was repaid in full in July 2017.

	31/08/2017 USD'000 (Reviewed)	28/02/2017 USD'000 (Audited)
13. Trade and other payables:		
Trade accounts payable	53,502	79,071
Payable balance to affiliated entities (note 15)	3,091	3,813
Other short term payables	76,884	80,296
	133,477	**163,180**

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.

	31/08/2017 USD'000 (Reviewed)	28/02/2017 USD'000 (Audited)
14. Deferred revenue		
Long term portion of deferred revenue	49,076	42,829
Short term portion of deferred revenue	30,419	22,027
	79,495	**64,856**

15. Related party transactions

The following companies are related parties to the Liquid Telecommunications Holdings Limited Group: Econet International (Pty) Limited (incorporated in South Africa), Econet Global Ltd. (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Wireless Lesotho Ltd (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. 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. During the period, the group entered into the following trading transactions with related parties:

	6 months period ended		3 months period ended	
	31/08/2017	31/08/2016	31/08/2017	31/08/2016
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Unaudited)	(Unaudited)
Sales of goods and services:				
Econet Global Related Group Companies	30,742	35,397	17,839	15,083
Other Econet Global Related Group Companies	4,251	-	2,103	-
	34,993	**35,397**	**19,942**	**15,083**
Purchase of goods and services:				
Econet Global Related Group Companies	15,395	18,986	6,705	9,802
	15,395	**18,986**	**6,705**	**9,802**
Management fees paid:				
Econet Global Related Group Companies	750	750	375	375
	750	**750**	**375**	**375**
Dividend paid:				
Econet Global Ltd (Mauritius)	-	15,239	-	-
AMRO International Holdings Ltd (Mauritius)	-	10,159	-	-
	-	**25,398**	**-**	**-**

	6 months period ended		3 months period ended	
	31/08/2017	31/08/2016	31/08/2017	31/08/2016
	USD'000	USD'000	USD'000	USD'000
	(Reviewed)	(Unreviewed)	(Unaudited)	(Unaudited)
Interest Income:				
Econet Global Related Group Companies	**663**	**421**	**365**	**335**
Finance costs:				
AMRO International Holdings Ltd (Mauritius)	**-**	**83**	**-**	**-**
Administration fees paid:				
DTOS Ltd (Mauritius)	**111**	**90**	**51**	**49**

15. Related party transactions (continued)

	31/08/2017 USD'000 (Reviewed)	28/02/2017 USD'000 (Audited)
Long term intercompany receivables:		
Econet Global Related Group Companies	**5,393**	**5,278**
Short term intercompany receivables:		
Econet Global Related Group Companies	**5,776**	**6,043**
Receivables balances from affiliated entities and other related parties:		
Econet Global Related Group Companies	18,335	14,117
Other Econet Global Related Group Companies	14,766	6,690
	33,101	**20,807**
Payable balance to affiliated entities:		
Econet Global Related Group Companies	**3,091**	**3,813**
Other payable to related company:		
GW Fibre Limited (Cayman Islands)	**-**	**990**
Prepayments:		
Econet Global Related Group Companies	**45,151**	**10,747**
Proceeds from disposal / transfer of subsidiary		
Econet Global Related Group Companies	**-**	**22,098**

16. Capital commitments

	31/08/2017 USD'000 (Reviewed)	28/02/2017 USD'000 (Audited)
At 31 August 2017 the group was committed to making the following capital commitments:		
Authorised and contracted	48,208	17,217
Authorised by directors but not contracted	46,569	78,218
	94,777	**95,435**

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

17. Segment information

17.1 Segment revenue and results

The Group's 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 functions based outside of Africa which have been aggregated into a separate segment (Rest of the World).

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

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Intercompany Transactions	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	142,584	47,382	42,060	118,183	(35,074)	315,135
Cost of sales	(52,848)	(18,915)	(15,543)	(73,798)	35,074	(126,030
Gross Profit	**89,736**	**28,467**	**26,517**	**44,385**	**-**	**189,105**
Operating costs	(63,335)	(9,076)	(17,812)	(11,607)	577	(101,253
Other Income/(Expenses)	(18,006)	(6,694)	(9,218)	(1,884)	(673)	(36,475
Segmental Profit / (Loss)	**8,395**	**12,697**	**(513)**	**30,894**	**(96)**	**51,377**
Central administration costs						(9,741
Foreign exchange loss						(1,308
Interest income						1,715
Finance costs						(42,001
Profit before tax						**42**

The following is an analysis of the Group's revenue and results by reportable segment for the 6 month period ended 31 August 2016.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Intercompany Transactions	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	14,322	44,841	32,096	100,292	(34,614)	156,937
Cost of sales	(9,486)	(17,801)	(12,889)	(58,384)	34,614	(63,946
Gross Profit	**4,836**	**27,040**	**19,207**	**41,908**	**-**	**92,991**
Operating costs	(2,414)	(10,019)	(13,102)	(11,718)	(27)	(37,280
Other Income/(Expenses)	63	(6,865)	(8,593)	(608)	(376)	(16,379
Segmental Profit / (Loss)	**2,485**	**10,156**	**(2,488)**	**29,582**	**(403)**	**39,332**
Central administration costs						(8,140
Foreign exchange gain						3,163
Interest income						611
Finance costs						(4,442
Profit before tax						**30,524**

17. Segment information (continued)

17.1 Segment revenue and results (continued)

The following is an analysis of the Group's revenue and results by reportable segment for the 3 month period ended 31 Augus
2017.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Intercompany Transactions	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	70,836	26,405	22,008	62,039	(18,606)	162,682
Cost of sales	(26,875)	(9,934)	(8,090)	(39,731)	18,606	(66,024
Gross Profit	**43,961**	**16,471**	**13,918**	**22,308**	**-**	**96,658**
Operating costs	(31,732)	(4,366)	(9,446)	(6,007)	305	(51,246
Other Income/(Expenses)	(8,620)	(3,192)	(4,662)	(2,133)	(379)	(18,986
Segmental Profit / (Loss)	**3,609**	**8,913**	**(190)**	**14,168**	**(74)**	**26,426**
Central administration costs						(4,495
Foreign exchange loss						337
Interest income						556
Finance costs						(27,961
Profit before tax						**(5,137**

The following is an analysis of the Group's revenue and results by reportable segment for the 3 month period ended 31 Augus
2016.

	South Africa	Zimbabwe	Rest of Africa	Rest of the World	Intercompany Transactions	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	6,961	22,227	16,345	48,227	(16,827)	76,933
Cost of sales	(4,809)	(9,052)	(5,355)	(29,814)	16,827	(32,203
Gross Profit	**2,152**	**13,175**	**10,990**	**18,413**	**-**	**44,730**
Operating costs	(1,406)	(4,996)	(6,763)	(5,503)	(108)	(18,776
Other Income/(Expenses)	(42)	(3,559)	(4,777)	(351)	(270)	(8,999
Segmental Profit / (Loss)	**704**	**4,620**	**(550)**	**12,559**	**(378)**	**16,955**
Central administration costs						(4,047
Foreign exchange gain						1,986
Interest income						419
Finance costs						(2,071
Profit before tax						**13,242**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2 o the Group's annual financial statements. Segment profit represents the profit before tax earned by each segment withou allocation of central administration costs, investment income, foreign exchange losses, as well as finance costs.

There are no major customers comprising 10% or more of total group revenue aside from sales made to the Econet Group Details of which can be seen in Related Party disclosures (note 15).

For details on revenue by product, see note 3.

18. Business combinations occuring during the period

Period to 31 August 2017

Acquisition of Zanlink Limited

On 1 June 2017, the group acquired 70% of the share capital of Zanlink Limited, a company incorporated in Zanzibar, for a tota consideration of US$3.1 million. This acquisition complements the existing business of Raha in Tanzania which was acquire in January 2017 for $9.3 million. The purchase accounting for Raha acquisition and Zanlink is provisional and will be finalise by 28 February 2018.

Period to 31 August 2016

No business combinations took place in the period 1 March 2016 to 31 August 2016

19. Post balance sheet events

• The Group has made the following draw downs from its USD 150 million senior secured loan facility since 31 August 2017:
- A draw down of USD 22.0 million in September 2017
- A draw down of ZAR 200 million in October 2017

• In October 2017, Royal Bafokeng Holdings who had a 30% interest in Liquid Telecommunications Holdings South Africa Group have now exchanged their shareholding in South Africa for a 10% shareholding in the group. The value of this exchang resulted in a $22.2 million credit to equity.

• In October 2017, the Group acquired a 19.98% in Econet Media Limited for a consideration of $60 million.

20. 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 fai 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 o liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that ar 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 tha are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
31 August 2017				
Onerous contract	-	-	10,983	10,983
Total	**-**	**-**	**10,983**	**10,983**
28 February 2017				
Onerous contract	-	-	11,542	11,542
Total	**-**	**-**	**11,542**	**11,542**

21. Non-cash transactions

During the six months period ended 31 August 2017, the Group entered into the following non-cash investing activities whicl are not reflected in the condensed consolidated statement of cash flows:

• $8.9m classified as Fibre Optical IRU's and $0.4m classified as Other Intangible Assets relate from a minority shareholder's investment in Liquid Telecommunictions Botswana (Pty) Limited.