LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER 31 MAY 2018

Further progress towards delivering Africa's digital future

25 July 2018

Leading pan-African telecoms Group Liquid Telecom, a subsidiary of Econet Global, today announces its financial results for the quarter-ended 31 May 2018.

Financial highlights

- Strong growth in revenue and EBITDA of 17 and 24 per cent respectively.
- Cash generated from operations increased by 5 per cent to USD 18.5 million on revenues of USD 178 million and an EBITDA of USD 48 million.
- Quarter-end net debt of USD 648 million represents 3.2x the last twelve months EBITDA.

	Q1 2018-19	Q1 2017-18	Reported change
	(USDm)	(USDm)	(%)
Revenue	178.3	152.5	16.9
Adjusted EBITDA [2]	48.0	38.6	24.4
Cash generated from operations	18.5	17.7	4.6
Net Debt [1]	648.2	536.2	20.9

[1] Net debt as at 31 May 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

- Our fibre footprint increased by 2,200 kilometres following our investment in long-haul routes in South Africa and metro networks principally in South Africa, Southern and Eastern Africa and FTTH networks.
- We expanded our product capabilities through further investment in our South African data centres (SADC) primarily in Johannesburg and Cape Town and the expansion of our East Africa Data Centre (EADC) in Nairobi.
- 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 in our Southern and Eastern African regions.
- We expanded our LTE offering in our Southern African region.
- We received our network facility and service licence in Botswana and our operating licence in Zimbabwe was renewed for 15 years.
- We have strengthened our executive management capability through the appointment of Reshaad Sha, CEO South Africa in April and, in June, Group COO, Ahmad Mokhles and in July Stephane Duproz, as our Chief Operating Officer for our Data Centres offering.
- On 13 July 2018 we signed a Memorandum of Understanding with Telecom Egypt enabling the historic achievement of connecting "Cape to Cairo" with a terrestrial fibre route.

Chief Executive Officer, Nic Rudnick, commented:

"We have made good overall progress as a Group as we implement our corporate strategy to monetise the networks we have established 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 quarter, we have delivered further expansion of the 'South Africa data centre' (SADC) business in Johannesburg with the second build, in Cape Town, expected to be delivered in September 2018. In addition, we have been awarded our national operating licence in Botswana and renewed our licence in Zimbabwe. We have continued to expand our fibre footprint, to connect more Mobile Network Operators (MNOs) and government buildings across our network. Additionally, we have broadened our Fibre to the Home (FTTH) and LTE networks. We have also started to install and deliver our unified communications platform in several of our territories.

As part of the long-term 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 across our 'Digital Market Place' - it is Southern 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. The development against this strategy, during the quarter, has been positive. I am confident that both the Group and operational management teams have the knowledge, resources and skills to deliver over the coming quarters."

Group Executive Chairman, Strive Masiyiwa, added:

"On behalf of the Board, on the 13th July, I was delighted to sign an MOU with telecom Egypt and other partners to enable the first Cape to Cairo terrestrial fibre route. This historical achievement is further proof our contribution in advancing the economic development of Africa.

The development of our Board composition and management team has strengthened our governance and capabilities.

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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OPERATIONAL AND FINANCIAL REVIEW

Liquid Telecom is a leading communications solutions provider across 13 countries in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. We have built Africa's largest independent fibre network, spanning over 50,000km, and operate state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, in addition to further data centres in Harare and Kigali, with a combined potential capacity of over 6,000 racks.

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 (ISPs) to package business service offerings, supported by our fibre local access networks and data centre facilities, we provide high-speed broadband, cloud and co-location services, 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 since the full-year 2016-17.

	(FY) 2016-17[4]	(Q1) 2017-18 [4]	(Q2) 2017-18	(Q3) 2017-18	(Q4) 2017-18	FY 2017-18	(Q1) 2018-19
Operating measures							
Wholesale voice							
Total wholesale voice minutes (in millions) on our network [8]	1,430	358	388	382	307	1,435	323
Wholesale data							
Number of kilometres of fibre laid [1]	6,072	1,141	1,044	1,085	957	4,227	2,023
Amount of IP Transit capacity sold (Mbps) [5]	64,562	67,816	71,918	79,701	80,050	80,050	112,600
Enterprise							
Number of enterprise customers [6]	9,380	9,677	10,452	10,859	11,050	11,050	10,889
Retail							
Service penetration of GPON FTTH access networks (% of homes passed) [7]	26.5%	30.4%	33.1%	34.3%	36.8%	36.8%	37.8%
Financial Measures							
Average churn rate [2]	0.74%	0.84%	1.18%	1.87%	2.11%	1.55%	1.58%
New sales ("sold TCV for new services", USD million) [3]	84.6	67.5	63.1	109.4	49.4	289.4	38.8
Service Activation Pipeline ('MRR backlog") (USD 000)	1,579	1,368	1,889	4,479	4,515	4,515	3,844

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). The Q1 and Q2 2017-18 numbers have been adjusted for an additional 177km and 117km respectively delivered in South Africa.

[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 historically. All numbers now account for customers and not connections.

[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.

[8] The 2017-18 voice minute figures have been restated following a change in calculation to make them more comparable and the FY. 2016-17 number is now proforma.

Revenue

Revenue per segment	For the three month period ended		
	31 May 2018	31 May 2017	Q1 2018-19 versus Q1 2017-18
	Unaudited	Unaudited	
	(USDm)	(USDm)	%age
Wholesale voice traffic	**37.1**	**34.5**	**7.6**
Data and Other services	**141.1**	**118.0**	**19.6**
Wholesale	56.1	42.1	33.3
Enterprise	71.3	64.2	11.1
Retail	13.7	11.7	17.1
Total Revenue	**178.3**	**152.5**	**16.9**

In the first quarter, we grew revenue by 16.9 per cent to USD 178.3 million following a strong performance from our data segments notably in wholesale data. In addition, we adopted IFRS 15 from 1 March 2018 which resulted in the Group amortising its non-recurring installation revenue over the life of the contract. This has resulted in an USD 7.1 million prior-year adjustment to our equity and an increase in our deferred revenue brought forward of USD 7.1 million. There is no material impact on the income statement.

In the first quarter, churn has reduced from the fourth quarter levels. During the period we secured a total of USD38.8 million in new total contract value (TCV) versus first quarter 2017-18 of USD 67.5 million. The first quarter included several one-off sales which are irregular in nature. We are making further investment in our sales and customer relationship activity.

Key contracts that are in the service activation pipeline 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; Last mile access for a large telecoms Group; 1.5 GB of IP transit for a cross border customer; direct internet access with a multi-national airline; IP transit services to mobile operators and other Internet Service Providers (ISP's) across our footprint and Microsoft Office365 and Azure subscriptions to corporates.

The service activation pipeline decreased from USD 4.5 million per month to USD 3.8 million (MRR only).

Wholesale voice

Wholesale voice revenue for the first quarter increased by 7.5 per cent to USD 37.1 million (Q1 2017-18: USD 34.5 million) with total minutes decreasing by 9.8 per cent to 323 million minutes (Q1 2017-18: 358 million minutes) with average revenue per minute increasing 20.0 per cent to 11.5 US cents (Q1 2017-18: 9.6 US cents).

The increase in the average revenue per minute is principally due to a change in mix towards higher revenue per minute destinations. Liquid Telecom continues to look for strategic partnerships with retailers and aggregators allowing the group to become closer to the customer and optimise the overall profitability of the destinations in which we terminate.

In April, we signed a new deal with Ethiopia Telecom enabling us to gain volume-based discounts on certain traffic terminating in Ethiopia. In addition, we agreed a deal with a prominent tier 1 Middle Eastern carrier and as a result Liquid Telecom added Yemen to its trading portfolio terminating over 5 million minutes in the first quarter. As part of the agreement we terminated more minutes in South Africa and Nigeria.

Wholesale data

In the first quarter of 2018-19 revenue increased by 33.3 per cent to USD 56.1 million (Q1 2017-18: USD 42.1 million), principally due to a strong performance of IP transit. Good performance in our Southern and Eastern operations was partially offset by South Africa where the first quarter of the previous year included a number of one off sales such as

NLD 7 and 8. Strong growth in the first quarter is driven by IP backhaul service upgrades in our Southern region and additional broadcasting services for Kwese.

Revenues for the quarter were driven by several significant long-term contracts for dark fibre, international leased lines and IP backhaul to MNOs, Kwese (Satellite) and IP transit. As part of this growth, we continued to deliver 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, and connected a significant number of MNO base stations. We are now further progressed into agreeing the terms of a multi-year fibre infrastructure contract to provide wholesale FTTH connections to a mobile operator in Eastern Africa. This is all aligned with our strategy to expand our network to leverage our network which provides fast and reliable connectivity to the busiest 4G mobile base stations across our fibre footprint.

As part of our strategy to partially 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 continued to invest in new long-haul routes and in the upgrade of our domestic and cross-border transmission capabilities. We have strong relationships with international carriers and MNOs with whom we have entered into long-term Master Service Agreements. We provide long-distance, cross-border connectivity services, as well as connectivity to mobile base stations. Our wholesale data customer base also includes competitors, to whom we supply managed services on an open-access basis and provide them with international capacity to access the Internet.

In addition, in June 2018 we were awarded our Botswana network facility and service licence which will provide us with further redundancy to our Southern region and the north. This is in addition to the renewal of our 14 year Zimbabwe licence in the quarter.

Enterprise

In 2018-19 enterprise revenues increased by 11.1 per cent to USD71.3 million (FY 2017-18: USD64.2 million) in the first quarter. The double-digit growth compared to last year's revenue was principally due to increased revenue in our Southern, Eastern and South Africa regions where direct internet access, National MPLS and value-added services primarily contributed to the quarter on quarter increase in addition to a currency benefit. By the end of the first quarter, the number of enterprise customers decreased to 10,889 customers (Q4 2017-18: 11,050 customers) as churn increased in Tanzania.

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 our other locations.

During the first 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 first 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.

Co-location and hosting services revenues grew significantly particularly in South Africa and our Eastern region, leading to investment in additional floor space in our data centre in Kenya. We are adding 160 racks to the East Africa Data Centre in Nairobi, resulting in a total 480 racks, 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 potential capacity of more than 6,000 racks 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. We agreed a number of contracts to provide connectivity to the largest universities, government agencies, entertainment and transportation industries.

In June, we announced the availability of Microsoft Azure Stack, as we continue to build on the cloud services adoption across our platform whilst leveraging our pan-African fibre network and data centre capabilities. Liquid Telecom will be able to directly offer Azure Stack services to businesses operating in our Southern and Eastern regions. The launch marks the first time that the Azure Stack platform will be available locally in these markets, offering businesses greater flexibility, security and cost savings by deploying hybrid cloud architecture and scenarios.

Retail

Retail revenue in the first quarter of 2018-19 was USD 13.7 million, a 17.1 per cent increase year-on-year (2016-17: USD 11.7 million).

The performance was driven by increased service take-up of the fibre to the home (FTTH GPON) service and from our new fixed wireless LTE broadband services, partially offset by a small reduction in CDMA customers.

New FTTH customers, have driven service penetration growth (as a per cent of premises passed), with an average 37.8 per cent of premises passed (Q4 2017-18: 36.8 per cent, Q1 2017-18: 30.4 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.

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, driven by an aggressive commercial effort and the deployment of additional LTE base stations during the period. We also introduced new broadband data bundles from our FTTH packages.

Gross profit

Gross Profit	For the three month period ended		
	31 May 2018	31 May 2017	Q1 2018-19 versus Q1 2017-18
	Unaudited	Unaudited	
	(USDm)	(USDm)	%age
Gross Profit	**101.3**	**81.3**	**24.6**
Gross Margin %	**56.8%**	**53.3%**	**6.5pp**

In 2018-19, total gross profit was USD 101.3 million, 24.6 per cent above the first quarter 2017-18.

The gross profit margin in the first quarter of the year improved from 53.3 per cent to 56.8 per cent when compared to last year principally driven by the strong growth in high margin wholesale data as previously mentioned. This, combined with a good performance from our retail and enterprise segments was partially offset by the decrease in wholesale voice margins as the traffic destination mix changed during the period.

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 three month period ended		
	31 May 2018	31 May 2017	Q1 2018-19 versus Q1 2017-18
	Unaudited	Unaudited	
	(USDm)	(USDm)	%age
Other Income	0.3	0.4	(33.2)
Selling and distribution costs	(3.8)	(4.0)	(4.8)
Administrative Costs	(16.0)	(12.6)	27.4
Staff Costs	(33.7)	(26.5)	27.0
Total Overheads and Other Income	**(53.3)**	**(42.7)**	**24.7**
% to Total Revenue	***29.9%***	***28.0%***	***1.9***

In the first quarter overheads and other income increased by 24.7 per cent year-on-year to USD 53.3 million. Overheads as a percentage of revenue in the first quarter increased to 29.9 per cent from 28.0 per cent in the first quarter 2017-18.

Selling and distribution costs were largely similar to the prior year.

Administration costs increased by 27.0 per cent to USD 16.0 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.

Staff costs in the first quarter increased by 27.0 per cent to USD 33.7 million following the increase in our employee numbers to 2,438 in the first quarter (Q1 2017-18: 2,090). This is principally due to c. 7 per cent translational impact of the Rand versus the US dollar, the acquisition of Zanlink in June 2017 and the continued expansion of our product, sales and engineer teams principally in South Africa as we expand the network and increase our product portfolio and the insourcing of the call centre staff. In addition, we increased our sales and systems capabilities in line with the requirements of the Group.

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 three month period ended		
	31 May 2018	31 May 2017	Q1 2018-19 versus Q1 2017-18
	Unaudited	Unaudited	
	(USDm)	(USDm)	%age
Adjusted EBITDA	**48.0**	**38.6**	**24.4**
Adjusted EBITDA margin %	***26.9%***	***25.3%***	**1.6 pp**
Depreciation, impairment and amortisation	(25.0)	(23.0)	8.9
Acquisition costs	(0.2)	(0.3)	(41.5)
Operating Profit	**22.8**	**15.3**	**49.0**
Interest income	0.6	1.2	(44.4)
Finance costs	(17.6)	(14.0)	25.6
Share of profit of associate	0.0	0.0	n/a
Foreign exchange (loss) / gain	(1.7)	(1.6)	1.5
Profit before tax	**4.1**	**0.8**	**412.5**
Tax expense	(3.6)	(0.9)	278.2
Profit for the period	**0.6**	**(0.1)**	**n/a**

(1) 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 the first quarter of 2018-19 increased by 24.4 per cent to USD 48 million, the 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 more management capability, sales and product specific staff, the support of our network and the migration of computer services.

Depreciation, impairment and amortisation increased by 8.9 per cent to USD 25.0 million in the first quarter 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 increased by 25.6 per cent to USD 17.6 million, predominantly due to the interest accrued on the higher gross debt (loans refinanced in July and November 2017).

Profit before tax in the first quarter of 2018-19 was USD 4.1 million (Q1 2017-18: USD 0.8 million).

Tax expense for the first quarter of 2018-19 was USD 3.6 million following the good performance in Zimbabwe, Mauritius and the UK.

As a result of the above profit after tax for the first quarter of 2018-19 was USD 0.6 million (Q1 2017-18: negative USD 0.1 million).

Cash generated from operations

Cashflow	For the three month period ended		
	31 May 2018	31 May 2017	Q1 2018-19 versus Q1 2017-18
	Unaudited	Unaudited	
	(USDm)	(USDm)	%age
Cash generated from operations	**18.5**	**17.7**	**4.6**
Tax paid	(8.5)	(0.3)	n/a
Net cash (used in)/ from operating activities	**10.0**	**17.4**	**(42.5)**
Net cash used in investing activities	(25.4)	(55.2)	(53.9)
Net cash used in financing activities	(12.9)	(12.4)	3.9
Net increase / (decrease) in cash and cash equivalent	(28.4)	(50.3)	(43.6)

Cash flow generated from operations in the first quarter of 2018-19 increased by 4.6 per cent to USD 18.5 million (Q1 2017-18: USD 17.7 million). During the quarter, strong growth in EBITDA explained previously was offset by an increase in working capital due to expansion of trade receivables as the business grows, coupled with a reduction in trade payables offset by a decrease our inventories as we roll-out our LTE offering.

Tax paid in the first quarter primarily represents the “current tax” charge for the full-year 2017-18 and various excise duties and with-holding taxes.

Net cash from operations reduced 42.5 per cent versus the prior year as a result of timing and scale of tax paid.

Net cash used in investing activities included USD 22 million received from Econet Group as partial payment for the unwinding of the Econet Media Limited stake acquisition.

The Group was owed various trade and short-term receivables by Econet group. Econet Group is currently in the process of fulfilling conditions to draw down a facility to settle USD 59.9 million of these receivables which are administrative in nature and are expected to be fulfilled by the end of August.

Net cash used in financial activities includes the payment of a dividend of USD 13.5 million for the full-year management fee under the strategic management agreement. All other shareholders have waived their right to the dividend.

Capital investment and network developments

In the first quarter, we invested USD 47.9 million (Q1 2017-18: USD 41.5 million) of capital expenditure, to support the long-term growth across our data segments. The increase in capital expenditure was principally due to our investment in expanding our fibre footprint and the broadening of our product portfolio through our LTE and data centre offerings.

In Wholesale data over the first quarter we continued our investment into building further additional backbone fibre spurs and metropolitan fibre networks. 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 were awarded our nationwide fibre wholesale and retail licences in Botswana. We are also partnering with national authorities to provide fast broadband over satellite to primary schools in Eastern Africa for the next 5 years.

In the first quarter we paid for our nation-wide fibre wholesale and retail licence in DRC, which allows for further investment in long-haul, metro and fibre access infrastructure this financial year. The licence enables us to activate new long-haul fibre networks, such as a 2500km-long fibre-over-powerline (OPGW) link owned by utility company SNEL. In Zimbabwe, we completed an OPGW project with utility company ZETDC between Harare and Mutare to provide further physical network redundancy and reliability across the region.

We have instigated the investment phase of our 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. 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. This also serves as a mitigation factor against the cost of relocating fibre routes during the expansion of national highways.

Separately we are continuing to invest 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 and Zimbabwe. We took on a new long-term lease (IRU) for additional international capacity on international submarine cables to support our growth. We have also made additional investments in core network 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.

In the enterprise segment we have continued to work on aligning our South African operations business model with customer demand and proposed solutions for our South African enterprise customers closer to that offered by our other African operations. Although it is taking slightly longer than originally estimated, it continues to be a 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 (that we are extending to Cairo through partnerships), and offering a high-quality customer experience across our operations. In Kenya, we have upgraded the Wimax network from 16D to 16E (with a path to LTE) in Nairobi and Mombasa to better serve our enterprise customers that are not on fibre.

In addition, we delivered more MPLS and Direct Internet Access (DIA) connections to our enterprise customer base, including connectivity between sites, Internet access as well as VoIP and cloud-based services. We are now delivering significant government contracts, some of which were won in the first quarter from non-governmental organisations (such as United Nations agencies across our footprint) and from financial institutions. This lead to further investment in metro and local access fibre infrastructure on the back of these contracts.

We continued the expansion of our data centres in South Africa, on the back of a contract with a global cloud services provider, strong demand in Kenya and interconnecting points of presence and internet exchanges.

For the retail segment, during the quarter, we continued building fibre-to-the-home (FTTH) local access networks with our GPON technology, connecting over 1500 new premises per month across our FTTH footprint.

We are continuing to extend the coverage of our fixed wireless access networks (mainly using 4G LTE technology) that enable us to deliver broadband Internet access to customers outside of our FTTH areas. We have completed the installation and brought on air over 279 new base stations to significantly extend this coverage.

In South Africa, we maintain an extensive LTE and CDMA network serving around 60,000 active customers (based on 30 day), offering voice and Internet access services.

Net debt

Net Debt	31 May 2018	31 May 2017
	(USDm)	(USDm)
Total Gross Debt	**778.6**	**625.8**
Less: Unrestricted cash	130.6	89.7
Net debt	**648.2**	**536.2**
Last twelve months EBITDA	**200.8**	**n/a**
Covenants		
Gross debt / LTM EBITDA (x)	3.9	n/a
Net Debt / LTM EBITDA (x)	3.2	n/a

Net debt, as at 31 May 2018, stood at USD 648.2 million compared to USD 536.2 million as at 31 May 2017, following the issuance and tap of our senior secured note totalling USD730.0 million. Total gross debt increased year on year following the tap to the bond in November 2017 with some small additional debt taken on in countries where we have minority interests such as Zambia. In addition, during the period the evolution in our working capital and the investment in new infrastructure and products to further support the expansion of our network and product offering were contributors towards a slightly higher level.

For further information on the constitution of our gross debt please refer to note 13 of the attached financial statements.

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

Strive Masiyiwa
Group Executive Chairman

Nic Rudnick
Chief Executive Officer

Phil Moses
Chief Finance Officer

25 July 2018

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 3 months ended 31 May 2018

		3 months ended	
	Notes	**31/05/2018**	**31/05/2017**
		USD'000	**USD'000**
		(Unaudited)	**(Unaudited)**
Revenue	3	178,263	152,453
Interconnect related costs		(32,115)	(27,709)
Data and network related costs		(44,897)	(43,460)
Other income		264	396
Selling, distribution and marketing costs		(3,843)	(4,037)
Administrative expenses		(16,033)	(12,581)
Staff costs		(33,656)	(26,494)
Adjusted EBITDA	3	47,983	38,568
Depreciation, impairment and amortisation		(25,016)	(22,964)
Acquisition and other investment costs		(172)	(292)
Operating profit		22,795	15,312
Interest income	4	645	1,159
Finance costs	5	(17,641)	(14,040)
Foreign exchange loss		(1,669)	(1,645)
Share of profits of associate		18	17
Profit before taxation		4,148	803
Tax expense	6	(3,567)	(942)
Profit / (loss) for the period		**581**	**(139)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Translation loss on accounting for foreign entities		(43,638)	(2,274)
Other comprehensive loss for the period		(43,638)	(2,274)
Total comprehensive loss for the period		**(43,057)**	**(2,413)**
Profit / (loss) attributable to:			
Owners of the company		(4,455)	(479)
Non-controlling interest		5,036	340
		581	**(139)**
Total comprehensive loss attributable to:			
Owners of the company		(47,822)	(1,961)
Non-controlling interest		4,765	(452)
		(43,057)	**(2,413)**
Loss per share			
Basic and diluted (Cents per share)		(3.99)	(0.48)

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 May 2018

	Notes	31/05/2018	28/02/2018
		USD'000	USD'000
		(Unaudited)	(Audited)
Non-current assets			
Goodwill	7	150,125	160,522
Intangible assets	8	178,074	185,921
Property, plant and equipment	9	757,127	764,866
Investment in associates		488	506
Investments		12,619	12,447
Deferred tax assets		35,534	37,115
Held to maturity investments		3,247	3,206
Long-term receivables	10	1,153	1,153
Total non-current assets		**1,138,367**	**1,165,736**
Current assets			
Inventories		21,632	31,310
Trade and other receivables	11	269,748	277,278
Taxation		1,096	957
Cash and cash equivalents		130,592	160,718
Restricted cash and cash equivalents		2,771	2,937
Total current assets		**425,839**	**473,200**
Total assets		**1,564,206**	**1,638,936**
Equity and liabilities			
Capital and reserves			
Share capital		3,319	3,319
Share premium		116,765	116,765
Retained earnings		208,806	233,646
Foreign currency translation reserve		36,464	79,831
Total equity attributable to owners of the parent		**365,354**	**433,561**
Non-controlling interests		98,566	94,019
Total equity		**463,920**	**527,580**
Non-current liabilities			
Long-term borrowing	12	733,660	731,214
Long term provisions		922	922
Other long term payables		15,589	15,880
Deferred revenue	14	51,711	53,702
Deferred tax liabilities		47,504	47,736
Total non-current liabilities		**849,386**	**849,454**
Current liabilities			
Short-term portion of long-term borrowing	12	30,526	15,019
Trade and other payables	13	170,114	201,321
Short term provisions		8,348	8,523
Deferred revenue	14	35,850	27,188
Taxation		6,062	9,851
Total current liabilities		**250,900**	**261,902**
Total equity and liabilities		**1,564,206**	**1,638,936**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 3 months ended 31 May 2018

Group

	Notes	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2017		1	2,333	(5,338)	283,582	147,010	427,588
Loss for the period		-	-	-	(479)	340	(139)
Foreign exchange loss		-	-	(1,482)	-	(792)	(2,274)
At 31 May 2017		**1**	**2,333**	**(6,820)**	**283,103**	**146,558**	**425,175**
At 1 March 2018 (as previously reported)		3,319	116,765	79,831	233,646	94,019	527,580
Adjustments	2	-	-	-	(6,885)	(218)	(7,103)
At 1 March 2018		3,319	116,765	79,831	226,761	93,801	520,477
Profit for the period		-	-	-	(4,455)	5,036	581
Foreign exchange loss		-	-	(43,367)	-	(271)	(43,638)
Dividend	18	-	-	-	(13,500)	-	(13,500)
At 31 May 2018		**3,319**	**116,765**	**36,464**	**208,806**	**98,566**	**463,920**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS
for the 3 months ended 31 May 2018

	Notes	3 months ended 31/05/2018 USD'000 (Unaudited)	31/05/2017 USD'000 (Unaudited)
Cash flows from operating activities:			
Profit before tax		4,148	803
Adjustments for:			
Depreciation	9	18,094	15,790
Amortisation	8	6,932	7,113
Stock written off		73	1
Obsolete stock provision		(81)	60
Bad debts provision		(605)	741
Bad debts recovered		(209)	-
Increase in provisions		78	3,149
Foreign exchange loss		1,026	344
Loss / (profit) on disposal of fixed assets		31	(144)
Interest income	4	(645)	(1,159)
Finance costs	5	17,641	14,040
Share of profits of associates		(18)	(17)
		46,465	40,721
Working capital changes:			
Decrease / (increase) in inventories		9,214	(1,006)
Increase in trade and other receivables		(18,942)	(16,179)
Decrease in trade and other payables		(15,666)	(20,232)
Increase in deferred revenue		3,196	9,380
(Decrease) / increase in accruals		(5,435)	4,774
(Decrease) / increase in unfavourable contracts		(292)	265
Cash generated from operations		18,540	17,723
Income tax paid		(8,554)	(357)
Net cash generated from operating activities		9,986	17,366
Cash flows from investing activities:			
Interest income	4	603	1,159
Acquisition of other investments		(171)	(15,230)
Proceeds from sale of investments		22,000	-
Purchase of property, plant and equipment	9	(41,056)	(33,449)
Proceeds on disposal of property, plant and equipment		4	204
Purchase of intangible assets	8	(6,823)	(8,021)
Proceeds from held to maturity investments		-	177
Decrease in long term receivables		-	(59)
Net cash used in investing activities		(25,443)	(55,219)
Cash flows from financing activities:			
Dividend paid		(13,500)	-
Finance costs		(1,110)	(11,694)
Increase in long-term loan borrowings		1,696	(738)
Net cash used in financing activities		(12,914)	(12,432)
Net decrease in cash and cash equivalents		(28,371)	(50,285)
Cash and cash equivalents at beginning of the period		163,655	152,735
Translation of cash with respect to foreign subsidiaries		(1,921)	(506)
Cash and cash equivalents at end of the period		**133,363**	**101,944**

1. General information

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

These consolidated 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 months ended 31 May 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

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

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 25 July 2018 up to and including 25 July 2019. Considering the available cash position as of 31 May 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.

• As at 31 May 2018, the group was owed various trade and short term receivables from Econet group as per note 15. Econet Group is currently in the process of fulfilling conditions to draw down the facility to settle USD 59.9 million of these receivables which are administrative in nature and are expected to be fulfilled.

• The group has access to a USD 73.0 million revolving credit facility that can be used for general corporate purposes. As at 31 May 2018, this facility has remained undrawn and can be drawn at any time as long as the group is in compliance with the agreement.

• As at 31 May 2018, the group has an unrestricted cash position of USD 130.6 million as well as a positive net current asset position further enhancing the going concern assumption.

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 interim financial statements as of 31 May 2018 is justified.

Accounting policies

The accounting policies applied by the group in the preparation of the condensed consolidated financial statements presented are in accordance with IFRS and are consistent with those applied by the group in the preparation of the consolidated financial statements for the year ended 28 February 2018 with the exception of IFRS 15 and IFRS 9 - refer to notes below.

2. Accounting policies (continued)

IFRS 15: Revenue from contracts with customers

IFRS 15 has been adopted as of 1 March 2018. IFRS 15 introduces a 5-step approach to revenue recognition. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

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

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

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

The application of the above 5 steps is as follows:

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

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

The group has applied the modified retrospective approach for the adoption of IFRS 15 as of 1 March 2018. The results reported from 1 March 2018, the date of initial application, will be as if the Standard had always been applied. The Group elected to apply IFRS 15 only to contracts that are not completed contracts at the date of initial application and the comparative periods will not be restated under the new Standard.

An adjustment of USD 7.1 million was processed to the opening balance of retained earnings with an increase in deferred revenue.

IFRS 9: Financial Instruments

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

• The group elected, under IFRS 9, to recognise the full amount of credit losses that would be expected to be incurred over the full recovery period of trade receivables, contract assets recognised under IFRS 15 and finance lease receivables at the date of initial recognition of those assets.

The application of IFRS 9 has not had a significant impact on the financial position and/or financial performance of the group as of 31 May 2018.

2. Accounting policies (continued)

IFRS 16: Leases

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

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

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

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

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

• Liabilities will be recorded for future lease payments in the group’s consolidated statement of financial position for the “reasonably certain” period of the lease, which may include future lease periods for which the group has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported on 31 May 2018.

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

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

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

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

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

Use of estimates and judgements

Cash and cash equivalents located in Zimbabwe

In 2016 the Reserve Bank of Zimbabwe, through Exchange Control Operational Guide 8 (ECOGAD8), introduced prioritisation criteria which are to be followed when making foreign payments. Any foreign payments which are made from bank balances above are ranked based on the Reserve Bank of Zimbabwe prioritisation criteria and paid subject to the banking institution having adequate funds with its Foreign Correspondent Banks. The timing of funds flows is therefore dependent on the approvals the company receives.

3. Segment information

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has 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 small and medium-sized enterprises 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, depreciation 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
- Stock write off / obsolescence costs
- Impairment expense

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 May 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	4,255	-	2	39,342	-	(6,468)	37,131
Data and other services							
Wholesale	18,626	19,647	10,045	22,001	-	(14,121)	56,198
Enterprise	49,459	8,029	12,618	1,142	-	-	71,248
Retail	3,092	8,666	1,928	-	-	-	13,686
Inter-segmental revenue	(3,298)	(222)	(927)	(16,142)	-	20,589	-
Group External Revenue	**72,134**	**36,120**	**23,666**	**46,343**	**-**	**-**	**178,263**
Adjusted EBITDA	10,826	18,653	3,976	23,383	(5,415)	(3,440)	47,983

The following is an analysis of the group's revenue and results by reportable segment for the 3 months ended 31 May 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	5,752	-	5	33,839	-	(5,100)	34,496
Data and other services							
Wholesale	19,860	7,900	8,307	17,251	-	(11,217)	42,101
Enterprise	44,913	7,102	11,033	1,139	-	-	64,187
Retail	3,712	6,703	1,254	-	-	-	11,669
Inter-segmental revenue	(2,242)	(232)	(912)	(12,931)	-	16,317	-
Group External Revenue	**71,995**	**21,473**	**19,687**	**39,298**	**-**	**-**	**152,453**
Adjusted EBITDA	15,469	7,194	4,096	17,197	(4,455)	(933)	38,568

4. Interest income

	3 months ended	
	31/05/2018	31/05/2017
	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest received - bank / external	545	861
Interest received - inter-group (note 15)	100	298
	645	**1,159**

5. Finance costs

	3 months ended	
	31/05/2018	31/05/2017
	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest on bank overdraft and loans	16,756	13,039
Finance arrangement fees	885	1,001
	17,641	**14,040**

6. Taxation

	3 months ended	
	31/05/2018	31/05/2017
	USD'000 (Unaudited)	USD'000 (Unaudited)
Current taxation	4,269	449
Deferred taxation	(1,056)	250
Withholding taxation	354	243
Total taxation	**3,567**	**942**

	3 months ended	
	31/05/2018	31/05/2017
	USD'000 (Unaudited)	USD'000 (Unaudited)
Profit before taxation	4,148	803
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	1,796	924
Tax effect of non-deductible expenses	409	587
Tax effect of non-taxable income	(685)	(590)
Tax effect of foreign tax rate	(2,452)	(1,797)
Effect of tax losses not recognised as deferred tax assets	4,565	1,894
Tax effect of utilised unrecognised tax losses	(420)	(319)
Withholding taxation	354	243
	3,567	**942**

7. Goodwill

	31/05/2018	28/02/2018
	USD'000 (Unaudited)	USD'000 (Audited)
Cost		
Opening balance	160,522	145,833
Acquisition of subsidiaries	-	635
Foreign exchange (loss) / gain	(10,397)	14,054
Closing balance	**150,125**	**160,522**

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.

7. Goodwill (continued)

	31/05/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	2,821	2,821
Liquid Telecommunications Holdings South Africa (Pty) Limited	136,530	146,927
HAI Telecommunications Limited	2,201	2,201
Raha Tanzania Holdings Limited	4,037	4,037
Transaction Payment Solutions Indian Ocean Limited	245	245
	150,125	**160,522**

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 13.0% 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 (Audited)	23,524	38,041	85,935	56,055	3,154	26,417	233,126
Acquisition of subsidiaries	-	-	-	4,149	-	-	4,149
Purchases	-	2,804	17,671	-	306	-	20,781
Disposals	(1,784)	(496)	-	-	(68)	-	(2,348)
Reclassification	-	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 (Audited)	24,467	44,741	114,139	68,437	2,858	31,209	285,851
Purchases	5,573	834	404	-	12	-	6,823
Foreign exchange differences	(1,214)	(2,722)	(2,106)	(5,405)	-	(868)	(12,315)
At 31 May 2018 (Unaudited)	28,826	42,853	112,437	63,032	2,870	30,341	280,359
Accumulated amortisation:							
At 1 March 2017 (Audited)	4,266	30,381	23,299	50	-	734	58,730
Amortisation	1,413	3,300	7,123	4,409	-	9,953	26,198
Disposals	-	(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 (Audited)	6,610	36,768	39,815	4,921	-	11,816	99,930
Amortisation	796	563	1,844	1,175	-	2,554	6,932
Foreign exchange differences	(319)	(2,248)	(892)	(297)	-	(821)	(4,577)
At 31 May 2018 (Unaudited)	7,087	35,083	40,767	5,799	-	13,549	102,285
Carrying amount:							
At 28 February 2018 (Audited)	17,857	7,973	74,324	63,516	2,858	19,393	185,921
At 31 May 2018 (Unaudited)	21,739	7,770	71,670	57,233	2,870	16,792	178,074

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 (Audited)	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 (Audited)	78,482	11,112	37,472	91,663	8,767	76,024	987,765	1,291,285
Additions	256	446	211	549	31	27,516	12,047	41,056
Disposals	-	(327)	-	(11)	(4)	-	(67)	(409)
Transfers	2,082	135	19	1,395	-	(8,745)	5,114	-
Foreign exchange differences	(3,231)	(314)	(2,093)	(2,789)	(64)	(4,470)	(40,279)	(53,240)
At 31 May 2018 (Unaudited)	77,589	11,052	35,609	90,807	8,730	90,325	964,580	1,278,692
Accumulated depreciation								
At 1 March 2017 (Audited)	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	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 (Audited)	17,692	8,385	29,358	68,367	6,151	(2,257)	398,723	526,419
Depreciation	385	259	954	2,583	249	-	13,664	18,094
Disposals	-	(294)	-	(11)	(4)	-	(65)	(374)
Foreign exchange differences	(1,092)	(249)	(1,610)	(860)	(48)	-	(18,715)	(22,574)
At 31 May 2018 (Unaudited)	16,985	8,101	28,702	70,079	6,348	(2,257)	393,607	521,565
Carrying amount:								
At 28 February 2018 (Audited)	60,790	2,727	8,114	23,296	2,616	78,281	589,042	764,866
At 31 May 2018 (Unaudited)	60,604	2,951	6,907	20,728	2,382	92,582	570,973	757,127

10. Long-term receivables

	31/05/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Long term receivables	1,153	1,153
	1,153	**1,153**

11. Trade and other receivables

	31/05/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Trade receivables	113,686	114,676
Allowance for doubtful debts	(25,107)	(27,123)
Affiliated entities (note 15)	67,282	48,571
Short-term inter-company receivables (note 15)	52,144	74,420
Sundry debtors	22,109	17,642
Deposits paid	4,399	4,078
Prepayments	34,186	29,941
Prepayments to related parties (note 15)	1,049	15,073
	269,748	**277,278**

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 period.

The receivable balances from affiliated entities and other related parties are unsecured, interest free and is repayble within three to six months.

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

	Ageing of past due but not impaired	
	31/05/2018 USD'000 (Unaudited)	**28/02/2018 USD'000 (Audited)**
Group		
31 - 60 days	39,982	18,589
61 - 90 days	17,396	6,343
91 - 120 days	8,547	5,270
121 + days	58,972	23,501
	124,897	**53,703**

As at 31 May 2018 included in past due but not impaired is USD 62.6 million (2018: 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

	31/05/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Long term borrowings:		
Stanbic Bank of Zambia Limited	17,566	15,529
USD 730 million 8.5% Senior Secured Notes	715,431	714,546
USD 10 million Cisco loan facility	660	1,125
Other long term borrowings	3	14
	733,660	**731,214**
Short term portion of long term borrowings:		
Stanbic Bank of Zambia Limited	3,848	3,847
USD 730 million 8.5% Senior Secured Notes	23,786	8,273
USD 10 million Cisco loan facility	1,927	1,927
Other short term borrowings	965	972
	30,526	**15,019**

As at 31 May 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 31 May 2018, CEC Liquid Telecommunications Limited has drawn down USD 8.0 million of the facility.

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 31 May 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 31 May 2018, there is amount of USD 2.6 million outstanding.

The group has a USD 73.0 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 31 May 2018, the company has not drawn the facility.

13. Trade and other payables

	31/05/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Trade accounts payable	80,517	96,120
Payable balance to affiliated entities (note 15)	3,402	4,358
Accruals	73,097	82,104
Staff payables	3,510	3,005
Transaction taxes due in various jurisdictions	1,053	5,275
Unfavourable contracts	510	1,156
Senior secured notes premium	1,930	1,930
Other short term payables	6,095	7,373
	170,114	**201,321**

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

	31/05/2018 USD'000 (Unaudited)	28/02/2018 USD'000 (Audited)
Long term portion of deferred revenue	51,711	53,702
Short term portion of deferred revenue	35,850	27,188
	87,561	**80,890**

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

15. Related party transactions and balances

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Worldstream (Pty) Limited (incorporated in South Africa), Econet Global Limited. (Mauritius), Econet Wireless Burundi s.a. (Burundi), Econet Wireless Private Limited (Zimbabwe), Econet Telecom Lesotho (Pty) Limited (Lesotho), Transaction Payment Solutions (Private) Limited (Zimbabwe), Econet Vision Limited (Mauritius), Econet Media Limited (Mauritius), 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 note. During the period, the group entered into the following trading transactions with related parties:

	3 months ended 31/05/2018 USD'000 (Unaudited)	 31/05/2017 USD'000 (Unaudited)
Sales of goods and services		
Econet Global related group companies	30,843	15,056
Purchase of goods and services		
Econet Global related group companies	6,979	8,690
Management fees paid and expensed		
Econet Global related group companies	375	375

15. Related party transactions and balances (continued)

	3 months ended	
	31/05/2018	**31/05/2017**
	USD'000	**USD'000**
	(Unaudited)	**(Unaudited)**
Dividend paid		
Econet Global Limited	13,500	-
Interest income		
Econet Global related group companies	100	298
Administration fees paid		
DTOS Limited	47	60

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

	31/05/2018	**28/02/2018**
	USD'000	**USD'000**
	(Unaudited)	**(Audited)**
Short term intercompany receivables		
Econet Global related group companies	52,144	74,420
Receivables balances from affiliated entities		
Econet Global related group companies	67,282	48,571
Payable balance to affiliated entities		
Econet Global related group companies	3,402	4,358
Prepayments		
Econet Global related group companies	1,049	15,073

16. Capital commitments

	31/05/2018	**28/02/2018**
	USD'000	**USD'000**
	(Unaudited)	**(Audited)**
At 31 May 2018 the group was committed to making the following capital commitments:		
Authorised and contracted	73,283	43,539
Authorised by directors but not contracted	75,480	84,612
	148,763	**128,151**

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

Acquisition of the remaining shares in CEC Liquid Telecommunication Limited

In May 2018, the company entered into an agreement with CopperBelt Energy Corporation PLC to acquire the remaining 50% of CEC Liquid Telecommunication Limited, a Liquid Telecommunications group subsidiary based in Zambia, for a total consideration of USD 35.0 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, which also owns 100% of HAI Telecommunications Limited.

17. Post balance sheet events

17.1 Receivables from Econet Group

As at 31 May 2018, the group was owed various trade and short term receivables from Econet group as per note 15. Econet Group is currently in the process of fulfilling conditions to draw down the facility to settle USD 59.9 million of these receivables which are administrative in nature and are expected to be fulfilled.

18. Dividend

Dividends of USD 13.5 million were declared and paid on 31 May 2018. The dividends for the full year fee were declared in fulfilment of the Econet Strategic Support ("SSA") agreement and allocated to Econet Wireless Group only. All other shareholders have renounced their right to the dividend.

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

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

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

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

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
31 May 2018				
Investments	-	-	12,619	12,619
Unfavourable contract	-	-	10,085	10,085
Total	**-**	**-**	**22,704**	**22,704**
28 February 2018				
Investments	-	-	12,447	12,447
Unfavourable contract	-	-	10,539	10,539
Total	**-**	**-**	**22,986**	**22,986**

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

The group purchased Liquid Telecommunications South Africa (Pty) Limited (previously kwon as Neotel (Pty) Limited) and as part of the IFRS 3 fair value assessment two unfavourable contracts with Tata Communications International Pte Limited and SEACOM were identified. The contracts relate to unfavourable pricing for the supply of IP Transit relative to market pricing and the OA&M relating to an IRU for 19 STM1s. The IRU's OA&M charges' present value exceeds the present value of the OA&M charges of a similar IRU purchased at the acquisition date. Liabilities were raised for the difference between the current market price for IP Transit and the committed contract price and for the excess OA&M charges as at acquisition.

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

20. Non-cash transaction

In the current financial period, the non-cash portion of finance costs consists of USD 0.9 million of amortised arrangement fees relating to the USD 730 million 8.5% Senior Secured Notes. Accrued arrangement fees of USD 15.5 million are netted off against the borrowings as at 31 May 2018.

21. Change in presentation

During the year ended 28 February 2018 the group 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 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 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 activities.

	3 months ended 31/05/2017 USD'000 (Unaudited)
Consolidated Statements of Profit or Loss	
As previously reported:	
Cost of sales	60,541
Administrative expenses	10,628
	71,169
Currently reported:	
Interconnect related costs	(27,709)
Data and network related costs	(43,460)
	(71,169)
Consolidated Statements of Cash Flows	
Cash flows from operating activities:	11,694
Cash flows from financing activities:	(11,694)
	-

21. Change in presentation (continued)

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

	Unaudited Statement of profit or loss	Reclassification of network costs	Management statement of profit or loss
	USD'000	USD'000	USD'000
3 months ended 31 May 2018:			
Revenue	178,263	-	178,263
Interconnect related costs	(32,115)	-	(32,115)
Data and network related costs	(44,897)	13,948	(30,949)
Gross Profit			115,199
Other income	264	-	264
Selling, distribution and marketing costs	(3,843)	-	(3,843)
Administrative expenses	(16,033)	(13,948)	(29,981)
Staff costs	(33,656)	-	(33,656)
Adjusted EBITDA	**47,983**	**-**	**47,983**
3 months ended 31 May 2017:			
Revenue	152,453	-	152,453
Interconnect related costs	(27,709)	-	(27,709)
Data and network related costs	(43,460)	10,628	(32,832)
Gross Profit			91,912
Other income	396	-	396
Selling, distribution and marketing costs	(4,037)	-	(4,037)
Administrative expenses	(12,581)	(10,628)	(23,209)
Staff costs	(26,494)	-	(26,494)
Adjusted EBITDA	**38,568**	**-**	**38,568**