LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2017

Good progress in monetising our network and the development of our digital service offering

25 January 2018

Leading pan-African telecoms Group Liquid Telecom, a subsidiary of Econet Global, today announces its financial results for the third quarter ended 30 November 2017.

Financials

	9M 2017-18	9M 2016-17 [1]	Change
	(USDm)	(USDm)	(%)
Revenue	486.0m	238.2m	104.0
EBITDA	130.3m	76.8m	69.7
Cash flow from operations before interest payments	160.9m	51.2m	214.3
Net Debt[3]	646.7m	n/a[2]	n/a

[1] These numbers constitute Liquid Telecom results only.

[2] Net debt as at 30 November 2016/17 is given as n/a because it is not comparable following the refinancing and debt issuance.

[3] Net debt as at 30 November 2017 is defined as gross debt less unrestricted cash and cash equivalent.

Highlights

- Revenues up 104.0 per cent following the Neotel acquisition (now fully rebranded to Liquid Telecom South Africa) and significant growth across the Group notably in the Enterprise (up 303.9 per cent) and Retail (up 84.4 per cent) segments
- EBITDA up 69.7 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
- Our partnership with Microsoft to provide cloud services and products is developing well across our operations as we provide our customers with Microsoft Azure, Microsoft Dynamics 365, Microsoft Office 365, Enterprise Mobility Suite and Windows 10 and dedicated connectivity into Microsoft Online Services via Microsoft ExpressRoute
- Following the investment in Econet Media Ltd, we have rolled out our offering across Zimbabwe and South Africa which, although in the early stages, is progressing in line with the Boards expectations
- Cash Flow from operations before interest payments increased 214.3 per cent to USD160.9 million driven by the strong revenue growth offset by increased staff costs, significant investment in working capital due to the normalisation of Neotel trade payables and the prepayment for transmission and LTE equipment
- Successful tap of our bond for a nominal value of USD180 million at an issue price of 105 per cent simplifying our capital structure and providing additional financing to support further investment in our growth
- Net debt of USD646.7 million as at 30 November 2017 following both the refinancing in July and the simplification of our debt structure in addition to further funding for growth in November.
- Completed 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 received a cash component of USD22.2 million

Chief Executive Officer, Nic Rudnick, commented:
"The Group has continued to perform well in the year-to-date with revenues up 104.0 per cent and EBITDA up 69.7 per cent following strong enterprise and retail performances. I am pleased with the overall progress of the Group as we monetise the projects we have been delivering and develop the Group in order to meet the needs of our customers as we continue to sell services across our fibre footprint and digital services product portfolio.

During the first nine months, we have developed the data centres in Johannesburg and Cape Town further, connected more business and government buildings across our footprint and in particular in South Africa, broadened our Fibre to the Home (FTTH) network reach in Zambia and Tanzania and started to roll out our consumer television content offering with Econet Media, of which we own 19.98 per cent. The delivery of these services is an important facet of our corporate strategy of growing our fibre footprint, expanding the scale of our data centres to efficiently deliver cloud-based services, broadening our product portfolio to wholesale data and enterprise customers through an enhanced digital services offering and providing highly reliable internet to our retail customers in order to view content such as Netflix and Kwesé TV.

We continue to focus on maximising the potential of our current network, as well as carefully expanding into new geographies. In combination, this strategy will cement our competitive advantage as we continue to build Africa's digital future. "

There will be an investor call at 14:00GMT 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 and Kwesé TV.

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

For more information, visit www.liquidtelecom.com

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Chairman's statement

Group performance

The year-to-date has been one of consistent delivery of our corporate strategy of investing in and extending our network in addition to our broadening our product portfolio into digital services illustrated by our holding in Econet Media Limited and our partnership with Microsoft as one of their Cloud Services Providers (CSP) to Africa. The continued development of our relationship with Microsoft into ExpressRoute illustrates the value of our extensive self-owned network and product portfolio to all our current and prospective customers.

In the third quarter, we tapped our bond for the gross proceeds of USD189 million to simplify our financing structure and provide us with additional funding for investment subject to customer demand. The interest that we gained was significant, with a meaningful oversubscription, and supports the Boards view of the strong growth prospects that we see for the Group where, in the long-run, our vision is to build Africa's digital future through the provision of fully managed services to our customers on our network supporting them through their digital journey. A significant contributor of this is our South African entity which continues to develop well from a sales and operational perspective. In addition, commercial and technical synergies are being implemented at a steady pace, aiming to deliver approximately USD17 million by year-end.

Trading in the nine months ended 30 November 2017 was strong, with the business delivering a 104.0 per cent increase in revenue to USD486.0 million (9M 2016-17: USD238.2 million). On a proforma basis, taking account of the acquisition of Neotel, we have grown revenue by 10.2 per cent following a strong performance from our enterprise and retail segments. EBITDA grew by 69.7 per cent to USD130.3 million (9M 2016-17: USD76.8 million), and on a proforma basis by 13.4 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 these nine months, we have continued to leverage our existing fibre footprint with some limited new-build. In the third quarter, we won a number of key contracts including providing 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 (NLD 1, 2, 7 and 8) in South Africa, co-location and data centre hosting services for mobile operators and financial institutions, IP transit services to wholesale data customers across our footprint and in particular in landlocked countries, cloud-based Office365 subscriptions to corporates and a multi-year wholesale deal to provide FTTH connections to a mobile operator.

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, where we now have a penetration rate of above 40 per cent and Zambia, Kenya and Rwanda where penetration rates are developing well. 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 increased investment in our products team and our new partnership with Microsoft to deliver cloud products and services. This is in addition to entering into a complementary partnership agreement where we will provide our customers with dedicated connectivity into Microsoft Online Services via Microsoft ExpressRoute. We also launched the "GoCloud" initiative in partnership with Microsoft, to accelerate innovation across Africa by using Azure Cloud platforms and launched the Liquid Launchpad initiative with Kwesé and the Meltwater Entrepreneurial School of Technology in South Africa to develop entertainment tech start-ups.

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

Cash flow from operations before interest payments increased by 214.3 per cent in the nine months of 2017-18 to USD160.9 million (9M 2016-17: USD51.2 million). 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 nine months remaining high at USD19.2 million (H1 2017-18: USD14.2 million) following IRU sales in relation to a number of infrastructure deals with significant up-front payments, in particular, in South Africa and Kenya.

On 6 December 2017 we completed the agreement with our empowerment partner in South Africa, Royal Bafokeng Holdings, to exchange their shareholding in our South African operations for an equivalent 10.34 per cent ownership in our holding company. They will retain their voting rights in our South African operation. This is a positive 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 has received the cash component of USD 22.2 million.

Our people

Our business has grown significantly over the last nine months with our staff numbering over 2,365 (Q2 2017-18: 2,230). With the evolution of the actions required to deliver our strategy, we are now also broadening our knowledge base from our core engineering skills to managed service capabilities and digital services. The Board and I are grateful to all our employees effort during a time of change. 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 nine months of 2017-18 has been strong when compared to the pro forma for 2016-17. 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 and evolving 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 and digital services. We have built Africa's largest independent fibre network, spanning over 50,000km, and operate state-of-the-art data centres in Johannesburg, Cape Town and Nairobi, with a combined 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 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.

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), 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 content and to the Kwesé TV platform across our network as well as a range of digital services (Office365, laptop backups, educational software).

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.

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

	(FY) 2016-17	(Q1) 2017-18	(Q2) 2017-18	(Q3) 2017-18	Q3 2017-18 vs Q2 2017-18 (%)
Operating measures					
Wholesale voice					
Total wholesale voice minutes (in millions) on our network	482	382	402	380	(5.5%)
Wholesale data					
Number of kilometres of fibre laid [1]	6072 [2]	964	927	1085	17.0%
Financial Measures					
Average churn rate [4]	0.74%	0.84%	1.18%	1.87%	69 basis points
New sales ("sold TCV for new services", USD million) [3]	84.6	67.5	63.1	109.4	73.4%

Footnotes:

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

[2] The process for documenting the number of kilometres 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.

[4] 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.

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

	(FY2016-17) at February 28, 2017	(Q1) 2017-18 at May 31, 2017 [5]	(Q2) 2017-18 at August 31, 2017	(Q3) 2017-18 at November 31, 2017	Q3 2017-18 vs Q2 2017-18 (%)
Operating measures					
Wholesale data					
Amount of IP transit capacity sold (Mbps) [6]	64,562	67,816	71,918	79,701	8.1%
Enterprise					
Number of enterprise customers [7]	13,391	10,042	10,875	11,293	3.8%
Retail					
Service penetration of GPON FTTH access networks (% of homes passed)	26.5%	30.4%	33.1%	34.3%	120 basis points
Financial Measures					
Service Activation Pipeline ('MRR backlog") (USD 000)	1,579	1,368	1,889	4,479	137.1%

Footnotes:

[5] Includes Neotel, Raha but not Zanlink.

[6] 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.

[7] The number of enterprise 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 third quarter of 2017-18 was strong, delivering an increase of 110.2 per cent in revenue to USD170.9million (Q3 2016-17: USD81.3 million). On a proforma basis, taking account of the acquisition of Neotel, we have grown revenue by 14.1 per cent following a strong performance from wholesale data, enterprise and retail segments as well as the continued better-than-expected performance from wholesale voice.

Trading in the first nine months of 2017-18 was strong, delivering an increase of 104.0 per cent in revenue to USD486.0 million (9M 2016-17: USD238.2 million). On a proforma basis, taking account of the acquisition of Neotel, we have grown revenue by 10.3 per cent following a strong performance from wholesale data, enterprise and retail segments as well as a better than expected performance from wholesale voice. In the third quarter and year-to-date some project delays have occurred, which is not uncommon, and management have been proactive to mitigate external factors that may arise. This has meant that the revenue mix by segment has varied from trend. Also as a result, the service activation pipeline grew significantly (by 137 per cent versus Q2 2017-18) to USD4.5 million (MRR) in the third quarter, primarily driven by an increase in orders in the enterprise segment in South Africa.

Following the integration of our South African sales operations, a number of contracts were renewed on the back of lower pricing that drove higher churn this quarter and also helped secure long-term revenue streams. This is more than offset by our securing of a total of USD109.4 million in new total contract value (TCV) during the third quarter (Q2 2017-18: USD63.1 million), an exceptional performance, building upon a strong first half performance for a total USD130.6 million, with several new key wins structured with significant upfront non-recurring revenues. Key contracts in the third quarter included providing 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 (NLD 1, 2, 7 and 8) in South Africa, co-location and data centre hosting services for mobile operators and financial institutions, IP transit services to wholesale data customers across our footprint and in particular in landlocked countries, cloud-based Office365 subscriptions to corporates and a multi-year wholesale deal to provide FTTH connections to a mobile operator.

	For the 9 month period ended			For the 3 month period ended		
	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (proforma)(1) (Unreviewed) US$ thousands	30 November 2016 (Unaudited) US$ thousands	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (proforma)(1) (Unreviewed) US$ thousands	30 November 2016 (Unaudited) US$ thousands
Revenue by segment						
Wholesale voice traffic	**112,854**	**109,051**	**91,086**	**38,902**	**34,619**	**29,299**
Data and Other services	**373,156**	**331,706**	**147,123**	**131,973**	**115,144**	**51,973**
Wholesale	143,159	131,369	79,310	54,201	46,776	28,608
Enterprise	193,125	168,475	47,819	65,054	57,696	16,496
Retail	36,872	31,862	19,994	12,718	10,672	6,869
Total Revenue	**486,010**	**440,757**	**238,209**	**170,875**	**149,763**	**81,272**

Footnotes

(1) Proforma results for the three-month period ended 30 November 2016 include the results of Neotel and Liquid Group for the period 1 September 2016 to 30 November 2016 assuming the business was one Group and Proforma results for the first nine-month period ending 30 November 2016 include the results of Neotel and Liquid Group for the period 1 September 2016 to 30 November 2016 assuming the business was one Group

Wholesale voice

Wholesale voice revenue for the first nine months of 2017-18 increased by 23.8 per cent to USD112.8 million (9M 2016-17: USD91.1 million). Wholesale voice revenue in the third quarter of 2017-18 increased by 32.8 per cent to USD38.9 million (Q3 2016-17: USD29.3 million).

On a proforma basis, wholesale voice revenue in the third quarter of 2017-18 increased by 12.4 per cent to USD38.9million (Q3 2016-17: USD34.6 million) with total minutes decreasing by 5.5 per cent to 380.1 million minutes (Q2 2017-18: 402.2 million minutes) with average revenue per minute decreasing by 16.6 per cent to 17 US cents (Q2 2017-18: 21 US cents). The reduction in the average revenue per minute are principally due to the increase in volumes to destinations which are less profitable (by about 5 million minutes in the third quarter) such as Eritrea in the first quarter, Ethiopia in the second quarter and in the third quarter destinations such as Nigeria, Ghana and Senegal, offset by management focus on higher margin traffic in South Africa since the acquisition of Neotel. In the third quarter, the decrease in minutes is mainly driven by reduced minutes received from a large international MNO, such fluctuations are considered to be usual and this is expected to normalise by the end of the first quarter of 2018-19.

During the third quarter of 2017-18, we signed new contracts with several local and global MNOs in order to access calls from and to European and United States subscribers, broadening our footprint in the African fixed line and mobile operator markets.

Also in the third quarter, in South Africa, the regulator decided to deregulate the international termination rate into South African Networks. As a result, termination rates to the largest MNO's increased, which has negatively impacted the gross profit of the operation.

Wholesale data

Wholesale data revenue in the first nine months of 2017-18 increased by 80.5 per cent to USD143.2 million (9M 2016-17: USD79.3 million). Wholesale data revenue in the third quarter increased by 89.5 per cent to USD54.2 million (Q3 2016-17: USD28.6 million).

On a proforma basis, third quarter wholesale data revenue increased by 15.9 per cent, principally due to the rapid development of our wholesale business in South Africa, DRC, Rwanda, Kenya and Zambia and the acquisition of Raha and Zanlink.

In the first nine months, we have continued to expand our fibre footprint albeit at a reduced pace to previous years. Our Tanzanian entity, Raha, has continued to grow its network, following the acquisition of Zanlink in June. In South Africa, we commercialise our national fibre network, including the National Long Distance (NLD) routes, the North-West route and fibre built for strategic projects. In addition, we are continuing to expand our network to provide fast and reliable connectivity to the busiest 4G mobile base stations in South Africa, Kenya, Tanzania, Zambia and Zimbabwe. 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 and our South African backbone to 100Mbps wavelength technology.

During the third 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. In Zimbabwe we agreed a number of contracts to provide connectivity in the government, entertainment, transportation industries and upgrade network transmission capabilities for a customer in the education sector.

In October, subsequent to winning an open competitive tender, we entered into a long-term partnership with the Kenyan Electricity Transmission Company Limited (KETRACO) to commercialise their fibre links built over the national electricity transmission grid across Kenya. This complements our strategy to further extend our fibre network to remote areas of Kenya and better interconnect neighbouring countries such as Ethiopia, South Sudan, Uganda, Tanzania, Rwanda, Eastern DRC and Burundi. We also entered into a multi-year contract to provide wholesale FTTH connections to a mobile operator in East Africa.

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 nine months of 2017-18 grew significantly by 303.9 per cent to USD193.1 million (9M 2016-17: USD47.8 million) driven, in the majority, by the transformational acquisition of Neotel (now trading as Liquid Telecom South Africa). Revenue in the third quarter of 2017-18 increased by 294.5 per cent to USD65.1 million (Q3 2016-17: USD16.5 million).

On a proforma basis, enterprise revenues increased by 14.6 per cent in the first nine months. The strong growth in revenue compared to proforma last half-year's revenue was principally due to increased enterprise revenue in Uganda, Kenya, Zambia and Zimbabwe and strong growth in our payment terminal business, and the acquisition of Raha in Tanzania. During the third quarter, the number of enterprise customers increased by 3.8% per cent to 11,293 customers (Q2 2017-18: 10,875 customers).

Following the acquisition of Neotel in February 2017, we have been 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.

This has begun from a relatively low base, however the progress is good. During the 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 third 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 third quarter through the initial delivery of Microsoft cloud products and services across Africa, such as dedicated connectivity into Microsoft Online Services via Microsoft ExpressRoute Meet-Me locations. We have secured significant contracts to provide the cloud-based Microsoft Office365 services to corporates across our footprint, in line with our expectations. We also launched the GoCloud initiative in partnership with Microsoft, to accelerate innovation across Africa by using Azure Cloud platforms and launched the Liquid Launchpad initiative with Kwesé and the Meltwater Entrepreneurial School of Technology in South Africa to develop entertainment tech start-ups.

Co-location and hosting services are developing well, leading to investment in additional floor space in our data centre in Kenya, where we are adding 500 square meters resulting in a total 1500 square metres, and in South Africa where we are building more space, creating a total of 4700 square metres. In Kenya, the East Africa Data Centre (EADC) is being expanded through the implementation of the third phase of the data centre. In South Africa, 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 and the handover of the rest of the initial roll out expected before the end of first quarter of 2018-19.

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

In the third quarter, our payment solutions services grew 8.5 per cent, supporting 10.6 million (Q2 2017-18: 9.8 million) retail transactions (payments at a point of sale) worth an aggregate USD522 million (Q2 2017-18: USD512 million), an increase of 2.0 per cent over a quarter. We now have over 24,606 (Q2 2017-18: 23,470) point-of-sale (POS) terminals under management, with several pan-African banking institutions outsourcing their entire POS network to Liquid Telecom.

Retail

Retail revenue in the first nine months of 2017-18 was USD36.8 million, an 84.4 per cent increase year-on-year (9M 2016-17: USD19.9 million). Revenue in the third quarter of 2017-18 was USD12.7million, an 85.2 per cent increase year-on-year (Q3 2016-17: USD6.9 million).

On a proforma basis, the revenue in the third quarter increased by 19.2 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, dampened by a small reduction of CDMA customers in South Africa.

During the third 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.

Through our investment in Econet Media Limited we are continuing to meaningfully expand our content offering, distributed over our network, for our retail and wholesale customers. With Econet's platform management experience and content, in particular Netflix and Kwesé TV, and our content distribution network, 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. In the third quarter, we have rolled out the new content offering over our LTE networks in South Africa.

New FTTH customers, in Kenya, Rwanda, Zambia and Zimbabwe, have driven service penetration growth (as a per cent of premises passed), with an average 34.3 per cent of premises passed (Q2 2017-18: 33.1 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. FTTH networks were expanded in Kigali (Rwanda) and Dar Es Salaam (Tanzania) in the third quarter.

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. In conjunction with this, in Zimbabwe, we started to roll-out our LTE network whilst also introduced new broadband data bundles from our FTTH packages.

In Botswana, our licence application for fixed telecommunication services and for spectrum frequencies is still under review by the national regulatory authority. In DRC, our investment in the 2500km-long OPGW link between capital city Kinshasa and the south-eastern region of Katanga has not yet been made because all necessary approvals have not been provided yet.

Gross margin

	For the 9 month period ended			For the 3 month period ended		
	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (proforma)(1) (Unreviewed) US$ thousands	30 November 2016 (Unaudited) US$ thousands	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (proforma)(1) (Unreviewed) US$ thousands	30 November 2016 (Unaudited) US$ thousands
Gross Margin	295,033	263,652	139,429	105,928	89,514	46,438
Gross Margin %	60.7%	59.8%	58.5%	62.0%	59.1%	57.1%

Footnotes

(1) Proforma results for the three months period ending 30 November 2016 include the results of Neotel and Liquid Group for the period 1 September 2016 to 30 November 2016 assuming the business was one Group and Proforma results for the first nine month period ending 30 November 2016 include the results of Neotel and Liquid Group for the period 1 March 2016 to 30 November assuming the business was one Group.

For the first nine months of 2017-18, total gross profit was USD295.0 million, 111.6 per cent above the first nine months of 2016-17. For the 3 months ended 30 November 2017, total gross profit was USD105.9 million, 128.1 per cent above the third quarter in 2016-17 and 18.3 per cent higher when compared to the proforma third quarter last year.

The gross profit margin in the third quarter of the year improved by 2.9 per cent, from 59.1 per cent to 62.0 per cent when compared to proforma last year principally driven by the strong growth in high margin wholesale data, retail and enterprise business offset by the decrease in wholesale voice margins.

The gross profit margin of the data and other services in the first nine months of 2017-18 decreased to 71.4 per cent from 85.8 per cent in 9M 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 off-net third-party local access networks to deliver data services than the rest of the Group, hence retaining a lower margin. Liquid Telecom South Africa is working towards delivering services on its network on an end-to-end basis.

Total overheads and other income

	For the 9 month period ended			For the 3 month period ended		
	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (proforma)(1) (Unreviewed) US$ thousands	30 November 2016 (Unaudited) US$ thousands	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (proforma)(1) (Unreviewed) US$ thousands	30 November 2016 (Unaudited) US$ thousands
Other Income	791	959	571	(81)	308	116
Selling and distribution costs	(9,364)	(7,765)	(4,069)	(3,568)	1,251	(1,418)
Administrative Costs	(72,810)	(65,860)	(21,957)	(25,739)	(20,828)	(7,036)
Staff Costs	(83,343)	(74,044)	(37,188)	(28,393)	(25,661)	(12,559)
Total Overheads and Other Income	(164,726)	(146,710)	(62,643)	(57,781)	(44,930)	(20,897)
% to Total Revenue	33.9%	33.3%	26.3%	33.8%	29.6%	25.7%

Footnotes

(1) Proforma results for the three months period ending 30 November 2017 include the results of Neotel and Liquid Group for the period 1 September 2017 to 30 November 2017 assuming the business was one Group and Proforma results for the first nine month period ending 30 November 2017 include the results of Neotel and Liquid Group for the period 1 March 2016 to 30 November assuming the business was one Group

Overheads and other income in the first nine months of 2017-18 as a percentage of revenue increased to 33.9 per cent year-on-year (9M 2016-17: 33.3 per cent) and in the three months to 30 November 2017, as a percentage of revenue, increased to 33.8 per cent year-on-year (Q3 2016-17: 29.6 per cent). Other income principally consists of sundry income and profit and loss from the sale of fixed assets.

This follows an increase in selling and distribution costs to USD9.3 million (9M 2016-17: USD7.8 million), on a pro forma basis, principally because of higher marketing costs in the first nine months when compared to last year, on a pro forma basis, to USD8.6 million due to the rebranding of Neotel. Additionally, administration costs increased 10.5 per cent to

USD72.8 million (9M 2016-17: USD65.9 million), as network support costs increased in-line with the expansion of our network and as we migrate services away from a previous supplier as part of the integration of Neotel into the Liquid Group. Finally, our staff costs increased 12.6 per cent to USD83.3 million (proforma 9M 2016-17: USD74.0 million) and our employee numbers grew to 2,065 (FY 2016-17: 1,052) principally due to the acquisition of Neotel, Raha and Zanlink in combination with third quarter developments where we insourced the call centre staff in our South African entity as well as an overall increase across the Group in-line with revenue growth.

EBITDA

	For the 9 month period ended			For the 3 month period ended		
	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (proforma)(1) (Unreviewed) US$ thousands	30 November 2016 (Unaudited) US$ thousands	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (proforma)(1) (Unreviewed) US$ thousands	30 November 2016 (Unaudited) US$ thousands
EBITDA	130,307	116,942	76,786	48,147	44,583	25,541
Depreciation, impairment and amortisation	(62,636)	(58,968)	(27,569)	(23,044)	(19,335)	(8,446)
Acquisition costs	(1,165)	(0)	(1,241)	(190)	930	(311)
Interest income	3,073	3,193	925	1,358	1,128	314
Finance costs	(61,688)	(35,902)	(6,583)	(19,687)	(11,841)	(2,141)
Share of profit of associate	60	47	0	16	16	0
Foreign exchange (loss) / gain	(759)	5,140	2,193	549	(484)	(970)
Tax expense	(5,038)	(3,361)	(4,702)	(1,979)	(1,026)	(1,392)
Profit for the period	2,154	27,087	39,811	5,170	13,972	12,595

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 nine months of 2017-18 increased by 69.7 per cent to USD130.3 million (9M 2016-17: USD76.7 million). On a proforma basis for the third quarter of the year, EBITDA increased by 11.4 per cent year-on-year, driven by the change of product mix in favour of higher margin segments such as wholesale data, enterprise and retail, offset by investment in marketing for the rebranding of Neotel and higher staff and administration costs, partially driven by costs of the migration of computer services. EBITDA grew faster in the third quarter of the year (year-on-year) than during the second quarter of the year (c.12 per cent) because of the revenue growth in the wholesale data and enterprise segments.

Profit before tax for the first nine months of 2017-18 was USD7.2 million (9M 2016-17: USD30.4 million). For the third quarter of 2017-18, the profit before tax was USD7.1 million principally due to driven by the increase in EBITDA, increased financing costs, increased depreciation and amortisation due to our investment in the network principally in South Africa, and lower foreign exchange income.

Finance costs during the third quarter of 2017-18 increased by 66.3 per cent to USD19.6 million on a proforma basis, predominantly due to the write off of arrangement fees relating to loans refinanced in July and November 2017.

Tax expense for the first nine months of 2017-18 was USD5.0 million (9M 2016-17: USD3.4 million). In the third quarter of 2017-18, tax expense was USD1.9 million (Q3 2016-17: USD1.0 million) which consisted principally of deferred tax in Zimbabwe and current tax in Mauritius and the UK.

Profit after tax for the first nine months of 2017-18 was USD2.2 million (9M 2016-17: profit of USD27.1 million). For the third quarter of 2017-18, the profit increased to USD5.1 million.

Cash Flow

	For the 9 month period ended		For the 3 month period ended	
	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (Unreviewed) US$ thousands	30 November 2017 (Unaudited) US$ thousands	30 November 2016 (Unreviewed) US$ thousands
Cash generated from operations	99,172	44,614	54,892	14,548
Net cash from/(used in) operating activities	72,945	37,728	51,391	11,375
Net cash (used in) / generated from investing activities	(222,751)	(63,523)	(75,527)	(14,607)
Net cash generated from financing activities	126,631	(22,629)	68,366	(6,478)
Net increase / (decrease) in cash and cash equivalents	(23,176)	(48,423)	44,230	(9,710)

Cash flow generated from operations in the first nine months of 2017-18 increased by 122.3 per cent to USD99.2 million (9M 2016-17: USD44.6 million). In the third quarter of 2017-18, cash flow from operations increased by USD54.9 million. Year-to-date, 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 USD5.0 million increase in deferred revenue from USD14.2 million to USD19.2 million primarily resulting from sales of IRUs in the last three months. The third quarter saw a positive movement in our working capital following what is, seasonally, a good quarter and our continued effort to normalise the Neotel trade payables.

During the first nine months of 2017-18, cash generated from financing activities was USD126.6 million, principally relating to the issuance of USD730.0 million senior secured note to replace previous term-loans and provide additional funding for capital expenditure.

During the first nine months, we invested USD145.5 million to support long-term growth across our three segments, with the third quarter accounting for USD46.6 million (Q3 2016-17: USD17.1 million). In the quarter, further key investments were made in the enterprise segment through the expansion of data centre facilities in South Africa and Kenya, in our enterprise and retail businesses where we increased customer connections across the operations, rolled out our LTE offering in Zambia and Zimbabwe and for wholesale data where we installed a new long-haul fibre route in Zimbabwe and the improvement of our back-office IT systems in South Africa.

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

In the year-to-date, we have been 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 over satellite to primary schools in Eastern Africa for the next 5 years. In Zimbabwe, we completed an OPGW project to provide further physical network redundancy and reliability across the region, in addition to the dualisation of the Harare-to-Masvingo route.

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

We 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. The expansion of the two data centres in Johannesburg where handover was made in December 2017 and Cape Town which is on track to be ready to be delivered before the end of the first quarter 2018-19 to a global cloud service provider. We are continuing to invest in Kenya to build the third phase of the EADC data centre, which will increase the floorspace by 500m^2, this is expected to be operational by the first quarter of 2018-2019.

We delivered more MPLS and Direct Internet Access (DIA) connections to our enterprise customer base, with over 418 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 where we are linking 1,964 sites and National Long Distance (NLD) 7 and 8), from non-governmental organisations (such as United Nations agencies across our footprint) and from financial institutions. This lead to further investment in fibre infrastructure on the back of these contracts. Across our operations we have made selected investments in new routes, passive infrastructure and active equipment, to support revenue growth domestically and internationally.

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

For the retail segment, we continued building fibre-to-the-home (FTTH) networks, connecting over 1000 new premises per month across our FTTH footprint (which includes Kenya, Rwanda, Zambia and Zimbabwe) and rolling out hundreds of kilometres of local fibre access network every month. We are also extending the coverage of our fixed wireless access networks (mainly using 4G LTE technology) that enable us to deliver broadband Internet access customers commanding a lower priced service and/or outside of FTTH areas. In Zambia, we already cover around 45,000 premises with a total of 42 LTE base stations and are deploying over 120 new base stations to significantly extend this coverage.

Net debt

	30 November 2017 (Unreviewed) US$ thousands	28 February 2017 (Unreviewed) US$ thousands
Total gross debt	**773,637**	**608,177**
Less: Unrestricted cash and cash equivalent	**(126,986)**	**(141,048)**
Net debt	**646,651**	**467,129**

Net debt, at 30 November 2017, stood at USD646.7 million compared to USD467.1 million as at 28 February 2017, following the issuance of our USD730.0 million senior secured note. Our drawings were used to refinance existing debt and invest in, as mentioned previously, increased working capital and the investment in new infrastructure and products to further support the expansion of our 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 remains above this level for the time being. This is expected to reduce from the next financial year.

Shareholder changes

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

Strive Masiyiwa	Nic Rudnick	Kate Hennessy
Group Executive Chairman	Chief Executive Officer	Chief Finance Officer

25 January 2017

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 9 months period ended 30 November 2017

	Notes	9 months period ended 30/11/2017 USD'000 (Unaudited)	9 months period ended 30/11/2016 USD'000 (Unaudited)	3 months period ended 30/11/2017 USD'000 (Unaudited)	3 months period ended 30/11/2016 USD'000 (Unaudited)
Revenue	3	486,010	238,209	170,875	81,272
Cost of sales		(190,977)	(98,780)	(64,947)	(34,834)
Gross Profit		295,033	139,429	105,928	46,438
Other Income		791	571	(81)	116
Selling and distribution costs		(9,364)	(4,069)	(3,568)	(1,418)
Administrative expenses		(72,809)	(21,957)	(25,737)	(7,036)
Staff costs		(83,343)	(37,188)	(28,393)	(12,559)
Profit before interest, taxation, impairment and amortisation		130,308	76,786	48,149	25,541
Depreciation, impairment and amortisation		(62,636)	(27,569)	(23,044)	(8,446)
Acquisition costs		(1,165)	(1,241)	(190)	(311)
Operating profit		66,507	47,976	24,915	16,784
Interest income	4	3,073	925	1,358	314
Finance costs	5	(61,688)	(6,582)	(19,687)	(2,140)
Foreign exchange (loss) / gain		(759)	2,193	549	(970)
Share of profits of associates		60	-	16	-
Profit before taxation		7,193	44,512	7,151	13,988
Tax expense	6	(5,038)	(4,701)	(1,979)	(1,392)
Profit for the period		**2,155**	**39,811**	**5,172**	**12,596**
Other comprehensive (loss) / income					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange (loss) / gain		(12,010)	525	(9,736)	(1,041)
Fair value gain on available-for-sale investments		-	1,681	-	-
Other comprehensive (loss) / income for the period		(12,010)	2,206	(9,736)	(1,041)
Total comprehensive (loss) / profit for the period		**(9,855)**	**42,017**	**(4,564)**	**11,555**
(Loss) / Profit attributable to:					
Owners of the company		(4,173)	34,623	(816)	9,405
Non-controlling interest		6,328	5,188	5,988	3,191
		2,155	**39,811**	**5,172**	**12,596**
Total comprehensive (loss) / profit attributable to:					
Owners of the company		(11,922)	36,916	(7,083)	8,508
Non-controlling interest		2,067	5,101	2,519	3,047
		(9,855)	**42,017**	**(4,564)**	**11,555**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 November 2017

	Notes	30/11/2017 USD'000 (Unaudited)	28/02/2017 USD'000 (Audited)
Non-current assets			
Goodwill	7	156,855	151,794
Intangible assets	8	141,321	133,940
Property, plant and equipment	9	688,981	612,522
Investment in associates		417	378
Investments		76,498	15,786
Deferred tax assets		37,633	38,836
Held to maturity investments		3,131	2,952
Long-term receivables	10	22,579	6,409
Total non-current assets		**1,127,415**	**962,617**
Current assets			
Inventories		24,813	22,135
Trade and other receivables	11	184,034	166,148
Held to maturity investments		-	245
Cash and cash equivalents		126,986	141,048
Restricted cash and cash equivalents		9,005	11,687
Total current assets		**344,838**	**341,263**
Total assets		**1,472,253**	**1,303,880**
Equity and liabilities			
Capital and reserves			
Share capital		1	1
Share premium		2,333	2,333
Retained earnings		279,410	283,583
Foreign currency translation reserve		(13,087)	(5,338)
Total equity attributable to owners of the parent		**268,657**	**280,579**
Non-controlling interests		159,883	147,728
Total equity		**428,540**	**428,307**
Non-current liabilities			
Long-term liability	12	735,017	597,431
Long term provisions		2,111	4,059
Deferred Revenue	14	58,961	42,829
Deferred tax liabilities		36,006	33,709
Total non-current liabilities		**832,095**	**678,028**
Current liabilities			
Short-term portion of long-term liability	12	28,960	8,725
Trade and other payables	13	153,638	163,180
Short term provisions		1,743	1,801
Deferred Revenue	14	25,120	22,027
Taxation		2,157	1,812
Total current liabilities		**211,618**	**197,545**
Total equity and liabilities		**1,472,253**	**1,303,880**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 9 months period ended 30 November 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
Profit for the period	-	-	-	-	34,623	5,188	39,811
Foreign exchange gain / (loss)	-	-	-	611	-	(86)	525
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 30 November 2016	**1**	**2,333**	**-**	**(12,444)**	**299,547**	**59,666**	**349,103**
At 1 March 2017	1	2,333	-	(5,338)	283,583	147,728	428,307
(Loss) / profit for the period	-	-	-	-	(4,173)	6,328	2,155
Foreign exchange gain / (loss)	-	-	-	(7,749)	-	(4,261)	(12,010)
Acquisition of subsidiaries	-	-	-	-	-	734	734
Change in ownership	-	-	-	-	-	9,354	9,354
At 30 November 2017	**1**	**2,333**	**-**	**(13,087)**	**279,410**	**159,883**	**428,540**

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 9 months period ended 30 November 2017

	Notes	9 months period ended 30/11/2017 USD'000 (Unaudited)	9 months period ended 30/11/2016 USD'000 (Unaudited)	3 months period ended 30/11/2017 USD'000 (Unaudited)	3 months period ended 30/11/2016 USD'000 (Unaudited)
Cash flows from operating activities:					
Profit before tax		7,193	44,512	7,151	13,988
Adjustments for:					
Depreciation	9	49,216	20,812	16,677	7,155
Amortisation	8	13,295	6,326	6,336	2,095
Impairment of property, plant and equipment		-	136	-	-
Stock written off		4	283	-	(808)
Obsolete stock provision		121	12	32	4
Bad debts provision		(1,110)	178	(4,507)	174
Bad debts recovered		(178)	(1)	(178)	1
Bad debts written off		4,468	51	4,466	51
Decrease in provisions		(52)	33	8	64
Foreign exchange loss / (gain)		1,075	(1,876)	872	(52)
Profit on disposal of fixed assets		(209)	(8)	(52)	(3)
Interest income	4	(3,073)	(925)	(1,358)	(314)
Finance costs	5	61,688	6,582	19,687	2,140
Share of profits of associates		(60)	-	(16)	-
		132,378	76,115	49,118	24,495
Working capital changes:					
Increase in trade and other receivables		(43,866)	(50,491)	(22,290)	(14,549)
(Increase) / decrease in inventories		(3,023)	8,058	(2,733)	1,994
(Decrease) / increase in trade and other payables		(11,517)	(536)	21,919	(5,917)
Increase in deferred revenue		21,591	9,109	7,144	2,048
Increase in accruals		5,271	2,861	2,852	6,644
Decrease in onerous contracts		(1,661)	(502)	(1,117)	(167)
Cash generated from operations		99,173	44,614	54,893	14,548
Income tax (paid) / received		(3,007)	(304)	(1,109)	(1,033)
Finance costs		(23,221)	(6,582)	(2,392)	(2,140)
Net cash generated from operating activities		72,945	37,728	51,392	11,375
Cash flows from investing activities:					
Interest income	4	3,073	925	1,358	314
(Acquisition) / disposal of other investments		(60,712)	(679)	(60,414)	(159)
Disposal of investments in subsidiary		-	(3)	-	-
Acquisition of subsidiary companies		(17,672)	-	-	-
Purchase of property, plant and equipment	9	(145,526)	(56,702)	(46,651)	(17,129)
Proceeds on disposal of property, plant and equipment		2,630	83	1,935	8
Purchase of intangible assets	8	(12,635)	(8,247)	(4,185)	1,141
Proceeds on disposal of intangible assets		3,191	-	2,800	10
Proceeds / (Purchase) of held to maturity investments		65	(147)	(52)	(39)
Increase in long term receivables		4,834	1,247	29,682	1,247
Net cash used in investing activities		(222,752)	(63,523)	(75,527)	(14,607)
Cash flows from financing activities:					
Dividend paid		-	(3,300)	-	-
Issue of subsidiary share capital & equity loans to minorities		68	-	-	-
Decrease in short-term portion of long-term borrowings		(10,618)	(25,297)	(6,451)	(8,465)
Increase in external long term loan payable		-	5,969	1,204	1,987
Proceeds from external long term loans payable		859,821	-	216,697	-
Repayments of external long-term loan borrowings		(722,639)	-	(143,084)	-
Net cash generated from / (used in) financing activities		126,632	(22,628)	68,366	(6,478)
Net decrease in cash and cash equivalents		(23,175)	(48,423)	44,231	(9,710)
Cash and cash equivalents at beginning of the period		152,735	100,397	89,782	61,874
Translation of cash with respect to foreign subsidiaries		6,431	621	1,978	431
Cash and cash equivalents at end of the period		**135,991**	**52,595**	**135,991**	**52,595**

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 nine months ended 30 November 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

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

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 USD 730 million bond being issued. 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 30 November 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.

3. Revenue

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 SMEs and retail customers in Africa.

	9 months period ended		3 months period ended	
	30/11/2017	30/11/2016	30/11/2017	30/11/2016
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Wholesale Voice Traffic	112,854	91,086	38,902	29,299
Data and Other services				
Wholesale	143,159	79,310	54,201	28,608
Enterprise	193,125	47,819	65,054	16,496
Retail	36,872	19,994	12,718	6,869
	486,010	**238,209**	**170,875**	**81,272**

Details for profit, assets and liabilities are not provided as these are not reported to or reviewed by our chief operating decision-maker. Details of revenue and profit are shown in note 17.

4. Interest income

	9 months period ended		3 months period ended	
	30/11/2017	30/11/2016	30/11/2017	30/11/2016
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest received - bank / external	2,021	230	969	40
Interest received - related parties (note 15)	1,052	695	389	274
	3,073	**925**	**1,358**	**314**

5. Finance costs

Interest on bank overdraft and loans	49,718	6,499	18,133	2,140
Amortisation of finance charges	11,970	-	1,554	-
Interest paid - related party (note 15)	-	83	-	-
	61,688	**6,582**	**19,687**	**2,140**

6. Taxation

Current taxation	2,390	1,381	1,243	430
Deferred taxation	1,628	2,810	293	829
Withholding taxation	1,020	510	443	133
Total taxation	**5,038**	**4,701**	**1,979**	**1,392**

7. Goodwill

	30/11/2017	28/02/2017
	USD'000 (Unaudited)	USD'000 (Audited)
Cost		
Opening balance	151,794	9,558
Acquisition of subsidiaries (note 18)	12,445	136,362
Foreign exchange (loss) / gain	(7,384)	5,874
Closing balance	**156,855**	**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 as of 28 February 2017. The business units to which goodwill relates are profitable and have 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
Acquisition of businesses (Note 18)	-	-	-	5,000	-	-	5,000
Purchases during the year	-	1,575	17,513	-	278	-	19,366
Disposals during the year	-	(495)	-	-	(19)	-	(514)
Reclassification	-	350	2,800	-	(3,150)	-	-
Transfers to fixed assets (note 9)	-	(27)	-	-	-	-	(27)
Foreign exchange differences	(499)	(1,693)	(1,181)	(954)	-	(917)	(5,244)
At 30 November 2017	15,942	37,750	112,015	43,921	264	1,355	211,247
At 1 March 2017	4,264	30,381	23,298	50	-	733	58,726
Amortisation	1,004	2,375	5,935	3,981	-	-	13,295
Disposals during the year	-	(122)	-	-	-	-	(122)
Transfers to fixed assets (Note 9)	-	(4)	-	-	-	-	(4)
Foreign exchange differences	(163)	(1,375)	(356)	(76)	-	1	(1,969)
At 30 November 2017	5,105	31,255	28,877	3,955	-	734	69,926
Carrying amount:							
At 28 February 2017	12,177	7,659	69,585	39,825	3,155	1,539	133,940
At 30 November 2017	10,837	6,495	83,138	39,966	264	621	141,321

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
for the 9 months period ended 30 November 2017

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 businesses (Note 18)	-	26	68	633	54	-	378	1,159
Additions	3,097	379	2,460	5,870	533	102,013	31,174	145,526
Disposals	-	(2)	(537)	(744)	(205)	(1,391)	(302)	(3,181)
Transfers	1,749	13	80	3,044	-	(21,103)	16,217	-
Transfer from / (to) intangible assets (note 8)	302	-	-	(275)	-	-	-	27
Transfer to inventory	-	-	-	-	-	(9)	-	(9)
Foreign exchange differences	(1,631)	(96)	(1,069)	(60)	(59)	(2,443)	(25,863)	(31,221)
At 30 November 2017	60,392	10,546	31,712	86,188	8,684	118,571	837,792	1,153,885
Accumulated depreciation								
At 1 March 2017	14,248	7,764	23,380	57,039	5,156	(2,257)	323,732	429,062
Acquisition of businesses (Note 18)	-	14	43	266	34	-	41	398
Depreciation charge for the period	1,296	680	2,720	7,139	947	-	36,434	49,216
Disposals	-	-	(111)	(270)	(141)	-	(237)	(759)
Transfers	16	-	-	77	-	-	(93)	-
Transfer from intangible assets (Note 8)	-	-	-	4	-	-	-	4
Foreign exchange differences	(684)	(91)	(776)	32	(38)	-	(11,460)	(13,017)
At 30 November 2017	14,876	8,367	25,256	64,287	5,958	(2,257)	348,417	464,904
Carrying amount:								
At 28 February 2017	42,627	2,462	7,330	20,681	3,205	43,761	492,456	612,522
At 30 November 2017	45,516	2,179	6,456	21,901	2,726	120,828	489,375	688,981

	30/11/2017 USD'000 (Unaudited)	28/02/2017 USD'000 (Audited)
10. Long-term receivables		
Long term receivables	1,596	6,409
Long term prepayments	20,983	-
	22,579	**6,409**
11. Trade and other receivables		
Trade receivables	105,500	102,746
Allowance for doubtful debts	(18,097)	(20,068)
Affiliated entities (note 15)	35,418	14,117
Other related parties (note 15)	-	6,690
Short-term inter-company receivables (note 15)	7,513	6,043
Other receivables	53,700	56,620
	184,034	**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 creditworthiness and identity of the customer by means of an external credit scoring system and customer acceptance forms which are required to be filled in by any new customer. The creditworthiness of customers is reviewed continuously throughout the year.

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

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

	Ageing of past due but not impaired	
	30/11/2017 USD'000 (Unaudited)	**28/02/2017 USD'000 (Audited)**
Group		
31 - 60 days	43,750	15,168
61 - 90 days	9,605	5,054
91 - 120 days	8,732	6,135
121 + days	29,774	17,341
	91,861	**43,698**

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

	30/11/2017 USD'000 (Unaudited)	28/02/2017 USD'000 (Audited)
Long term liabilities:		
Alios Finance	62	89
USD 730 million 8.5% Senior Secured Note due 2022	710,574	-
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	1,604	3,144
Bank M Tanzania Limited	-	95
Standard Bank of South Africa and Nedbank Limited (bridge facility)	-	223,049
Onerous contracts	7,527	8,028
	735,017	**597,431**

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

	30/11/2017	28/02/2017
	USD'000	USD'000
	(Unaudited)	(Audited)
Short term portion of long term liabilities:		
Huawei Technologies Investment Company Limited	922	922
USD 730 million 8.5% Senior Secured Note	23,786	-
Standard Bank of South Africa Limited Term Loan	69	2,263
CISCO Capital	1,927	1,927
FNB Bank	2	23
Stanbic Bank of Zambia Limited	17	-
Standard Bank of South Africa and Nedbank Limited	-	76
Onerous contracts	2,237	3,514
	28,960	**8,725**

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

A USD730 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 long term loan from Standard Bank of South Africa Limited to Liquid Telecommunications Holdings Limited is secured, denominated in USD, 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 USD300,000,000. 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 USD, 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 USD, 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 USD15,250,000.

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 USD 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.

The long term payable to Bank M Tanzania Limited is denominated in USD, bears interest at the rate of 4% and was repaid in full in June 2017.

The short term payable to FNB Bank is denominated in USD, bears interest at the rate of 24% and is repayable in January 2018.

	30/11/2017 USD'000 (Unaudited)	28/02/2017 USD'000 (Audited)
13. Trade and other payables		
Trade accounts payable	63,920	79,071
Payable balance to affiliated entities (note 15)	3,521	3,813
Other short term payables	86,197	80,296
	153,638	**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.

	30/11/2017 USD'000 (Unaudited)	28/02/2017 USD'000 (Audited)
14. Deferred revenue		
Long term portion of deferred revenue	58,961	42,829
Short term portion of deferred revenue	25,120	22,027
	84,081	**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:

	9 months period ended		3 months period ended	
	30/11/2017 USD'000 (Unaudited)	30/11/2016 USD'000 (Unaudited)	30/11/2017 USD'000 (Unaudited)	30/11/2016 USD'000 (Unaudited)
Sales of goods and services				
Econet Global Related Group Companies	60,588	49,179	29,846	13,782
Other Econet Global Related Group Companies	-	-	(4,251)	-
	60,588	**49,179**	**25,595**	**13,782**
Purchase of goods and services				
Econet Global Related Group Companies	22,717	26,285	7,322	7,299
	22,717	**26,285**	**7,322**	**7,299**
Management fees paid				
Econet Global Related Group Companies	1,125	1,125	375	375
	1,125	**1,125**	**375**	**375**
Dividend paid				
Econet Global Ltd (Mauritius)	-	15,239	-	-
AMRO International Holdings Ltd (Mauritius)	-	10,159	-	-
	-	**25,398**	**-**	**-**

15. Related party transactions (continued)

	9 months period ended		3 months period ended	
	30/11/2017	30/11/2016	30/11/2017	30/11/2016
	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)	USD'000 (Unaudited)
Interest Income				
Econet Global Related Group Companies	1,052	695	389	274
	1,052	**695**	**389**	**274**
Finance costs				
AMRO International Holdings Ltd (Mauritius)	-	83	-	-
	-	**83**	**-**	**-**
Administration fees paid				
DTOS Ltd (Mauritius)	199	152	88	62
	199	**152**	**88**	**62**

	30/11/2017	28/02/2017
	USD'000 (Unaudited)	USD'000 (Audited)
Long term intercompany receivables		
Econet Global Related Group Companies	444	5,278
	444	**5,278**
Short term intercompany receivables		
Econet Global Related Group Companies	7,513	6,043
	7,513	**6,043**
Receivables balances from affiliated entities and other related parties		
Econet Global Related Group Companies	35,418	14,117
Other Econet Global Related Group Companies	-	6,690
	35,418	**20,807**
Payable balance to affiliated entities		
Econet Global Related Group Companies	3,521	3,813
	3,521	**3,813**
Other payable to related company		
GW Fibre Limited (Cayman Islands)	-	990
	-	**990**
Prepayments		
Econet Global Related Group Companies	20,624	10,747
	20,624	**10,747**
Proceeds from disposal / transfer of subsidiary		
Econet Global Related Group Companies	-	22,098
	-	**22,098**

16. Capital commitments

	30/11/2017	28/02/2017
	USD'000 (Unaudited)	USD'000 (Audited)
At 30 November 2017 the group was committed to making the following capital commitments:		
Authorised and contracted	58,009	17,217
Authorised by directors but not contracted	47,390	78,218
	105,399	**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 9 months period ended 30 November 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	213,320	77,256	65,645	189,127	(59,338)	486,010
Cost of sales	(77,692)	(34,472)	(23,687)	(114,464)	59,338	(190,977)
Gross Profit	**135,628**	**42,784**	**41,958**	**74,663**	**-**	**295,033**
Operating costs	(98,206)	(13,827)	(27,564)	(17,116)	1,173	(155,540)
Other expenses	(30,569)	(10,122)	(13,794)	(2,383)	(2,180)	(59,048)
Segmental Profit / (Loss)	**6,853**	**18,835**	**600**	**55,164**	**(1,007)**	**80,445**
Central administration costs						(13,878)
Foreign exchange loss						(759)
Interest income						3,073
Finance costs						(61,688)
Profit before tax						**7,193**

The following is an analysis of the Group's revenue and results by reportable segment for the 9 months period ended 30 November 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	25,580	66,498	49,010	148,916	(51,795)	238,209
Cost of sales	(16,104)	(27,528)	(19,839)	(87,104)	51,795	(98,780)
Gross Profit	**9,476**	**38,970**	**29,171**	**61,812**	**-**	**139,429**
Operating costs	(3,941)	(14,809)	(19,857)	(16,479)	(514)	(55,600)
Other expenses	96	(10,274)	(11,446)	(1,320)	(1,058)	(24,002)
Segmental Profit / (Loss)	**5,631**	**13,887**	**(2,132)**	**44,013**	**(1,572)**	**59,827**
Central administration costs						(11,851)
Foreign exchange gain						2,193
Interest income						925
Finance costs						(6,582)
Profit before tax						**44,512**

The following is an analysis of the Group's revenue and results by reportable segment for the 3 months period ended 30 November 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	70,737	29,874	23,585	70,943	(24,264)	170,875
Cost of sales	(24,844)	(15,558)	(8,144)	(40,665)	24,264	(64,947)
Gross Profit	**45,893**	**14,316**	**15,441**	**30,278**	**-**	**105,928**
Operating costs	(34,871)	(4,752)	(9,752)	(5,508)	596	(54,287)
Other expenses	(12,563)	(3,428)	(4,576)	(499)	(1,507)	(22,573)
Segmental Profit / (Loss)	**(1,541)**	**6,136**	**1,113**	**24,271**	**(911)**	**29,068**
Central administration costs						(4,137)
Foreign exchange loss						549
Interest income						1,358
Finance costs						(19,687)
Profit before tax						**7,151**

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 months period ended 30 November 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	11,258	21,657	16,914	48,624	(17,181)	81,272
Cost of sales	(6,618)	(9,727)	(6,950)	(28,720)	17,181	(34,834)
Gross Profit	**4,640**	**11,930**	**9,964**	**19,904**	**-**	**46,438**
Operating costs	(1,527)	(4,791)	(6,757)	(4,760)	(486)	(18,321)
Other expenses	33	(3,409)	(2,853)	(712)	(682)	(7,623)
Segmental Profit / (Loss)	**3,146**	**3,730**	**354**	**14,432**	**(1,168)**	**20,494**
Central administration costs						(3,710)
Foreign exchange loss						(970)
Interest income						314
Finance costs						(2,140)
Profit before tax						**13,988**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2 of the Group's annual financial statements. Segment profit represents the profit before tax earned by each segment without 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 30 November 2017

Further business acquisition costs in respect of Neotel Pty Limited

Neotel (Pty) Limited and its subsidiaries in South Africa was acquired effective 10 February 2017 for a consideration of USD 61.9 million and cash settlement of liabilities of USD 157 million. Details of the acquisition are contained in note 34 of the audited financial statements for 28 February 2017. During the current period some further adjustments took place in respect of this acquisition as follows:

- Additional consideration of USD 5 million is attributed to intangible assets on a provisional basis.
- Additional consideration of USD 9.6 million is attributed to goodwill on a provisional basis.

The purchase consideration is still provisional and management is in the process of finalising this. This will be completed before 28 February 2018.

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 total consideration of USD 3.1 million. Of the consideration, USD 0.8 million represents tangible assets acquired and the balance of USD 2.3 million mainly represents goodwill, based on provisional accounting. This acquisition complements the existing business of Raha in Tanzania which was acquired in January 2017 for USD 9.3 million. The purchase accounting for Raha acquisition and Zanlink is provisional and will be finalised by 28 February 2018.

Period to 30 November 2016

No business combinations took place in the period 1 March 2016 to 30 November 2016

19. Post balance sheet events

• In December 2017, Royal Bafokeng Holdings, who had a 30% interest in Liquid Telecommunications South Africa Group agreed with the Company that it would, subject to certain suspensive and closing conditions that were satisfied;

(i) exchange their 3000 B shares in the South Africa Group for shareholding in the Company and
(ii) subscribe for additional shares in the Company for a total subscription price of USD 22.2 million.

• The exchange and the subscriptionwas completed and Royal Bafokeng Holdings would now hold 10.34% of the total issued ordinary shares in Liquid Telecommunications Holdings Limited.

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 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
30 November 2017				
Onerous contract	-	-	9,764	9,764
Total	**-**	**-**	**9,764**	**9,764**
28 February 2017				
Onerous contract	-	-	11,542	11,542
Total	**-**	**-**	**11,542**	**11,542**

21. Non-cash transactions

During the nine months period ended 30 November 2017, the Group entered into the following non-cash investing activities which are not reflected in the condensed consolidated statement of cash flows:

• USD 9.5m classified as Fibre Optical IRU's relates to a minority shareholder's investment in Liquid Telecommunictions Botswana (Pty) Limited.