LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
(Registration Number: 068355 C2/GBL)
ANNUAL FINANCIAL STATEMENTS
28 February 2021

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
REPORT OF THE DIRECTORS
28 February 2021

General review

The operating results of Liquid Telecommunications Holdings Limited (the "company") and its subsidiaries (the "group") for the year ended 28 February 2021 are fully disclosed in the accompanying audited annual financial statements.

The company's main activity is to carry on the business of a holding company in respect of subsidiary companies all over the world.

The Liquid Group, trading as Liquid Intelligent Technologies, is a technology and digital solutions provider across 14 countries primarily in Eastern, Southern and South Africa that serves carrier, enterprise and retail customers with high-speed, reliable connectivity and digital services. The group has built Africa's largest independent fibre network, more than 96,600 kilometres, and operates state-of-the-art data centres in Johannesburg, Cape Town and Nairobi.

Group revenue decreased by 6.2% from last year to USD 651.9 million (2020 (restated): USD 694.9 million). The group has been able to grow the business through the closing of key deals throughout the year, in spite of the impact of adverse currency movements in South Africa, Zimbabwe and East Africa which has resulted in an overall reduction in revenue.

During the year, the group has engaged in a strategic re-positioning, resulting in a new classification of its revenue streams and subsequent to the year end, the re-branding of the group to Liquid Intelligent Technologies. The new revenue streams are shown below:

• Network - primarily revenue from long haul and metro networks;
• Undersea cables - primarily revenue from undersea assets;
• Digital solutions - primarily revenue from cloud services, managed services and cybersecurity services;
• Technologies - primarily revenue from roaming services and other innovations;
• Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers; and
• Data centre - primarily revenue from the group's data centres.

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

As part of their ongoing review of the group's strategy, the directors consider the Data centre line of business to represent a significant opportunity on the African continent. In order to maximise this opportunity and serve the needs of our multi-national and local clients, the directors agreed during the year, to restructure the group to allow greater operational focus and additional fund-raising for this sector. A new holding company for the Liquid group was formed during the year (Liquid Telecommunications (Jersey) Limited) which now holds both Liquid Telecommunications Holdings Limited and a new Data centre holding company (Africa Data Centre Holdings Limited). The directors consider this restructure to be the optimum way to drive growth in the Data Centre line of business in a way that protects the rights of bond holders, complies with the group's existing borrowing requirements and enables the execution of the group strategy.

Aligned with the strategic changes, at the year end, the group has prepared for the separation of the Africa Data Centres ("ADC") business from the Liquid Group to the ADC group (owned by Liquid Telecommunications (Jersey) Limited) by disclosing them as Assets Held for Sale. The separation took place on the 4 March 2021, post year end. As a result of this, Property, Plant and Equipment decreased to USD 679.6 million (2020: USD 741.4 million) mainly due the Assets Held for Sale of the ADC business (see note 35 - Assets Held for Sale). Also of note, was the impact on PPE of weaker exchange rates which offset the continued investment and expansion of our fibre network and the expansion of our data centre footprint, which allows us to provide our customers with a full-service offering of connectivity, hosting and digital services. More detail on the currency movement is given in note 1.1 - *Zimbabwean currency and Hyperinflation accounting* .

The construction of a regional fibre network across Southern, Central and Eastern Africa will continue in the coming financial year to further increase our coverage with a specific focus on building out the East to West links. Where acquisitions make commercial sense, these will be considered as an alternative way of expanding our network and customer reach.

Response to COVID-19 pandemic

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

The group's top priority is to help protect the health, well-being and safety of staff, customers, partners and the public whilst ensuring that the smooth delivery of communications solutions continues during the COVID-19 pandemic. The group believes that 'every individual on the African continent has the right to be connected'. This enduring belief is guiding the group's response to the current crisis. The health and safety of our people and those of our customers, suppliers and other business partners is paramount. The group has implemented robust contingency planning across the business to protect the health of our people and those with whom the group comes into contact. This includes, but is not limited to, implementing the advice of the authorities, particularly the World Health Organisation and other reliable sources.

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

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

For the purposes of the annual financial statements, the group has performed a detailed assessment of the impact of COVID-19 on the financial position of the group as at 28 February 2021 and results of operations for the year (see note 3 - *Critical accounting judgements and key sources of estimation uncertainty* for more detail), and except for certain provisions relating to future recoverability of trade receivables, the impact of the COVID-19 pandemic is considered as a non-adjusting event.

Major highlights

On 4 August 2020, the group signalled its strategic re-positioning as Liquid Intelligent Technologies. This re-positioning has resulted in the presentation of new revenue streams aligned with new group branding and services. Throughout the financial year 2021, the group has reaffirmed its position as a group committed to advancing the digital future of South Africa.

On 25 August 2020, the group announced the deployment of its Azure Stack Hub in Nairobi, Kenya. The availability of the hub within Kenyan borders will enable businesses to meet local data regulatory requirements and efficiently run latency sensitive business applications. This investment showcases the group's commitment to Kenya's digital transformation by empowering businesses with a cloud solution that is locally available, highly secure, and enables real time business continuity with flexible adoption models.

On 17 November 2020, the group announced its partnership with Zayo Group Holdings, Inc., a global leader of communications infrastructure. The partnership will see Liquid Telecom and Zayo leveraging existing networks for many of their customers who have operations in North America and Europe in addition to their African operations.

On 26 November 2020, the group continued the expansion of its fibre access through Botswana's Lobatse border to Gaborone, dramatically increasing connectivity and network capacity in the country. This implementation gives more people in Botswana access to Liquid Telecom's footprint of over 96,600km of Pan African fibre, and increased access to the global digital economy.

On 28 January 2021, the group announced a strategic acquisition of the Middle East and African operations of Quattro Business Solutions (QBS) - a leader in the fast-growing ecosystem of Microsoft Dynamics partners. The acquisition will allow Liquid to innovate and enhance its digital services offerings.

On 15 February 2021, the group completed the roll out of its national long distance 5 and 6 routes on the fibre network in South Africa (from Durban to Cape Town via Port Elizabeth). This completion increases the group's footprint in providing high capacity telecommunication services across South Africa.

On 25 February 2021, the group announced the successful arrangement of a financing package totalling a combined USD 840 million equivalent to refinance the group's existing USD 730 million 8.5% Senior Secured Notes and to support its growth strategy. The USD 840 million include the placing of USD 620 million 5.5% Senior Secured Notes in the international bond markets as well as a USD 220 million equivalent South African Rand term loan. The pricing of the Senior Secured Notes, which launched on 22 February 2020, attracted in excess of 230 investor orders. The order book, which totalled USD 3.2 billion, was more than 5 times oversubscribed helping to drive a coupon rate of 5.5% compared to the group's 8.5% debut bond coupon in July 2017.

Going concern

The directors have reviewed the consolidated cash flow projections of the group and company for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 28 February 2021, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2022. Although the full effects of the pandemic are not yet known, the potential impact of the following consequences have been taken into account: instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026) and USD 23.3 million of locally provided term loans (maturity in the financial years 2022 and 2025) in Zambia, of which USD 9.7 million is outstanding at 28 February 2021. Securing the new funding has removed the re-financing risk for the group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

Cash position

As at 28 February 2021, the group has an unrestricted cash position of USD 163.9 million (29 February 2020: USD 83.5 million). Of this amount, USD 44.0 million (29 February 2020: USD 22.5 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 83.9:1 (29 February 2020: 18.0:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

Operational performance

For the year ended 28 February 2021, the group reported an operating profit of USD 117.1 million (29 February 2020: 97.5 million) and a net cash inflow from operating activities of USD 245.4 million (29 February 2020: USD 136.5 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the year ended 28 February 2021 is appropriate.

Post balance sheet events

Adjusting events:

Refinancing of USD 730 million 8.5% Senior Secured Notes

On 22 February 2021, Liquid Telecommunications Financing Plc launched a tender offer for the USD 730 million 2022 Senior Secured Notes issued in 2017. The tender premium was 102.25 and any Notes not tendered will be redeemed at par on 13 July 2021. The tender offer closed on 26 February with 76.55% of noteholders taking up the tender. Concurrent with the tender process, on 24 February 2021 Liquid Telecommunications Financing Plc announced the issue of USD 620 million of new 5.5NC2 Senior Secured Notes. Settlement for both transactions took place on 4 March 2021.

Post balance sheet events (continued)

Adjusting events (continued):

Refinancing of USD 730 million 8.5% Senior Secured Notes (continued)

On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a five year USD 220 million equivalent South African Rand term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively.

In addition to the bond and term loan, the group entered into a USD 60 million Revolving Credit Facility agreement with and interest rate of LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes.

Due to the fact that by the year end, the tender process had launched and closed, the group's intentions regarding the old bond made clear and commitments made by investors on the new bond, the directors have assessed (under *IAS 10 – Events after the reporting period*) that these events provide evidence that the re-financing conditions existed at the statement of financial position date and therefore the re-financing has been treated as an adjusting post balance sheet event as at 28 February 2021.

The fees (premium and finance arrangement fees) on the USD 730 million 8.5% Senior Secured Notes, which had been capitalised at the time of the original transaction and not yet amortised, have been written off to the consolidated statement of profit or loss. The tender premium is expensed in the consolidated statement of profit or loss, together with the accrued interest on the USD 730 million 8.5% Senior Secured Notes. See note 43 for a breakdown of the fees debited or credited in the consolidated statement of profit or loss.

The fees on the USD 620 million 5.5% Senior Secured Note and USD 220 million equivalent South African Rand term loan have been capitalised and will be amortised over the tenors of the respective instruments.

Non-adjusting events:

Assets Held for Sale

As a result of the ADC restructuring described above, the group entered into a sale agreement with Africa Data Centre Holdings Limited (owned by Liquid Telecommunications (Jersey) Limited) for the disposal of the ADC line of business. The disposal is expected to be completed within 12 months of the year end and have been classified as Assets Held for Sale (see note 35 - *Assets Held for Sale*) and presented separately in the statement of financial position. The disposal proceeds are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The transaction was completed on the 4 March 2021 and therefore has been disclosed as a Non-adjusting post balance sheet event in accordance with *IAS 10 – Events after the reporting period* .

Statement of directors' responsibility in respect of the annual financial statements

The directors are required to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the group and the company. In preparing those financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgements and estimates that are reasonable and prudent;

• state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements;

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business, and

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

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with IFRS, laws and regulation. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Chairman's and CEO's statement

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

Incorporation

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

Dividends

Of the USD 40.6 million dividend paid (29 February 2020: Nil), USD 40.3 million relates to a scrip dividend declared on 8 June 2020 by Liquid Telecommunications Holdings Limited. The dividend declared was either in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability.

Share capital

The share capital of USD 3.7 million represents 124,857,914 ordinary shares (29 February 2020: 122,236,964). Refer to note 22 for details.

Investments

Full details of the group's and company's investments in subsidiaries, investments in associates and other investments are disclosed in notes 13 to 15, and 17 of the financial statements.

Directors and secretary

The directors of the company during the year under review and up to the date of this report were as follows:

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

<u>Secretary</u>

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

<u>Registered office</u>

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

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CERTIFICATE FROM THE SECRETARY
UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of Liquid Telecommunications Holdings Limited under Section 166 (d) of the Mauritius Companies Act 2001 for the year ended 28 February 2021.

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For DTOS
Secretary

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

Date: 12 May 2021

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of
Liquid Telecommunications Holdings Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Liquid Telecommunications Holdings Limited** (the "Company") and its subsidiaries (the "Group") set out on pages 10 to 72, which comprise the consolidated and separate statements of financial position as at 28 February 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company as at 28 February 2021, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises of Report of the directors and the Certificate from the secretary, but, does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of Liquid Telecommunications Holdings Limited (cont'd)

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the those charge with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Deloitte.

Deloitte

Chartered Accountants

12 May 2021

Agrawal.

Vishal Agrawal, FCA

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LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 28 February 2021

	Notes	Group 28/02/21 USD'000	Group 29/02/20 USD'000 (Restated)	Company 28/02/21 USD'000	Company 29/02/20 USD'000
Revenue	4,45	651,890	694,919	-	-
Interconnect related costs		(94,480)	(123,560)	-	-
Data and network related costs		(150,050)	(151,592)	-	-
Other income	5	4,017	4,583	1,783	6,101
Selling, distribution and marketing costs		(25,364)	(27,032)	(426)	(545)
Administrative expenses		(53,218)	(50,659)	(18,357)	(11,237)
Staff costs		(92,115)	(99,319)	(4,162)	(2,418)
Depreciation, impairment and amortisation	5	(123,599)	(149,889)	(2,103)	(509)
Operating profit / (loss)		**117,081**	**97,451**	**(23,265)**	**(8,608)**
Dividend received		292	-	40,992	35,000
Restructuring costs	5	(5,422)	(455)	-	-
Acquisition and other investment costs	5	(574)	(921)	(574)	(906)
Interest income	6	2,048	2,979	14,414	17,661
Finance costs	7	(99,699)	(79,427)	(39,370)	(38,950)
Net foreign exchange (loss) / gain	5	(385,988)	(599,078)	(832)	370
Hyperinflation monetary gain	1.1	391,917	458,507	-	-
Share of profits of associate	14	63	105	-	-
Profit /(Loss) before taxation		**19,718**	**(120,839)**	**(8,635)**	**4,567**
Tax (expense)/credit	8	(34,047)	57,511	(1,094)	(1,414)
(Loss) / Profit for the year		**(14,329)**	**(63,328)**	**(9,729)**	**3,153**
Other comprehensive (loss) / income for the year					
Items that may be reclassified subsequently to profit or loss:					
Translation gain/(loss) on accounting for foreign entities		5,088	(95,462)	-	-
Impact of application of Hyperinflation accounting on opening balances	1.1	4,209	100,338		
Other comprehensive income for the year		**9,297**	**4,876**	**-**	**-**
(Loss) / Profit and other comprehensive (loss) / income for the year		**(5,032)**	**(58,452)**	**(9,729)**	**3,153**
(Loss) / Profit attributable to:					
Owners of the company		(14,755)	(63,120)	(9,729)	3,153
Non-controlling interest		426	(208)	-	-
		(14,329)	**(63,328)**	**(9,729)**	**3,153**
(Loss) / Profit and other comprehensive income attributable to:					
Owners of the company		(5,340)	(57,887)	(9,729)	3,153
Non-controlling interest		308	(565)	-	-
		(5,032)	**(58,452)**	**(9,729)**	**3,153**
Loss per share					
Basic (Cents per share)	39	(11.88)	(51.64)		

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
as at 28 February 2021

	Notes	Group 28/02/21	Group 29/02/20	Company 28/02/21	Company 29/02/20
		USD'000	USD'000	USD'000	USD'000
Non-current assets					
Goodwill	9	129,364	125,770	-	-
Intangible assets	10	131,594	127,325	1,915	2,348
Property, plant and equipment	11	679,626	741,380	38	56
Right-of-Use assets	12	86,767	97,342	-	-
Investment in subsidiaries	13	-	-	712,250	711,406
Investment in associate	14	615	528	-	-
Investments	15	23,814	10,814	23,810	10,810
Deferred tax assets	16	31,595	31,708	-	-
Investments at amortised cost	17	49	193	-	-
Long-term receivables	18	13	61	212,214	197,382
Total non-current assets		**1,083,437**	**1,135,121**	**950,227**	**922,002**
Current assets					
Inventories	19	25,288	27,049	-	-
Trade and other receivables	20	186,764	221,373	137,417	142,063
Taxation	8	2,798	966	-	-
Cash and cash equivalents	21	163,898	83,492	25,307	13,033
Restricted cash and cash equivalents	21	8,740	1,511	7,500	-
Assets classified as held for sale	35	126,838	-	-	-
Total current assets		**514,326**	**334,391**	**170,224**	**155,096**
Total assets		**1,597,763**	**1,469,512**	**1,120,451**	**1,077,098**
Equity and liabilities					
Capital and reserves					
Share capital	22	3,716	3,638	3,716	3,638
Share premium	22	276,714	251,446	276,714	251,446
Convertible preference shares	22	180,000	180,000	180,000	180,000
(Accumulated losses) / Retained earnings		(121,379)	(56,607)	123,520	173,595
Foreign currency translation reserve		(6,016)	(15,560)	-	-
Total equity attributable to owners of the parent		**333,035**	**362,917**	**583,950**	**608,679**
Non-controlling interests	13.2	2,001	2,026	-	-
Total equity		**335,036**	**364,943**	**583,950**	**608,679**
Non-current liabilities					
Long term borrowings	23a	823,246	732,515	-	-
Long term lease liabilities	29	59,948	65,492	-	-
Long term intercompany borrowings	24	-	-	506,308	444,761
Long term provisions	27	-	1,396	-	-
Other long term payables	25	9,027	12,324	-	-
Deferred revenue	28	48,295	52,898	-	-
Deferred tax liabilities	16	26,281	17,638	-	-
Total non-current liabilities		**966,797**	**882,263**	**506,308**	**444,761**
Current liabilities					
Short term portion of long term borrowings	23b	2,859	12,211	-	125
Short term portion of long term lease liabilities	29	36,711	29,922	-	-
Trade and other payables	26	160,469	154,687	28,718	23,515
Short term provisions	27	22,784	16,353	1,475	-
Deferred revenue	28	44,219	6,690	-	18
Taxation	8	8,796	2,443	-	-
Liabilities directly associated with assets classified as held for sale	35	20,092	-	-	-
Total current liabilities		**295,930**	**222,306**	**30,193**	**23,658**
Total equity and liabilities		**1,597,763**	**1,469,512**	**1,120,451**	**1,077,098**

Approved by the Board of Directors and authorised for issue on 12 May 2021.

Eric Venpin
Director

Mike Mouter
Alternate Director to Gaetan Lan

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2021

Group

	Notes	Share Capital	Share Premium	Convertible preference shares	Foreign currency translation reserve	(Accumulated losses) / Retained earnings	Non-controlling interest	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2019		**3,638**	**251,446**	**-**	**(20,793)**	**8,000**	**10,458**	**252,749**
Issue of convertible preference shares*	22	-	-	180,000	-	-	-	180,000
Change in ownership	13.2	-	-	-	-	(1,487)	(7,867)	(9,354)
Loss for the year		-	-	-	-	(63,120)	(208)	(63,328)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	100,338	-	-	100,338
Translation loss on accounting for foreign entities		-	-	-	(95,105)	-	(357)	(95,462)
At 29 February 2020		**3,638**	**251,446**	**180,000**	**(15,560)**	**(56,607)**	**2,026**	**364,943**
Issue of share capital	22	78	25,268	-	-	-	-	25,346
Change in ownership	13.2	-	-	-	-	-	(167)	(167)
(Loss)/Profit for the year		-	-	-	-	(14,755)	426	(14,329)
Dividend	37	-	-	-	-	(40,637)	-	(40,637)
Impact of application of Hyperinflation accounting on opening balances		-	-	-	4,209	-	-	4,209
Translation gain/(loss) on accounting for foreign entities		-	-	-	5,206	-	(118)	5,088
Acquisition of subsidiary under common control	31	-	-	-	129	(9,380)	(166)	(9,417)
At 28 February 2021		**3,716**	**276,714**	**180,000**	**(6,016)**	**(121,379)**	**2,001**	**335,036**

Company

	Notes	Share capital	Share premium	Convertible preference shares	Retained earnings	Total Equity
		USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2019		3,638	251,446	-	170,442	425,526
Profit and other comprehensive profit for the year		-	-	-	3,153	3,153
Issue of convertible preference shares**		-	-	180,000	-	180,000
At 29 February 2020		**3,638**	**251,446**	**180,000**	**173,595**	**608,679**
Profit and other comprehensive income for the year		-	-	-	(9,729)	(9,729)
Dividend	37	-	-	-	(40,346)	(40,346)
Issue of share capital	22	78	25,268	-	-	25,346
At 28 February 2021		**3,716**	**276,714**	**180,000**	**123,520**	**583,950**

* Issue of convertible preference shares with same par value as the ordinary shares. See note 22.

LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 28 February 2021

		Group		Company	
	Notes	**28/02/21**	**29/02/20**	**28/02/21**	**29/02/20**
		USD'000	**USD'000**	**USD'000**	**USD'000**
Cash flows from operating activities:					
Cash generated from / (used in) operations	30	261,852	145,989	3,723	(27,270)
Income tax paid	8	(16,489)	(9,447)	(1,094)	(1,414)
Net cash generated from / (used in) operating activities		245,363	136,542	2,629	(28,684)
Cash flows from investing activities:					
Interest income		2,037	2,979	14,414	17,661
Acquisition of business operations	31	1,442	-	-	-
Additional investment in subsidiary	13	-	-	-	(29,735)
Acquisition of investments	15	(4,301)	-	(4,301)	-
Dividend received		292	-	992	-
Purchase of property, plant and equipment		(87,747)	(104,861)	(15)	-
Proceeds on disposal of property, plant and equipment		4,255	14,191	-	-
Purchase of intangible assets		(14,105)	(13,498)	(1,188)	(45)
Proceeds on disposal of intangible assets		1,734	194	42	7
Increase in long term receivables	18	-	-	(14,851)	(16,154)
Net cash used in investing activities		(96,393)	(100,995)	(4,907)	(28,266)
Cash flows from financing activities:					
Dividend paid		(289)	-	-	-
Finance costs paid		(94,145)	(66,365)	(39,370)	(38,950)
Issue of convertible preference shares		-	180,000	-	180,000
Increase/ (decrease) in borrowings		64,266	(78,802)	(125)	(72,958)
Decrease in lease liabilities		(37,352)	(36,445)	-	-
Decrease in intercompany equity loans	24	-	-	(1,170)	(390)
Increase in long term intercompany loan	24	-	-	62,717	1,500
Net cash (used in) / generated from financing activities		(67,520)	(1,612)	22,052	69,202
Net increase / (decrease) in cash and cash equivalents		81,450	33,935	19,774	12,252
Cash and cash equivalents at beginning of the year		85,003	95,082	13,033	781
Translation of cash with respect to foreign operations		6,185	(44,014)	-	-
Cash and cash equivalents at end of the year		**172,638**	**85,003**	**32,807**	**13,033**
Represented by:					
Cash and cash equivalents	21	163,898	83,492	25,307	13,033
Restricted cash and cash equivalents	21	8,740	1,511	7,500	-
		172,638	**85,003**	**32,807**	**13,033**

1. General information

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

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

1.1 Zimbabwean currency and hyperinflation accounting

Following changes to the currency in Zimbabwe in February 2019, the economic conditions are now those of a hyperinflationary environment. As a result, local accounting bodies have determined that the principles of IAS 29 - "Financial Reporting in Hyperinflationary Economies" should be applied. The group has continued the application of hyperinflation accounting during the year ended 28 February 2021 (29 February 2020: first year of adoption), with effect from 1 October 2018 for its Zimbabwean subsidiaries.

Zimbabwean currency

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

During the year ended 28 February 2021, there has been further movement in the ZWL$:USD rate and the group has used a rate of ZWL$:USD 83.9:1 (29 February 2020: ZWL$:USD 18.0:1) to translate both the statement of profit or loss and the statement of financial position at 28 February 2021. Of the USD 386.0 million (29 February 2020: USD 599.1 million) of net foreign exchange loss in the consolidated statement of profit and loss, Zimbabwe contributed USD 377.0 million (29 February 2020: USD 595.6 million). The net foreign exchange loss arises mainly on the retranslation of USD denominated intra-group debt at the statement of financial position date.

Hyperinflation accounting

Local economic conditions in Zimbabwe have continued to react to the deterioration in the ZWL$:USD exchange rate. Over the course of the financial year 29 February 2020, the group observed that the conditions in Zimbabwe have been indicative of a hyperinflationary economy. This was confirmed in a statement released on 11 October 2019 by the Public Accountants and Auditors Board ("PAAB"), which is mandated to regulate Auditing and Accounting standards in Zimbabwe. The PAAB advised that following broad market consensus within the Accounting and Auditing professions, the factors and characteristics to apply the financial reporting in IAS 29 - "Financial Reporting in Hyperinflationary Economies" in Zimbabwe had been met. Hyperinflation accounting is applicable to accounting periods ended on or after 1 July 2019 and so the group has continued the application the requirements of IAS 29 in its consolidated financial statements for the year to 28 February 2021, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2020 of USD 4.2 million (29 February 2020: USD 100.3 million) have been recognised directly in the consolidated statement of other comprehensive income.

The application of hyperinflationary accounting results in certain assets, liabilities, revenues and costs being reported in inflation adjusted terms as at 28 February 2021.

The restatement of balances in accordance with IAS 29 requires the use of a general price index that reflects changes in general purchasing power. The group has used the official published Zimbabwe Consumer Price Index ("CPI") as the general price index. The gains on the net monetary position of USD 391.9 million (29 February 2020: USD 458.5 million) have been recognised in the consolidated statement of profit or loss through 'Hyperinflation monetary gain' based on a CPI of 2,698.89 (29 February 2020: 640.2).

In addition, IAS 29 requires the translation of the results at closing rate rather than average rate. The closing rate of ZWL$:USD 83.9:1 (29 February 2020: ZWL$:USD 18.0:1) has been used.

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

The directors continue to monitor the economic conditions in Zimbabwe.

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

In the current year, the company and group have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 March 2020.

New and revised IFRSs and IFRICs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material.

IAS 39 IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform.

IFRS 3 Business combinations - Amendments to clarify the definition of a business.

IFRS 9 Financial instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).

New and revised IFRSs and IFRICs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2023).

IAS 16 Property, plant and equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022).

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022).

IAS 39 IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021).

IFRS 3 Business combinations - Amendments updating a reference to the Conceptual Framework (effective 1 January 2022).

IFRS 7 Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021).

IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021).

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022).

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely).

IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective 1 June 2020).

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

New and revised IFRSs and IFRICs in issue but not yet effective (continued)

IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021).

2. Summary of significant accounting policies

The consolidated and separate financial statements have been prepared under the historical cost convention, except for certain financial instruments carried at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted in the preparation of these financial statements are set out below:

Historical cost is generally based on the fair value of the consideration given in exchange for the goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group and the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis except for share-based transactions which fall in the scope of IFRS 2, leasing transactions that are in the scope of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) up to the reporting date each year. Control is achieved when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

Even when the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company’s voting rights in an investee are sufficient to give it power, including:

- the size of the company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholder’s meetings.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the net of the acquisition-date amounts of the identified assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree, the excess is recognised immediately in the consolidated statements of profit or loss and other comprehensive income as a bargain purchase gain.

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profits or losses and each component of the other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the profit or loss or transferred to another category of equity as specified/permitted by the applicable IFRSs). The fair value of any investment retained in the former subsidiary as at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the equity interests issued by the group, liabilities incurred by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

• deferred tax or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;
• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group’s interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

2. Summary of significant accounting policies (continued)

Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Common controlled transactions

Common controlled transactions are recorded at book value. Any difference between cost and book value is taken directly to equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost to their residual values, over their estimated useful lives, using the straight-line method, on the following basis:

Land and buildings	2 % - 5 %
Furniture and fittings	10 % - 20 %
Computer equipment	10 % - 50 %
Network equipment	20 %
Motor vehicles	20 % - 25 %
Data centres	5 % - 20 %
Fibre infrastructure	4 % - 20 %

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gains and losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in the consolidated statements of profit or loss and other comprehensive income.

Work in progress relates to an asset under construction that has not yet been put into use. The asset is not subject to depreciation while in the construction phase. Once the asset is fully developed and available for use, depreciation will start.

Investment in associate

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2. Summary of significant accounting policies (continued)

Investment in associate (continued)

The requirements of IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognise any impairment loss with respect to the group’s investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognised in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or part of the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter by an increase or decrease in the carrying amount of the investee by the group's share of profit or loss of the investee.

When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interest that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses in bringing the items to their present location and condition. The selling cost of inventory is calculated using the First-In-First-Out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement profit or loss.

Financial assets

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

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

Classification of financial assets

Financial assets are classified into the following specified categories:

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

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(i) Amortised cost and effective interest method (continued)

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

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

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

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

Interest income is recognised in the consolidated statement of profit or loss after Operating profit.

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

(ii) Equity instruments designated as at FVTOCI

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

A financial asset is held for trading if:

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

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

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

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

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

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

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

Foreign exchange gains and losses

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

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

Impairment of financial assets

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

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

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

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

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

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

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

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

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

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

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

(ii) Definition of default

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

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

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

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised when the proceeds are received, net of direct issue costs.

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

Share capital and share premium are classified as equity.

Financial liabilities

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

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

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

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

Foreign exchange gains and losses

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

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

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

Derivatives

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Embedded derivatives are disclosed separately in the consolidated statement of financial position.

Cash or cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Restricted cash comprises cash held in restricted accounts for bank guarantees and customer deposits.

Financing activities include dividends paid. Interest paid is included in financing activities.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities arising from the taxable temporary differences associated with investments in subsidiaries, branches and associates are not recognised if the company has both the ability to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Summary of significant accounting policies (continued)

Tax (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the consolidated statement of profit or loss, except when they relate to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Unfavourable contracts

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

Revenue recognition

The group recognises revenue from the following major sources:

• Network - primarily revenue from long haul and metro networks;
• Undersea Cables - primarily revenue from undersea assets;
• Digital Solutions - primarily revenue from cloud services, managed services and cybersecurity services;
• Technologies - primarily revenue from roaming services and other innovations;
• Voice Traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers; and
• Data Centre - primarily revenue from the group's Data centres.

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

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

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

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

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

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

• Undersea Cables: These contracts consist of two parts; firstly the connection of the service with the subsea landing station and secondly the provisioning of monthly services. The connection of the service performance obligation is satisfied on completion of connection as ownership is transferred. The provisioning of a service is recognised monthly as this is when the service is delivered. The transaction price is determined by the signed contract, which takes into account equipment and data rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

• Digital Solutions: the performance obligation is recognised when the service is made available to customers on-demand via remote connection to a cloud computing server. The connection of the service performance obligation is satisfied on completion of connection as ownership is transferred. The provisioning of a service is recognised monthly as this is when the service is delivered. The transaction price is determined by the signed contract, which takes into account the rates determined at market related prices. Customers are invoiced once for NRR and on a monthly basis for MRR. A receivable is raised as the service is delivered.

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

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

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

• Data Centre: The performance obligation relating to these service contracts consists of the provisioning of monthly services, the Monthly Recurring Revenue (MRR). Therefore, the MRR component of the contract will be recognised over the period of the contract. Transaction prices are determined based on signed contracts, which take into account rates determined at market related prices with the client for the MRR components. Customers are invoiced on a monthly basis for MRR. A receivable is raised as the service is delivered.

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

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

Management fees

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

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US Dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Summary of significant accounting policies (continued)

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statements of profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in statements of profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in US Dollars using exchange rates prevailing at the reporting date.

Exchange differences arising on translation of foreign operations, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in statements of comprehensive income in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate on the closing date.

Leases

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

Leases (continued)

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

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

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

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are expensed in the year in which they are incurred.

Intangible assets

Intangible assets acquired are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, on the following basis:

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

Upon acquisition of Liquid Telecommunications South Africa (Pty) Limited, Zanlink Limited and Raha Limited a valuation was assigned to the existing customer base of each entity and is classified as Customer relationships in Intangible assets (note 10).

The estimated useful lives and amortisation method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statements of profit or loss and other comprehensive income when the asset is derecognised.

2. Summary of significant accounting policies (continued)

Cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, treasury bills and deposits held, all of which are available for use by the company unless otherwise stated.

Equity Loans

Equity loans to subsidiaries arising on acquisition are recognised in equity on the date of acquisition.

Restructuring costs

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

Non-current assets and liabilities held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

3. Critical accounting judgements and key sources of estimation uncertainty

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

Key judgements

Revenue recognition

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

Classification and measurement of financial instruments

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

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

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

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key judgements (continued)

Identification of leases and lease terms

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

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

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

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or provision or disclosed as a contingent liability. Refer to note 40 for Contingent liabilities disclosure.

Key estimates

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which, in compliance with *IAS 16 - Property, plant and equipment (revised)* , are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred taxation assets

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of the recoverable amount.

3. Critical accounting judgements and key sources of estimation uncertainty

Key estimates (continued)

Impact of COVID-19 pandemic

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

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

Management considers that the amount of expected credit loss provided as of 28 February 2021, (see note 20 - *Trade and other receivables*) is sufficient to cover any future potential impact of the pandemic on the recoverability of the trade and affiliated entities receivables.

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

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

3. Operating activities

None of the group's operations have been suspended or are expected to be suspended. Management is confident that the business is sufficiently capitalised with the appropriate level of liquidity and profitability and remains a going concern. As such, the group is able to meet its known obligations in the ordinary course of business for the next twelve months from date of signing of the financial statements and has therefore adopted the going concern assumption in the preparation of these financial statements.

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

4. Fair value measurement

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

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

As such, appropriate fair value measurement has been applied at 28 February 2021 and management estimates that the pandemic would have little to no impact on the fair value measurements applied in the near future.

4. Revenue and segment information

4.1 Segment revenue and results

The group's operating and reportable segments are based on geographical areas. The group's core business is situated within Africa and management has aggregated African countries where the individual country revenue, profit/loss before tax and assets fall below 10% of group total (Rest of Africa). The group also has other operations based outside of Africa which have been aggregated into a separate segment (Rest of the World).

Following the group's strategic re-positioning, the group categorises its revenue streams as shown below:

New revenue streams:

• Network - primarily revenue from long haul and metro networks;
• Undersea cables - primarily revenue from undersea assets;
• Digital solutions - primarily revenue from cloud services, managed services and cybersecurity services;
• Technologies - primarily revenue from roaming services and other innovations;
• Voice traffic - primarily revenue from international voice interconnects between mobile network operators and international telecom carriers; and
• Data centre - primarily revenue from the group's data centres.

Previous revenue streams:

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

The new revenue streams have also been reflected in the comparatives.

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

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

• Restructuring costs
• Acquisition and other investment costs
• Net foreign exchange (loss) / gain (see note 5)
• Hyperinflation monetary gain (see note 1.1)
• Share of profits of associate

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

The following is an analysis of the group's revenue and results by reportable segment for the:

Year ended 28 February 2021

	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
Network	140,674	123,533	123,686	106,329	-	(73,442)	420,780
Undersea cables	1,906	60	9,769	3,850	-	-	15,585
Digital solutions	31,917	9,260	4,385	5,694	-	(4,926)	46,330
Technologies	26,615	-	-	-	-	-	26,615
Voice traffic	5,830	-	13	115,655	-	(2,594)	118,904
Data centre	18,201	-	5,619	314	-	(458)	23,676
Inter-segmental revenue	(8,385)	(1,575)	(9,371)	(62,089)	-	81,420	-
Group External Revenue	**216,758**	**131,278**	**134,101**	**169,753**	**-**	**-**	**651,890**
Adjusted EBITDA	78,585	64,632	42,879	75,836	(21,162)	202	240,972
Depreciation, impairment and amortisation							(123,599)
Restructuring costs							(5,422)
Acquisition and other investment costs							(574)
Interest income							2,048
Finance costs							(99,699)
Net foreign exchange loss							(385,988)
Hyperinflation monetary gain							391,917
Share of profits of associate							63
Profit before taxation							**19,718**
Tax expense							(34,047)
Loss after taxation							**(14,329)**

Year ended 29 February 2020 (restated)

	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
Network	222,042	91,015	95,587	88,568	-	(72,134)	425,078
Undersea cables	3,557	61	10,551	3,952	-	-	18,121
Digital solutions	45,682	5,548	1,764	2,478	-	(2,187)	53,285
Technologies	27,124	-	-	-	-	-	27,124
Voice traffic	10,719	-	14	139,827	-	(5,589)	144,971
Data centre	19,905	117	6,348	312	-	(342)	26,340
Inter-segmental revenue	(11,949)	(1,031)	(8,342)	(58,930)	-	80,252	-
Group External Revenue	**317,080**	**95,710**	**105,922**	**176,207**	**-**	**-**	**694,919**
Adjusted EBITDA	132,894	33,437	27,761	68,822	(8,098)	(7,476)	247,340
Depreciation, impairment and amortisation							(149,889)
Restructuring costs							(455)
Acquisition and other investment costs							(921)
Interest income							2,979
Finance costs							(79,427)
Net foreign exchange loss							(599,078)
Hyperinflation monetary gain							458,507
Share of profits of associate							105
Loss before taxation							**(120,839)**
Tax credit							57,511
Loss after taxation							**(63,328)**

4. Revenue and segment information (continued)

4.1 Segment revenue and results (continued)

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

For the year ended 28 February 2021, there are only 2 major customers* each comprising more than 10% of the total group revenue (2020: only 1 major customer*).

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

4.2 Segment assets and liabilities

	28/02/21	29/02/20
	USD'000	**USD'000**
Segment assets		
South Africa	706,787	697,726
Zimbabwe	402,214	302,370
Rest of Africa	268,589	286,506
Rest of the World	220,173	182,910
Total segment assets	1,597,763	1,469,512
Consolidated total assets	**1,597,763**	**1,469,512**
Segment liabilities		
South Africa	166,611	145,336
Zimbabwe	102,791	31,622
Rest of Africa	122,550	105,505
Rest of the World	54,346	92,177
Total segment liabilities	446,298	374,640
Group Borrowings (Senior Secured Notes - note 23)	816,429	729,929
Consolidated total liabilities	**1,262,727**	**1,104,569**

For the purpose of monitoring segment performance and allocating resources between segments:
• all assets are allocated to reportable segments.
• all liabilities are allocated to reportable segments other than group borrowings.

4.3 Other segment information

	Depreciation, impairment and amortisation		Additions to property, plant and equipment, Right-of-Use assets and intangible assets	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
South Africa	52,515	72,813	55,060	82,752
Zimbabwe	22,682	29,368	22,932	3,465
Rest of Africa	28,393	27,778	51,117	39,312
Rest of the World	20,009	19,930	17,032	7,482
	123,599	**149,889**	**146,141**	**133,011**

5. Profit / (loss) before taxation

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Profit / (loss) before taxation is arrived at after taking the following into account:				
Auditor's fees	2,201	2,280	216	184
Non-audit services	458	200	240	116
Consultancy fees	5,567	5,270	1,696	143
Bad debts recovered (note 20)	-	(88)	-	-
Increase in allowance for doubtful debts (note 20)	11,605	16,114	-	-
Depreciation, impairment and amortisation				
Depreciation (note 11)	74,588	86,956	33	28
Amortisation of intangible assets (note 10)	16,531	24,842	1,579	475
Right-of-Use assets depreciation (note 12)	30,192	32,118	-	-
Inventory written off (note 19)	376	475	-	-
Provision for obsolete inventory (note 19)	511	186	-	-
Impairment of Other receivables	-	477	-	-
Impairment of Right-of-Use assets (note 12)	-	2,551	-	-
Impairment of Property, plant and equipment (note 11)	-	2,284	-	-
Impairment of Intangible assets (note 10)	318	-	-	-
Impairment of Investment in subsidiaries (note 13.1)	-	-	473	-
Impairment loss on intercompany loans	1,083	-	18	6
	123,599	**149,889**	**2,103**	**509**

Restructuring costs:

During the year ended 28 February 2021, the group continued to restructure its operations, primarily in Liquid Telecommunications South Africa (Pty) Ltd, due to the development of a new operating model which sees the enhanced automation and digitalisation of the business. The following restructuring costs have been incurred.

	Group 28/02/21	Group 29/02/20	Company 28/02/21	Company 29/02/20
Redundancy costs	4,191	406	-	-
Employee support costs	368	-	-	-
Legal fees	213	23	-	-
Other costs	650	26	-	-
	5,422	**455**	**-**	**-**
Acquisition and other investment costs:				
Legal fees	60	60	-	60
Professional fees	494	841	549	825
Consultancy and advisory fees	6	6	25	6
Other investment costs	14	14	-	15
	574	**921**	**574**	**906**
Other income:				
Profit on disposal of Property, plant and equipment	130	675	-	-
Profit on disposal of Right-of-Use assets	21	-	-	-
Management fees received (note 32)	61	26	5,465	5,395
Management fees received - External	-	4	-	-
Sundry income	3,805	3,878	1,725	706
Loss on part disposal of subsidiary	-	-	(5,407)	-
	4,017	**4,583**	**1,783**	**6,101**
Net foreign exchange (loss) / gain:				
Exchange losses - unrealised	(420,200)	(608,483)	(863)	-
Exchange losses - realised	(2,897)	(2,129)	-	-
Exchange gains - unrealised	33,418	6,109	31	370
Exchange gains - realised	3,691	5,425	-	-
	(385,988)	**(599,078)**	**(832)**	**370**

6. Interest income

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Interest received - bank / external	1,645	2,554	451	1,053
Interest received - inter-group (note 32)	403	425	13,963	16,608
	2,048	**2,979**	**14,414**	**17,661**

7. Finance costs

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Interest on bank overdraft and loans	2,751	4,315	1,280	1,893
Finance cost on Senior Secured Notes	62,050	62,050	-	-
Finance arrangement fees amortised	3,538	3,538	-	-
Total net refinancing costs (note 43)	21,462	-	990	-
Interest on lease liabilities	9,889	9,524	-	-
Interest paid - inter-group (note 32)	9	-	37,100	37,057
	99,699	**79,427**	**39,370**	**38,950**

8. Tax

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Current taxation	17,246	6,953	-	-
Deferred taxation charge/(credit) (note 16)	12,469	(67,547)	-	-
Withholding taxation	4,332	3,083	1,094	1,414
Total taxation	**34,047**	**(57,511)**	**1,094**	**1,414**

The charge for the year can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Profit / (Loss) before taxation	19,718	(120,839)	(8,635)	4,567
Taxation at domestic rate for foreign subsidiaries in tax paying jurisdictions	8,760	(37,777)	-	-
Tax effect of non-deductible expenses	129,687	105,205	-	-
Tax effect of non-taxable income	155	(374)	-	-
Tax effect of foreign tax credit	(6,735)	(7,533)	-	-
Effect of tax losses not recognised as deferred tax assets	5,112	3,784	-	-
Tax effect of utilised unrecognised tax losses	(14,748)	(12,368)	-	-
Tax effect on IAS 29 adjusments	(92,516)	(111,531)		
Withholding taxation	4,332	3,083	1,094	1,414
	34,047	**(57,511)**	**1,094**	**1,414**

The company, being the holder of a Category 2 - Global Business Licence is not liable to income tax in Mauritius. The majority of the losses incurred by the company were at the holding company level, which resulted in a nil benefit due to the GBL 2 license. Taxation for other subsidiaries is calculated at the rates prevailing in the respective jurisdictions:

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

8. Tax (continued)

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Taxation asset:				
Opening balance	966	451	-	-
Provision for the year	266	18	-	-
Payment during the year	820	540	-	-
Reclassification	826	-	-	-
Foreign exchange differences	(80)	(43)	-	-
Closing balance	**2,798**	**966**	**-**	**-**
Taxation liability:				
Opening balance	(2,443)	(4,362)	-	-
Provision for the year	(21,844)	(10,036)	(1,094)	(1,414)
Payment during the year	15,669	8,907	1,094	1,414
Reclassification	(826)	-	-	-
Foreign exchange differences	648	3,048	-	-
Closing balance	**(8,796)**	**(2,443)**	**-**	**-**

9. Goodwill

	Group	
	28/02/21	**29/02/20**
	USD'000	**USD'000**
Cost		
Opening balance	125,770	137,341
Foreign exchange differences	765	(15,100)
Adjustments - IAS 29	2,829	3,529
Closing balance	**129,364**	**125,770**

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

Liquid Telecommunications Limited	2,850	2,850
Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	1,441	1,441
Zimbabwe Online (Private) Limited	3,669	3,922
Liquid Telecommunications Holdings South Africa (Pty) Limited	113,374	109,527
HAI Telecommunications Limited*	-	2,201
Liquid Telecommunications Zambia Limited*	2,201	-
Raha Tanzania Holdings Limited	5,584	5,584
Transaction Payment Solutions Indian Ocean Limited	245	245
	129,364	**125,770**

* HAI Telecommunications Limited (HAI) is a 100% subsidiary of Liquid Telecommunications Zambia Limited and was merged into its parent on 1 March 2020 resulting in a reallocation of the goodwill.

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 0.5% to 5.0%.

• Discount rates: discount rates ranged from 11.0% to 14.4%. The discount rates used reflect both time value of money and other specific risks relating to the relevant CGU and operating country.

10. Intangible assets

Group

	Operating Licence	Computer Software	Fibre Optical - IRU	Customer Relationships	Work in Progress	Data centres	Other Intangible Assets	Total
Cost:	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2019	27,213	40,687	114,389	52,894	4,000	-	29,230	268,413
Purchases during the year	534	2,493	9,495	-	976	-	-	13,498
Disposals during the year	-	(172)	(9,006)	-	(194)	-	-	(9,372)
Transfers	-	1,696	-	(14,342)	(1,696)	-	14,342	-
Transfers from fixed assets (note 11)	-	14	-	-	-	26	-	40
Foreign exchange differences	(6,257)	(4,682)	(2,433)	(5,600)	-	(2)	(2,100)	(21,074)
Adjustments - IAS 29	6,881	1,326	-	-	-	-	-	8,207
At 29 February 2020	28,371	41,362	112,445	32,952	3,086	24	41,472	259,712
Acquisition of subsidiaries (note 31)	-	176	-	-	-		-	176
Additions during the year	2,749	3,424	7,431	-	501	-	-	14,105
Disposals during the year	-	(151)	(1,823)	-	(42)	-	-	(2,016)
Transfers	250	320	-	-	(570)	-	-	-
Transfers from fixed assets (note 11)	294	(676)	-	-	-	-	8,712	8,330
Impairment	-	(471)	-	-	-	-	-	(471)
Write off	-	-	(1,791)	-	-	-	-	(1,791)
Transfer to Assets classified as held for sale (note 35)	-	-	-	-	-	(23)	-	(23)
Foreign exchange differences	(5,463)	(111)	(2)	1,513	-	(1)	31	(4,033)
Adjustments - IAS 29	5,264	1,053	-	-	-	-	-	6,317
At 28 February 2021	31,465	44,926	116,260	34,465	2,975	-	50,215	280,306
Accumulated amortisation:								
At 1 March 2019	7,694	33,417	46,310	8,859	-	-	19,007	115,287
Amortisation	1,851	3,286	8,105	3,398	-	-	8,202	24,842
Disposals during the year	-	(172)	-	-	-	-	-	(172)
Transfers from fixed assets (note 11)	-	(45)	-	-	-	2	-	(43)
Foreign exchange differences	(1,748)	(3,835)	(1,410)	(783)	-	-	(2,333)	(10,109)
Adjustments - IAS 29	1,720	862	-	-	-	-	-	2,582
At 29 February 2020	9,517	33,513	53,005	11,474	-	2	24,876	132,387
Acquisition of subsidiaries (note 31)	-	104	-	-	-		-	104
Amortisation	1,749	3,933	7,325	3,086	-	-	438	16,531
Disposals during the year	-	(151)	(132)	-	-	-	-	(283)
Transfers from fixed assets (note 11)	-	(676)	13	-	-	-	428	(235)
Transfer to Assets classified as held for sale (note 35)	-	-	-	-	-	(2)	-	(2)
Impairment	-	(153)	-	-	-	-	-	(153)
Write off	-	-	(1,420)	-	-	-	-	(1,420)
Foreign exchange differences	(1,784)	38	69	484	-	-	390	(803)
Adjustments - IAS 29	1,865	721	-	-	-	-	-	2,586
At 28 February 2021	11,347	37,329	58,860	15,044	-	-	26,132	148,712

10. Intangible assets (continued)

Group (continued)

Carrying amount:	Operating Licence USD'000	Computer Software USD'000	Fibre Optical - IRU USD'000	Customer Relationships USD'000	Work in Progress USD'000	Data centres USD'000	Other Intangible Assets USD'000	Total USD'000
At 29 February 2020	18,854	7,849	59,440	21,478	3,086	22	16,596	127,325
At 28 February 2021	20,118	7,597	57,400	19,421	2,975	-	24,083	131,594

During the year ended 28 February 2021, Computer software was impaired by USD 0.3 million relating to redundant technology and is disclosed in 'Depreciation, impairment and amortisation' in note 5.

During the year ended 29 February 2020, the following major transactions took place with respect to Intangible assets:
• the group acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited. This transaction resulted in the derecognition of a Fibre Optical - IRU of USD 9.0 million representing the capital contributed by the minority interest. See note 13.3 - *'Change in the group's ownership interest in a subsidiary'* for more details.
• the group acquired a 20 year Fibre Optical - IRU, through Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L), in the Democratic Republic of Congo ("DRC') for USD 7.6 million. This acquisition extends the group's fibre network across DRC.

Company

	Software USD'000	Work in Progress USD'000	Total USD'000
Cost:			
At 1 March 2019	323	1,275	1,598
Purchases during the year	808	726	1,534
Transfers	1,696	(1,696)	-
Disposals during the year	(172)	(194)	(366)
At 29 February 2020	2,655	111	2,766
Purchases during the year	687	501	1,188
Transfers	320	(320)	-
Disposals during the year	(151)	(42)	(193)
At 28 February 2021	3,511	250	3,761
Accumulated amortisation:			
At 1 March 2019	115	-	115
Amortisation	475	-	475
Disposals	(172)	-	(172)
At 29 February 2020	418	-	418
Amortisation	1,579	-	1,579
Disposals	(151)	-	(151)
At 28 February 2021	1,846	-	1,846
Carrying amount:			
At 29 February 2020	2,237	111	2,348
At 28 February 2021	1,665	250	1,915

11. Property, plant and equipment

Group

	Land and buildings	Furniture and fittings	Computer equipment	Network equipment	Motor vehicles	Work in progress	Data centres	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost									
At 1 March 2019	80,565	12,142	38,467	93,808	9,656	60,173	-	1,032,619	1,327,430
Additions during the year	2	463	1,342	1,471	121	37,009	7,395	57,058	104,861
Disposals during the year	-	(774)	(656)	(1,693)	(201)	(2,711)	-	(23,458)	(29,493)
Impairment	-	-	-	-	-	(2,284)	-	-	(2,284)
Transfers	(20,477)	(120)	(5,052)	2,729	-	(29,854)	94,711	(41,937)	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	(14)	(26)	(40)
Foreign exchange differences	(6,244)	(2,950)	(3,925)	(8,462)	(4,804)	(13,661)	(6,323)	(306,567)	(352,936)
Adjustments - IAS 29	3,785	3,431	2,231	7,228	6,044	8,227	-	359,128	390,074
At 29 February 2020	57,631	12,192	32,407	95,081	10,816	56,899	95,769	1,076,817	1,437,612
Acquisition of subsidiaries (note 31)	-	52	206	-	47	2,241	(2,241)	-	305
Additions during the year	211	362	1,206	2,335	1,884	38,727	1,042	41,980	87,747
Disposals during the year	-	(1)	(139)	(5)	(59)	(372)	-	(4,693)	(5,269)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 35)	(36,118)	-	-	-	-	(20,246)	(90,708)	-	(147,072)
Transfers	(129)	-	74	3,887	-	(18,739)	2,289	12,618	-
Transfer to intangible assets (note 10)	-	-	-	-	-	(294)	676	(8,712)	(8,330)
Transfer to inventory (note 19)	-	-	2	-	-	(58)	-	-	(56)
Foreign exchange differences	(2,951)	(3,229)	(1,700)	(10,410)	(5,485)	(7,249)	(6,827)	(306,006)	(343,857)
Adjustments - IAS 29	2,896	2,881	1,827	5,220	4,193	7,024	-	275,493	299,534
At 28 February 2021	21,540	12,252	33,812	95,560	11,399	57,933	-	1,087,506	1,320,002
Accumulated depreciation									
At 1 March 2019	16,807	8,550	28,337	76,429	6,423	(2,257)	-	406,545	540,834
Depreciation charge for the year	649	1,250	4,412	9,935	1,339	-	5,986	63,385	86,956
Disposals during the year	-	(753)	(531)	(1,763)	(190)	-	-	(2,133)	(5,370)
Transfer	(3,439)	(159)	(5,085)	(393)	-	-	23,528	(14,452)	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	45	(2)	43
Foreign exchange differences	(1,093)	(1,218)	(2,942)	(4,738)	(2,633)	-	(2,002)	(82,093)	(96,719)
Adjustments - IAS 29	-	2,493	1,282	5,452	4,839	-	-	156,422	170,488
At 29 February 2020	12,924	10,163	25,473	84,922	9,778	(2,257)	27,557	527,672	696,232
Acquisition of subsidiaries (note 31)	-	48	186	-	32	-	-	-	266
Depreciation charge for the year	1,109	652	3,303	8,227	686	-	6,668	53,943	74,588
Disposals during the year	-	-	(97)	(5)	(35)	-	-	(1,007)	(1,144)
Write offs	-	(5)	(71)	(548)	3	-	-	9	(612)
Transfer to Assets classified as held for sale (note 35)	(14,149)	-	-	-	-	-	(26,006)	-	(40,155)
Transfers	7,195	(4)	-	(7)	-	-	(7,184)	-	-
Transfer to intangible assets (note 10)	-	-	-	-	-	-	676	(441)	235
Foreign exchange differences	263	(2,663)	(1,167)	(9,315)	(5,050)	-	(1,711)	(141,777)	(161,420)
Adjustments - IAS 29	-	1,484	1,019	4,896	3,161	-	-	61,826	72,386
At 28 February 2021	7,342	9,675	28,646	88,170	8,575	(2,257)	-	500,225	640,376

11. Property, plant and equipment (continued)

Group (continued)

	Land and buildings USD'000	Furniture and fittings USD'000	Computer equipment USD'000	Network equipment USD'000	Motor vehicles USD'000	Work in progress USD'000	Data centres USD'000	Fibre infrastructure USD'000	Total USD'000
Carrying amount:									
At 29 February 2020	44,707	2,029	6,934	10,159	1,038	59,156	68,212	549,145	741,380
At 28 February 2021	14,198	2,577	5,166	7,390	2,824	60,190	-	587,281	679,626

Refer to note 23 for details of security over property, plant and equipment.

The significant foreign exchange difference arising in the year ended 28 February 2021 is primarily due to the deterioration of the ZWL$:USD exchange rate from 18.0:1 at 29 February 2020 to 83.9:1 at 28 February 2021. This is largely offset by the IAS 29 hyperinflation adjustment.

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

Company

	Furniture & Fittings USD'000	Computer equipment USD'000	Work in progress USD'000	Total USD'000
Cost				
At 1 March 2019	12	124	-	136
Additions	-	32	-	32
Disposals	-	(75)	-	(75)
At 29 February 2020	12	81	-	93
Additions	-	15	-	15
Disposals	-	(17)	-	(17)
At 28 February 2021	12	79	-	91
Accumulated amortisation:				
At 1 March 2019	1	83	-	84
Depreciation charge for the year	4	24	-	28
Disposals	-	(75)	-	(75)
At 29 February 2020	5	32	-	37
Depreciation charge for the year	4	29	-	33
Disposals	-	(17)	-	(17)
At 28 February 2021	9	44	-	53
Carrying amount:				
At 29 February 2020	7	49	-	56
At 28 February 2021	3	35	-	38

12. Right-of-Use assets

Group

	Land and buildings	Computer equipment	Furniture and fittings	Network equipment	Motor vehicles	Fibre infrastructure	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost:							
Opening adjustment on 1 March 2019 - IFRS 16	56,000	23	-	35,180	1,759	15,424	108,386
Additions during the year	7,597	-	-	3,312	14	3,729	14,652
Disposals during the year	(13)	-	-	-	-	-	(13)
Impairment	(2,551)	-	-	-	-	-	(2,551)
Foreign exchange differences	(2,637)	-	-	(11)	(95)	(1,092)	(3,835)
Adjustments - IAS 29	11,986	-	-	-	-	-	11,986
At 29 February 2020	70,382	23	-	38,481	1,678	18,061	128,625
Additions during the year	29,429	-	16	9,958	57	4,829	44,289
Disposals during the year	(373)	(22)	-	(1,721)	-	-	(2,116)
Transfer to Assets classified as held for sale (note 35)	(10,481)	-	-	-	-	-	(10,481)
Foreign exchange differences	(11,078)	(1)	-	(23)	37	490	(10,575)
Adjustments - IAS 29	(1,629)	-	-	-	-	-	(1,629)
At 28 February 2021	76,250	-	16	46,695	1,772	23,380	148,113
Accumulated depreciation:							
Depreciation	11,284	-	-	12,769	591	7,474	32,118
Disposals during the year	(13)	-	-	-	-	-	(13)
Foreign exchange differences	(383)	-	-	(2)	(25)	(426)	(836)
Adjustments - IAS 29	14	-	-	-	-	-	14
At 29 February 2020	10,902	-	-	12,767	566	7,048	31,283
Depreciation	10,215	-	-	11,971	517	7,489	30,192
Disposals during the year	(8)	(1)	-	(72)	-	-	(81)
Transfer to Assets classified as held for sale (note 35)	(696)	-	-	-	-	-	(696)
Foreign exchange differences	(111)	1	-	(5)	35	717	637
Adjustments - IAS 29	11	-	-	-	-	-	11
At 28 February 2021	20,313	-	-	24,661	1,118	15,254	61,346
Carrying amount:							
At 29 February 2020	59,480	23	-	25,714	1,112	11,013	97,342
At 28 February 2021	55,937	-	16	22,034	654	8,126	86,767

13. Investments in subsidiaries

13.1 Subsidiaries

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company's investment 28/02/21	29/02/20
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations Limited	H	Telecommunications	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Indian Ocean Limited	S	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Liquid Telecommunications Limited	H	Telecommunications & Technology	United Kingdom	Active	100	8,000	8,000
▪ Transaction Payment Solutions International Limited	H	Transaction Payment Solutions & Technology	Mauritius	Active	100	-	-
▪ Transaction Payment Solutions Botswana (Pty) Limited	S	Transaction Payment Solutions & Technology	Botswana	Active	100	-	-
▪ Transaction Payment Solutions Kenya Limited	S	Transaction Payment Solutions & Technology	Kenya	Active	99	-	-
▪ Transaction Payment Solutions Zambia Limited	S	Transaction Payment Solutions & Technology	Zambia	Active	99.995	-	-
▪ Transaction Payment Solutions Nigeria Limited	S	Transaction Payment Solutions & Technology	Nigeria	Active	100	-	-
▪ Transaction Payment Solutions South Africa (Pty) Limited t/a Paybay	S	Transaction Payment Solutions & Technology	South Africa	Active	100	-	-
▪ Data Control and Systems (1996) (Private) Limited t/a Liquid Telecom Zimbabwe	H	Telecommunications	Zimbabwe	Active	100	140,903	140,903
▪ Zimbabwe Online (Private) Limited	S	Telecommunications	Zimbabwe	Active	100	-	-
▪ Liquid Telecommunications Zambia Limited	H	Telecommunications	Zambia	Active	100	52,197	52,197
▪ HAI Telecommunications Limited	S	Telecommunications	Zambia	Dormant	100	-	-
▪ Liquid Telecommunications Kenya Limited*	H	Telecommunications	Kenya	Active	79.99	43,052	50,709
▪ East Africa Data Centre Limited	S	Telecommunications	Kenya	Active	100	-	-
▪ Liquid Telecommunications Uganda Limited	H	Telecommunications	Uganda	Active	99.99	1,463	1,463
▪ Liquid Telecommunications Rwanda Limited	H	Telecommunications	Rwanda	Active	70	5,090	5,090
▪ Liquid Telecom DRC S.A.	H	Telecommunications	Democratic Republic of Congo	Active	99	8,940	8,940

* The company continues to have 100% economic interest in Liquid Telecommunications Kenya Limited as at 28 February 2021.

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

Name of Company		Principal business activity	Country of Incorporation/ Principal place of business	Status	Percentage Holding	Company 28/02/21	Company 29/02/20
					%	USD'000	USD'000
▪ Liquid Telecommunications Operations DRC S.A.	S	Telecommunications	Democratic Republic of Congo	Dormant	100	-	-
▪ Liquid Telecommunications Operations Mozambique Limitada	H	Telecommunications	Mozambique	Dormant	100	2	2
▪ Ipidi Media	H	Telecommunications	Mauritius	Dormant	100	-	-
▪ Liquid Vision Media (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications Tanzania Limited	H	Telecommunications	United Republic of Tanzania	Dormant	100	-	-
▪ Liquid Sea Limited (Mauritius)	H	Telecommunications	Mauritius	Dormant	100	-	-
▪ Africa Digital Networks S.A.S	H	Telecommunications	Democratic Republic of Congo	Active	100	100	100
▪ Liquid Telecommunications International FZE	H	Telecommunications	United Arab Emirates	Active	100	545	545
▪ Liquid Telecommunications Botswana (Pty) Limited	H	Telecommunications	Botswana	Active	100	10,731	10,731
▪ Liquid Telecommunications Financing PLC	H	Financing for group	United Kingdom	Active	100	130	130
▪ Liquid Telecommunications Investments Limited	S	Financing for group	United Kingdom	Active	100	-	-
▪ Raha Tanzania Holdings Limited	H	Telecommunications	Mauritius	Active	70	12,650	12,650
▪ Raha Limited	S	Telecommunications	United Republic of Tanzania	Active	100	-	-
▪ Zanlink Limited	S	Telecommunications	United Republic of Tanzania	Active	70	-	-
▪ Liquid Telecommunications Holdings South Africa (Pty) Limited	H	Telecommunications	South Africa	Active	100	419,444	419,444
▪ Liquid Telecommunications Operations South Africa (Pty) Limited	S	Telecommunications	South Africa	Dormant	100	-	-
▪ Liquid Telecommunications South Africa (Pty) Limited	S	Telecommunications	South Africa	Active	100	-	-
▪ Liquid Telecommunications Sahara Holdings Limited	H	Telecommunications	Mauritius	Active	100	1	1
▪ Liquid Telecommunications Co. Limited	S	Telecommunications	Sudan	Dormant	100	-	-
▪ Liquid Telecom West Africa Data Centre Ghana Limited	H	Telecommunications	Ghana	Dormant	100	-	473
▪ Liquid Telecom West Africa Data Centre Nigeria Limited	H	Telecommunications	Nigeria	Dormant	100	28	28
▪ Worldstream (Pty) Limited	H	Telecommunications	South Africa	Active	71	8,974	-
▪ Liquid Telecommunications Cote D'Ivoire	H	Telecommunications	Ivory Coast	Dormant	100	-	-
						712,250	711,406

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

S = This is an indirect holding.

13. Investments in subsidiaries (continued)

13.1 Subsidiaries (continued)

See note 41.1 for additional non-cash investment in subsidiaries made during the year ended 28 February 2021.

The investment in Liquid Telecom West Africa Data Centre Nigeria Limited was impaired during the year ended 28 February 2021 and and is disclosed in 'Depreciation, impairment and amortisation' in note 5.

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

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

	Proportion of ownership interests held by non-controlling interests		Profit / (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	28/02/21	29/02/20	28/02/21	29/02/20	28/02/21	29/02/20
	%	%	USD'000	USD'000	USD'000	USD'000
Individually immaterial subsidiaries with non-controlling interests	-	-	426	(208)	2,001	2,026
			426	**(208)**	**2,001**	**2,026**

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

On 10 June 2020, the group entered into an agreement to purchase 71 percent shareholding in Worldstream (Pty) Ltd from Econet Global Limited for a non-cash consideration of USD 9.0 million. The acquisition was made through a common control transaction and recorded at cost. The amount for non-controlling interests is immaterial.

13. Investments in subsidiaries (continued)

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

During the year ended 28 February 2021, Zanlink Limited completed the process to reduce its share capital. The USD 0.2 million represents the share of non-controlling interest.

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

	Group	
	28/02/21	**29/02/20**
	USD'000	**USD'000**
Carrying amount of non-controlling interest acquired	(167)	7,867
Additional consideration	-	(9,354)
Excess of consideration recognised in parent's equity	**(167)**	**(1,487)**

14. Investment in associate

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests 28/02/21	29/02/20
			%	%
Number Portability Company (Pty) Limited	Telecommunications	South Africa	20	20

Pursuant to the shareholder agreement, the company has the right to cast 20% of the vote at shareholder meetings of Number Portability Company (Pty) Limited.

Summarised is the financial information in respect of the group's associate where it has significant interest.

	28/02/21	**29/02/20**
Number Portability Company (Pty) Limited	**USD'000**	**USD'000**
Total assets	3,379	2,858
Total liabilities	(304)	(218)
Net assets	3,075	2,640
Revenue	1,696	1,977
Profit for the period	315	523
Total comprehensive income for the year	315	523
Group's share of net assets of associate	615	528
Carrying amount of the group's interest in Number Portability Company (Pty) Limited:		
Opening balance	528	480
Share of profits of associate	63	105
Foreign exchange	24	(57)
Closing balance	615	528

15. Investments

Investments in equity instruments designated as at FVTOCI*	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Opening balance	10,814	10,814	10,810	10,810
Additions (note 41.1)	13,000	-	13,000	-
Closing balance	**23,814**	**10,814**	**23,810**	**10,810**

During the year ended 28 February 2021, the company acquired 1% of the share capital of Liquid Technologies Infrastructure Finance SARL for USD 13.0 million. Liquid Technologies Infrastructure Finance SARL will invest in fibre network infrastruture in the Democratic Republic of Congo.

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

No impairment was required following the review of the carrying value of the investments by the directors for the year ended 28 February 2021 (29 February 2020: Nil).

16. Deferred taxation

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	28/02/21	29/02/20
	USD'000	USD'000
Net deferred tax assets	31,595	31,708
Net deferred tax liabilities	(26,281)	(17,638)
Net deferred tax assets	**5,314**	**14,070**

	Group	
	28/02/21	29/02/20
	USD'000	USD'000
Group - Gross deferred tax assets:		
Deferred revenue	9,500	6,735
Property, plant and equipment	781	1,031
Assessed losses	20,439	39,994
Other	22,668	45,279
	53,388	**93,039**
(Charge)/credit to profit for the year	(3,394)	51,009
Group - Gross deferred tax liabilities:		
Property, plant and equipment	(35,599)	(75,022)
Other	(12,475)	(3,947)
	(48,074)	**(78,969)**
(Charge)/credit to profit for the year	(9,075)	16,538
Net movement		
Deferred tax assets	5,314	14,070
Deferred taxation charge/(credit) to profit for the year (note 8)	12,469	(67,547)

16. Deferred taxation (continued)

Management have carried out an assessment of the group's ability to utilise its tax losses in the relevant territories, based on the business plans over a five year time term as the most appropriate recognition period. The deferred tax asset recognised on tax losses in the group is USD 19.9 million (2020: USD 40.0 million), of which the most material balance is in South Africa (USD 17.4 million). The tax losses for Liquid Telecommunication South Africa (Pty) Limited are USD 396.7 million (2020: USD 409.8 million) of which USD 123.3 million (2020: USD 38.0) deferred tax asset has been recognised and the tax losses for Liquid Telecommunications Kenya Limited are USD 56.9 million (2020: USD 82.2 million) of which no deferred tax asset (2020: 2.0 million) has been recognised.

17. Investments at amortised cost

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
CABS housing scheme	49	193	-	-
	49	**193**	**-**	**-**

The CABS balance is an investment initially placed in March 2011 that backs the Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe Staff Housing Scheme that matures in 2025 at a pre-tax interest rate of 8% per annum. None of these assets were past due or impaired at the end of the reporting period.

18. Long term receivables

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Long term intercompany receivables (note 32)	-	-	212,214	197,382
Other receivables	13	61	-	-
	13	**61**	**212,214**	**197,382**

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

The directors have assessed the Expected Credit Loss ("ECL'') on the long term intercompany receivables and same is not material. Hence, no ECL has been accounted for.

19. Inventories

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Goods for resale	26,289	27,710	-	-
Provision for obsolete inventory	(511)	(186)	-	-
Inventory written off	(376)	(475)	-	-
Transfer to Assets classified as held for sale (note 35)	(154)	-	-	-
Acquisition of subsidiaries (note 31)	40			
	25,288	**27,049**	**-**	**-**
Cost of inventories expensed	12,036	9,539	-	-

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

20. Trade and other receivables

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Trade receivables	157,755	150,886	-	-
Allowance for doubtful debts	(46,950)	(41,692)	-	-
Affiliated entities (note 32)	15,045	39,631	48,314	53,638
Total trade and affiliated entities receivables, net of allowance for doubtful debts	**125,850**	**148,825**	**48,314**	**53,638**
Short-term inter-company receivables (note 32)	910	-	85,618	86,473
Sundry debtors	29,392	44,489	124	116
Deposits paid	5,525	4,565	-	-
Prepayments	25,087	23,494	3,361	1,836
	186,764	**221,373**	**137,417**	**142,063**

20. Trade and other receivables (continued)

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

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

The receivable balances from affiliated entities and other related parties are unsecured, interest free and are repayable within the next 6 months.

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Ageing of past due but not impaired				
31 - 60 Days	12,429	10,594	1,705	255
61 - 90 Days	6,162	9,895	2,142	303
91 - 120 Days	4,335	8,030	1,832	367
121 + Days	37,265	39,298	41,374	20,040
	60,191	67,817	47,053	20,965
Current items	65,659	81,008	1,261	32,673
Total trade and affiliated entities receivables, net of allowance for doubtful debts	**125,850**	**148,825**	**48,314**	**53,638**

In addition to the current items not yet due of USD 65.7 million (29 February 2020: USD 81.0 million) and USD 1.3 million (29 February 2020: USD 32.7 million) for the group and company respectively, the trade receivables and affiliated entities balances disclosed above include amounts that are past due at the end of the reporting period, but for which the group has not recognised an allowance for doubtful debts, because there has been no significant change in the assumptions about risk and probability of default and the amounts are still considered recoverable.

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

Included in the above amounts past due but not impaired are amounts due from customers totaling USD 10.7 million to whom longer credit terms have been contractually extended. Due to the timing of these contracts, these amounts fall across all ageing categories.

Included in amounts past due but not impaired are USD 15.0 million (29 February 2020: USD 39.6 million) of receivables from the Econet Group. Refer to note 32 for the total breakdown of Econet Group trade receivables.

The following table details the risk profile of trade receivables:

	Current	31 - 60	61 - 90	91 - 120	> 120	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2021						
Average expected default rate	1.0%	10.7%	17.2%	37.0%	52.4%	
Trade and affiliated entities receivables - Gross	66,351	13,916	7,445	6,876	78,212	172,800
Lifetime ECL	692	1,487	1,283	2,541	40,947	46,950
Group - 2020						
Average expected default rate	4.8%	4.6%	5.3%	16.6%	47.1%	
Trade and affiliated entities receivables - Gross	85,100	11,107	10,449	9,626	74,235	190,517
Lifetime ECL	4,092	513	554	1,596	34,937	41,692
Company - 2021						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	1,261	1,705	2,142	1,832	41,374	48,314
Lifetime ECL	-	-	-	-	-	-
Company - 2020						
Average expected default rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Trade and affiliated entities receivables - Gross	32,673	255	303	367	20,040	53,638
Lifetime ECL	-	-	-	-	-	-

20. Trade and other receivables (continued)

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

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
Movement in the allowance for doubtful debt:	USD'000	USD'000	USD'000	USD'000
Opening balance	(41,692)	(32,096)	-	-
Acquisition of subsidiaries (note 31)	(7)	-	-	-
Doubtful debt provision raised	(11,605)	(16,114)	-	-
Bad debts recovered	-	88	-	-
Reversal of provision	3,622	1,981	-	-
Foreign exchange differences	2,732	3,774	-	-
Adjustments - IAS 29	-	675	-	-
Closing balance	**(46,950)**	**(41,692)**	**-**	**-**

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

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Cash and bank balances	163,419	81,257	25,307	13,033
Money market deposits	479	2,235	-	-
Cash and cash equivalents	**163,898**	**83,492**	**25,307**	**13,033**
Restricted cash and cash equivalents	8,740	1,511	7,500	-
Total cash and cash equivalents	172,638	85,003	32,807	13,033

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

Cash and cash equivalents include USD 44.0 million (29 February 2020: USD 22.5 million) in Zimbabwe held in cash, short term deposits and similar instruments. These amounts have been translated at the rate of ZWL$:USD of 83.9:1. See note 1.1 - *Zimbabwean currency and Hyperinflation accounting* for more detailed disclosure.

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

Guarantees	7,501	241	7,500	-
Customer deposits held	1,239	1,270	-	-
	8,740	**1,511**	**7,500**	**-**

22. Share capital and share premium

	Group & Company	
	28/02/21	29/02/20
	USD'000	USD'000
Issued and paid share capital		
Ordinary shares	**3,716**	**3,638**
Share premium	**276,714**	**251,446**

Movement in capital:	Number of shares	Share capital	Share Premium
		USD'000	USD'000
Balance at 1 March 2020	122,236,964	3,638	251,446
Issue of shares through scrip dividend	2,620,950	78	25,268
Balance at 28 February 2021	**124,857,914**	**3,716**	**276,714**

The share capital above represents 124,857,914 ordinary shares (29 February 2020: 122,236,964)

22. Share capital and share premium (continued)

Scrip dividend

Of the USD 40.6 million dividend paid (29 February 2020: Nil), USD 40.3 million relates to a scrip dividend declared on 8 June 2020 by Liquid Telecommunications Holdings Limited. The dividend declared was either in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability.

Convertible preference shares

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

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

		Group		Company	
		28/02/21	29/02/20	28/02/21	29/02/20
23a.	**Long term borrowings:**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
	Stanbic Bank of Zambia Limited	6,817	10,859	-	-
	USD 620 million 5.5% Senior Secured Notes	605,219	-	-	-
	USD 730 million 8.5% Senior Secured Notes	-	721,656	-	-
	USD 220 million equivalent South African Rand term loan	211,210	-	-	-
		823,246	**732,515**	**-**	**-**
23b.	**Short term portion of long term borrowings:**				
	Stanbic Bank of Zambia Limited	2,859	3,813	-	-
	USD 730 million 8.5% Senior Secured Notes	-	8,273	-	-
	USD 73 million revolving credit facility	-	125	-	125
		2,859	**12,211**	**-**	**125**

On 22 February 2021, Liquid Telecommunications Financing Plc ("LTF") launched a tender offer for the USD 730 million 2022 Senior Secured Notes issued in 2017. The tender premium was 102.25 and any Notes not tendered will be redeemed at par on 13 July 2021. The tender offer closed on 26 February with 76.55% of noteholders taking up the tender. Concurrent with the tender process, on 24 February 2021, LTF announced the issue of USD 620 million of new 5.5NC2 Senior Secured Notes. Settlement for both transactions took place on 4 March 2021.

The new Senior Secured Notes bear interest, payable half yearly, at the rate of 5.5% and are payable at maturity in September 2026. The Notes are issued by LTF and are guaranteed on a Senior Secured basis by: Liquid Telecommunications Holdings Limited, Liquid Telecommunications Operations Limited, Liquid Telecommunications Limited, Liquid Telecommunications Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited with various types of collateral. Such collateral includes (among other things): (i) share pledges and charges over assets, 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.

On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a 5 year USD 220 million equivalent South African Rand term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively.

In addition to the new bond and term loan, the group has a USD 60 million Revolving Credit Facility agreement between the company, JP Morgan Chase Bank N.A., London branch, Standard Finance (Isle of Man) and Standard Chartered Bank (Mauritius) Limited. 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 Kenya Limited, Liquid Telecommunications Holdings South Africa (Pty) Limited, Liquid Telecommunications South Africa (Pty) Limited and Liquid Telecommunications Zambia Limited. The obligations under the Revolving Credit Facility are secured equally and ratably with the Senior Secured Notes by first priority liens over the security. The Revolving Credit Facility facility is denominated in USD, bears interest at the rate of LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes

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

The above events have been treated as adjusting post balance sheet events. See note 43 - *Post balance sheet events* for more details.

Liquid Telecommunications Zambia Limited has USD 23.3 million of term loans denominated in local currency (Zambian Kwacha). As at 28 February 2021, the outstanding balance on all term loans is USD 9.7 million.

24. Long term intercompany borrowing

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Long term intercompany payables (note 32)	-	-	498,990	436,273
Intercompany equity loan payables (note 32)	-	-	7,318	8,488
	-	-	506,308	444,761

The company's long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 5.5% (29 February 2020: 8.5%) and is repayable in September 2026.

25. Other long term payables

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Senior Secured notes premium	-	2,637	-	-
Unfavourable contracts	9,027	9,687	-	-
	9,027	**12,324**	**-**	**-**

A tranche of the USD 730 million Senior Secured Notes issued in November 2017 was issued at a USD 9.0 million premium. This premium was being amortised over the tenor of the Notes and has now been fully written off in the current year following the re-financing of the Notes. (Refer to note 23 for terms).

The breakdown of unfavourable contracts is as follows:

SEACOM Limited	9,027	9,687	-	-

Refer to note 26 for the unfavourable contracts terms.

26. Trade and other payables

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Trade accounts payable	65,100	80,568	1,796	636
Payable balance to affiliated entities (note 32)	3,111	3,315	12,327	2,043
Short-term inter-company payables (note 32)	14,380	-	8,709	16,886
Accruals	61,081	53,177	5,883	3,950
Staff payables	3,106	2,147	-	-
Transaction taxes due in various jurisdictions	5,370	3,660	-	-
Short term portion of unfavourable contracts	706	633	-	-
Senior Secured notes premium	-	1,930	-	-
Other short term payables	7,615	9,257	3	-
	160,469	**154,687**	**28,718**	**23,515**

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 group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

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

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

26. Trade and other payables (continued)

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

The breakdown of unfavourable contracts is as follows:

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
Short term portion of unfavourable contracts:	USD'000	USD'000	USD'000	USD'000
SEACOM Limited	706	633	-	-

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

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

27. Long term and short term provisions

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Long term provisions				
Other provision	-	1,396	-	-
Short term provisions:				
Leave pay provision	2,019	1,694	-	-
Bonus provision	9,193	8,577	-	-
Licence fee provision	6,565	4,274	-	-
Other provision	5,007	1,808	1,475	-
	22,784	**16,353**	**1,475**	**-**

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

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

The licence fee provision includes provision for Liquid Telecommunications South Africa (Pty) Limited's corporate social responsibility obligation in respect of the licence held with ICASA, to provide ICT services to 750 public schools. The ICT services include the provision of the local area network, the wide area network and end user devices in schools and training facilities. Liquid Telecommunications South Africa (Pty) Limited has capitalised the obligation by raising a provision at the estimated present value of the total obligation. This is reassessed annually. The capitalised amount is amortised over the remaining licence period. In assessing the present value of the ICASA obligation, a discount rate of 13.1% (2020: 13.1%) per annum has been applied.

28. Deferred revenue

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Long term portion of deferred revenue	48,295	52,898	-	-
Short term portion of deferred revenue	44,219	6,690	-	18
	92,514	**59,588**	**-**	**18**

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

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

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Long term lease liabilities	59,948	65,492	-	-
Short term portion of long term lease liabilities	36,711	29,922	-	-
	96,659	**95,414**	**-**	**-**
Maturity analysis:				
Less than 1 year	36,711	29,922	-	-
1 to 2 years	23,320	21,040	-	-
2 to 3 years	8,564	11,638	-	-
3 to 4 years	5,094	10,383	-	-
4 to 5 years	6,850	12,871	-	-
More than 5 years	16,120	9,560	-	-
	96,659	**95,414**	**-**	**-**

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

30. Cash generated from operations

		Group		Company	
	Notes	**28/02/21**	**29/02/20**	**28/02/21**	**29/02/20**
		USD'000	**USD'000**	**USD'000**	**USD'000**
Profit / (Loss) before tax		19,718	(120,839)	(8,635)	4,567
Adjustments for:					
Depreciation, impairment and amortisation	5	123,599	149,889	2,103	509
Write off of Intangible assets	10	371	-	-	-
Dividend received		(292)	-	(992)	-
Bad debts provision		2,998	14,045	-	-
Bad debts recovered	5	-	(88)	-	-
Increase / (decrease) in provisions	27	3,641	(2,748)	-	-
Foreign exchange loss / (gain)		386,717	602,026	(32)	(127)
Hyperinflation monetary gain		(391,917)	(458,507)	-	-
Loss on part disposal of subsidiary		-	-	5,407	-
Profit on disposal of fixed assets		(130)	(675)	-	-
Interest income	6	(2,048)	(2,979)	(14,414)	(17,661)
Finance costs	7	99,699	79,427	39,370	38,950
Share of profits of associate	14	(63)	(105)	-	-
		242,293	259,446	22,807	26,238
Working capital changes:					
Increase in inventories		(3,114)	(2,581)	-	-
Increase in trade and other receivables p		(18,178)	(103,576)	(15,605)	(41,403)
Increase / (decrease) in trade and other payables		(693)	2,052	(5,396)	(10,381)
Increase/ (decrease) in deferred revenue		32,953	(12,758)	(18)	-
Increase / (decrease) in accruals		9,212	3,988	1,935	(1,724)
Decrease in unfavourable contracts		(621)	(582)	-	-
Cash generated from / (used in) operations		**261,852**	**145,989**	**3,723**	**(27,270)**

31. Acquisition / disposal of subsidiary company

28 February 2021

On 10 June 2020, the group entered into an agreement to purchase 71% shareholding in Worldstream (Pty) Ltd from Econet Global Limited for a non-cash consideration of USD 9.0 million. The acquisition was made through a common control transaction and recorded at cost.

The purpose of the acquisition was to follow the strategic direction of the group in acquiring companies that extend the fibre coverage of the Liquid Telecommunications Group within South Africa.

	Cost
	USD'000
Intangible assets	72
Property, plant and equipment	39
Deferred tax assets	1,114
Inventories	40
Trade receivables	1,199
Trade receivables from Affiliated entities	10,517
Provision for bad debts	(7)
Other receivables	306
Cash and cash equivalents	1,442
Short-term inter-company receivables	12
Trade payables	(14,585)
Trade payables to Affiliated entities	(183)
Accruals	(201)
Short term provision	(13)
Other payables	(324)
Net assets value (100%)	(572)
Non-controlling interest	166
Net assets acquired	(406)
Loss on acquisition under common control	9,380
Total non-cash consideration	8,974
Net cash inflow on acquisition of subsidiary	
Total cash consideration	-
Cash and cash equivalents	1,442
Net cash inflow arising on acquisition	**1,442**

There is no contingent consideration payable and the consideration represents the full purchase price.

29 February 2020

There were no acquisitions or disposals during the year ended 29 February 2020.

32. Related party transactions

In addition to the subsidiary companies the following are related parties to the Liquid Telecommunications Holdings Limited group: Worldstream (Pty) Limited (incorporated in South Africa) (as at 9 June 2020 - See note 31 - *Acquisition / disposal of subsidiary company*), 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 South Africa (Pty) Limited, Steward Bank Limited and Omni Broadcast Limited (Uganda) and are referred to as "Econet Global related group companies". The following are also related parties: Africa Data Centres Holdings Ltd, Liquid Technologies Infrastructure Finance SARL and Liquid Telecommunications (Jersey) Ltd. They have been disclosed as related parties due to their common control.

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

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Sales of goods and services:				
Econet Global Related Group Companies	75,401	58,630	-	-
	75,401	**58,630**	**-**	**-**
Purchase of goods and services:				
Econet Global Related Group Companies	33,212	27,179	-	-
	33,212	**27,179**	**-**	**-**
Management fees paid:				
Econet Global Related Group Companies	240	240	235	-
Liquid Telecommunications Limited	-	-	7,865	3,385
Liquid Telecommunications Operations Limited	-	-	-	48
Liquid Telecommunications Kenya Limited	-	-	302	-
Liquid Telecommunications International FZE	-	-	819	1,090
Liquid Telecommunications (Jersey) Ltd	60	-	60	-
	300	**240**	**9,281**	**4,523**
Management fees received:				
Econet Global Related Group Companies	61	26	-	-
Liquid Telecommunications Operations Limited	-	-	4,158	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	-	1,417
Liquid Telecommunications Kenya Limited	-	-	-	1,381
Liquid Telecommunications South Africa (Pty) Limited	-	-	890	1,663
Liquid Telecommunications Uganda Limited	-	-	-	197
Liquid Telecommunications Rwanda Limited	-	-	229	229
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	188	188
Zanlink Limited	-	-	-	87
Raha Limited	-	-	-	233
	61	**26**	**5,465**	**5,395**
Dividend received:				
Liquid Telecommunications Rwanda Limited	-	-	700	-
Liquid Telecommunications Operations Limited	-	-	40,000	35,000
	-	**-**	**40,700**	**35,000**
Dividend paid:				
Econet Global related group companies	18,078	-	18,078	-
Other shareholders	22,559	-	22,267	-
	40,637	**-**	**40,345**	**-**
Finance costs:				
Liquid Telecommunications Limited	-	-	8	29
Liquid Telecommunications Financing Plc	-	-	37,083	37,028
Liquid Technologies Infrastructure Finance SARL	9	-	9	-
	9	**-**	**37,100**	**37,057**
Administration fees paid:				
DTOS Limited	336	367	159	194

32. Related party transactions (continued)

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Interest income:				
Econet Global Related Group Companies	400	425	367	379
Liquid Telecommunications Zambia Limited	-	-	189	165
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	6,694	7,863
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	1,779	1,324
Liquid Telecommunications Operations Limited	-	-	734	1,266
Africa Digital Networks S.A.S	-	-	237	534
East Africa Data Centre Limited	-	-	157	213
Liquid Telecommunications Uganda Limited	-	-	571	770
Liquid Telecommunications International FZE	-	-	368	518
Liquid Telecommunications Kenya Limited	-	-	2,155	2,941
Liquid Telecommunications Sahara Holdings Limited	-	-	154	33
Liquid Telecommunications Rwanda Limited	-	-	106	143
Raha Tanzania Holdings Limited	-	-	318	383
Liquid Telecommunications Botswana (Pty) Limited	-	-	64	76
Kenya Employee Benefit Trust	-	-	67	-
Africa Data Centres related group companies	3	-	3	-
	403	**425**	**13,963**	**16,608**
Long term intercompany payables:				
Liquid Telecommunications Financing Plc	-	-	498,990	436,273
	-	**-**	**498,990**	**436,273**

The long term intercompany payable to Liquid Telecommunications Financing Plc is unsecured, denominated in USD, bears interest at the rate of 5.5% and is repayable in September 2026.

	Group 28/02/21	Group 29/02/20	Company 28/02/21	Company 29/02/20
Long term intercompany receivables:				
Liquid Telecommunications Sahara Holdings Limited	-	-	3,927	3,669
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	71,631	71,631
Liquid Telecommunications Kenya Limited	-	-	54,431	56,564
Africa Digital Networks S.A.S	-	-	12,298	9,129
Liquid Telecommunications Rwanda Limited	-	-	2,658	2,583
East Africa Data Centre Limited	-	-	3,936	3,802
Liquid Telecommunications Uganda Limited	-	-	15,050	14,564
Liquid Telecommunications International FZE	-	-	6,759	6,253
Raha Tanzania Holdings Limited	-	-	5,693	5,413
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	27,148	18,750
Liquid Telecommunications Botswana (Pty) Limited	-	-	1,067	1,009
Liquid Telecommunications Zambia Limited	-	-	5,205	4,015
Liquid Telecom West Africa Data Centre Nigeria Limited	-	-	94	-
Kenya Employee Benefit Trust	-	-	2,317	-
	-	**-**	**212,214**	**197,382**

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

The long term intercompany receivable from Data & Control System (Private) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.25% and is repayable in December 2025.

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

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

32. Related party transactions (continued)

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

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

The long term intercompany receivable from Liquid Telecommunications Uganda Limited is unsecured, denominated in USD and bears interest at the rate of Libor plus 3.75%. Repayment of the loan is pegged to Liquid Telecommunications Uganda Limited generating free cash flows for a period of at least three months during which time the company must also report positive working capital.

The long term intercompany receivable from Liquid Telecommunications International FZE is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in February 2024.

The long term intercompany receivable from Raha Tanzania Holdings Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 5.5% and is repayable in 36 equal monthly instalments commencing from the first day falling after the relevant grace period.

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

The long term intercompany receivable from Liquid Telecommunications Botswana (Pty) Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 6.0% and is repayable in March 2022.

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

The long term intercompany receivable from Liquid Telecom West Africa Data Centre Nigeria Limited is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2026.

The long term intercompany receivable from Kenya Employee Benefit Trust is unsecured, denominated in USD, bears interest at the rate of Libor plus 3.75% and is repayable in February 2026.

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Short term intercompany payables:				
Liquid Telecommunications Mozambique Limitada	-	-	1	1
Liquid Telecom West Africa Data Centre Ghana Limited	-	-	-	413
Liquid Telecom West Africa Data Centre Nigeria Limited	-	-	-	28
Liquid Technologies Infrastructure Finance SARL	11,684	-	8,708	-
Liquid Telecommunications Financing PLC	-	-	-	16,444
Africa Data Centres related group companies	2,696	-	-	-
	14,380	**-**	**8,709**	**16,886**
Short term intercompany receivables:				
Econet Global Related Group Companies	451	-	451	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	48,271	48,513
Liquid Telecommunications Operations Limited	-	-	36,437	37,960
Africa Data Centres related group companies	459	-	459	-
	910	**-**	**85,618**	**86,473**

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

32. Related party transactions (continued)

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Receivables balances from affiliated entities and other related parties:				
Econet Global Limited (Mauritius)	4,998	27,171	4,998	27,171
Econet Global Related Group Companies	8,799	12,460	-	-
Liquid Technologies Infrastructure Finance SARL	1,248	-	-	-
Data Control Systems (1996) (Private) t/a Liquid Telecom Zimbabwe	-	-	10,159	9,626
Liquid Telecommunications Zambia Limited	-	-	1,027	-
Liquid Telecommunications Limited	-	-	-	74
Liquid Telecommunications Rwanda Limited	-	-	901	520
Liquid Telecom DRC S.A. (previously known as Liquid Telecommunications DRC S.A.R.L)	-	-	527	253
Liquid Telecommunications South Africa (Pty) Limited	-	-	22,115	10,321
Raha Limited	-	-	624	469
Liquid Telecommunications Operations Limited	-	-	4,824	1,673
ZOL Zimbabwe (Private) Limited	-	-	213	58
Liquid Telecommunications Kenya Limited	-	-	1,398	1,201
Africa Digital Networks S.A.S	-	-	401	292
Liquid Telecommunications Uganda Limited	-	-	594	427
Transaction Payment Solutions International Limited	-	-	8	8
Transactions Payment Solutions Botswana (Proprietary) Limited	-	-	4	-
Transactions Payment Solutions Kenya Limited	-	-	4	-
Transactions Payment Solutions Zambia Limited	-	-	4	-
HAI Telecommunications Limited	-	-	-	1,096
Liquid Telecommunications International FZE	-	-	66	55
Zanlink Limited	-	-	54	105
Liquid Telecommunications Botswana (Pty) Limited	-	-	216	154
Transaction Payment Solutions South Africa Limited t/a Paybay	-	-	177	135
	15,045	**39,631**	**48,314**	**53,638**

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

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
Payable balance to affiliated entities:				
Econet Global Related Group Companies	3,103	3,315	-	-
Liquid Telecommunications (Jersey) Ltd	8	-	8	-
Liquid Telecommunications Operations Limited	-	-	-	26
Liquid Telecommunications South Africa (Pty) Limited	-	-	12,319	1,949
Liquid Telecommunications Zambia Limited	-	-	-	68
	3,111	**3,315**	**12,327**	**2,043**

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

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
Equity loans made to:				
Liquid Telecommunications Botswana (Pty) Limited	-	-	7,318	8,488
	-	**-**	**7,318**	**8,488**

The equity loan is unsecured. There are no fixed repayment terms and these amounts are repayable at the discretion of each respective borrower and thus considered to represent equity.

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
Acquisition of controlling interest in subsidiary				
Econet Global Related Group Companies	8,974	-	-	-
	8,974	**-**	**-**	**-**

Refer to note 31 for more details on the acquisition of subsdiary.

33. Compensation of key management personnel

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
The remuneration of the directors and other key management personnel during the year is as follows:				
Short-term employee benefits	5,446	4,907	2,789	2,521

34. Commitments

34.1 Capital commitments

At 28 February 2021, the group committed to the following capital commitments:

Authorised and contracted	27,344	53,754	-	-

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

34.2 Other

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

35. Assets Held for Sale

As part of their ongoing review of the group's strategy, the directors consider the Data Centre ("ADC") line of business to represent a significant opportunity on the African continent. In order to maximise this opportunity and serve the needs of our multi-national and local clients, the directors agreed during the prior year, to a restructure of the group during the year ended 28 February 2021, to allow greater operational focus and additional fund-raising for this sector. As a result, the group entered into a sale agreeement with Africa Data Centre Holdings Limited (owned by Liquid Telecommunications (Jersey) Limited) on 4 March 2021 for the disposal of the ADC line of business carried out by the South African and Kenyan subsdiaries of the group for a consideration USD 193.0 million. The disposal is expected to be completed within 12 months and has been classified as a disposal group held for sale (see note 43 - *Post balance sheet events* for more details) and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale. The results of the discontinued operations, which have been included in the consolidated statement of profit or loss, were as follows:

	Group		
	28/02/21		
Consolidated Statements of Profit or Loss (summary)	Including ADC	ADC	Excluding ADC
	USD'000	USD'000	USD'000
Revenue	651,890	23,472	628,418
Adjusted EBITDA	240,972	11,571	229,401
Profit before tax	19,718	2,736	16,982
Tax expense	(34,047)	(1,075)	(32,972)
Profit after tax	(14,329)	1,661	(15,990)

During the year, ADC contributed USD 12.3 million to the Group's net operating cash flows, paid USD 17.3 million in respect of investing activities and received USD 5.0 million in respect of financing activities.

A profit of USD 86.3 million arose on the disposal of the ADC assets, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill upon the completion of the transaction in the subsequent reporting period.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

35. Assets Held for Sale (continued)

	Group 28/02/21 USD'000
Assets classified as held for sale	
Intangible assets	21
Property, plant and equipment	106,917
Right-of-Use assets	9,785
Inventories	154
Trade and other receivables	2,865
Foreign exchange	7,096
	126,838
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	7,231
Lease liabilities	11,267
Foreign exchange	1,594
	20,092
Net assets of disposal group	106,746

36. Financial instruments

36.1 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's policy is to borrow centrally, principally using Senior Secured Notes and a combination of other borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries. The group monitors its interest cover, net debt to EBITDA ratio, gross debt to EBITDA ratio and debt service cover ratio (''DSCR'') to comply with its Senior Secured Notes and other borrowing facilities covenants. The group complied with its maintenance covenants throughout the financial year and the overall strategy remains unchanged from prior years.

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

36.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. The group is not subject to any externally imposed capital requirement. Management reviews the capital structure of the group on a periodic basis, including the cost of capital and the risks associated with each class of capital.

36.3 Gearing ratio

The group's directors review the capital structure on a periodic basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Debt (i)	922,764	840,140	506,308	444,886
Cash and cash equivalents (net of restricted cash)	(163,898)	(83,492)	(25,307)	(13,033)
Net debt	**758,866**	**756,648**	**481,001**	**431,853**
Equity (ii)	335,036	364,943	583,950	608,679
Net debt to equity ratio	2.3:1	2.1:1	0.8:1	0.7:1

36. Financial instruments (continued)

36.3 Gearing ratio (continued)

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

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

36.4 Categories of financial assets and liabilities

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Financial assets				
Amortised cost	334,377	283,136	379,077	350,642
FVTOCI	23,814	10,814	23,810	10,810
	358,191	**293,950**	**402,887**	**361,452**
Financial liabilities				
Amortised cost	995,601	907,170	535,026	468,401

36.5 Financial risk management objectives

Management co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal management reports, which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

36.6 Market risk

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

36.7 Foreign currency risk management

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

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

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Assets				
Currency of the United Kingdom (GBP)	17,287	23,001	-	-
Currency of United States (USD)	183,589	103,926	402,887	361,452
Currency of Zimbabwe (ZWL$)	17,203	25,365	-	-
Currency of South Africa (ZAR)	105,967	109,767	-	-
Currency of Botswana (BWP)	1,392	940	-	-
Currency of Kenya (KES)	20,647	15,884	-	-
Currency of Zambia (ZMK)	227	802	-	-
Currency of Rwanda (RWF)	5,340	7,290	-	-
Currency of Nigeria (NGN)	108	109	-	-
Currency of Uganda (UGX)	3,851	3,174	-	-
Currency of Tanzania (TZS)	2,580	3,692	-	-
	358,191	**293,950**	**402,887**	**361,452**

36. Financial instruments (continued)

36.7 Foreign currency risk management (continued)

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Liabilities				
Currency of the United Kingdom (GBP)	12,289	21,150	144	123
Currency of United States (USD)	894,655	782,826	524,426	457,822
Currency of Zimbabwe (ZWL$)	5,250	18,344	-	-
Currency of South Africa (ZAR)	59,342	59,689	10,456	10,456
Currency of Botswana (BWP)	347	509	-	-
Currency of Kenya (KES)	17,088	17,138	-	-
Currency of Zambia (ZMK)	31	208	-	-
Currency of Rwanda (RWF)	2,298	2,557	-	-
Currency of Nigeria (NGN)	9	9	-	-
Currency of Uganda (UGX)	2,132	2,409	-	-
Currency of Tanzania (TZS)	2,160	2,331	-	-
	995,601	**907,170**	**535,026**	**468,401**

36.8 Foreign currency sensitivity analysis

The group is mainly exposed to the currencies of United Kingdom (GBP), Zimbabwean dollar (ZWL$), South Africa (ZAR), Kenyan Shilling (KES) and Rwandan Franc (RWF).

The following table details the group's sensitivity to a 10% increase and decrease in the USD (Reporting Currency of the group) against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be reversed.

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
GBP Currency impact	(500)	(185)	14	12
ZWL$ Currency impact	(1,195)	(702)	-	-
ZAR Currency impact	(4,663)	(5,008)	1,046	1,046
KES Currency impact	(356)	125	-	-
RWF Currency impact	(304)	(473)	-	-
	(7,018)	**(6,243)**	**1,060**	**1,058**

36.9 Interest rate risk management

The group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by securing an appropriate mix between fixed and floating rate borrowings on initial signing of borrowing contracts. The group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management table (see note 36.12 below). Interest rates have been disclosed in the respective notes where applicable.

36.10 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

36. Financial instruments (continued)

36.10 Interest rate sensitivity analysis (continued)

If interest rates had been 100 basis points higher/lower and all other variables were held constant;

• Profit for the year ended 28 February 2021 for the group and the company respectively would decrease by USD 0.6 million (2020: increase of USD 0.7 million) and decrease by USD 1.9 million (2020: decrease of USD 1.4 million). This is mainly attributable to the group's limited exposure to interest rates on its variable rate borrowings as most of the group's borrowings are at fixed rates; and
• There would be no increase or decrease in other equity reserves for the year ended 28 February 2021 (2020: no increase or decrease).

36.11 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with financial institutions which are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information. The group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit loss, represents the group's maximum exposure to credit risk.

36. Financial instruments (continued)

36.12 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below details the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities bases on the earliest date on which they can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective Interest Rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2021							
Financial liabilities	6.31%	69,547	28,138	65,624	5,364	826,928	995,601
Group - 2020							
Financial liabilities	8.47%	60,392	25,087	66,123	750,071	5,497	907,170
Company - 2021							
Financial liabilities	5.50%	13,473	5,318	9,927	506,308	-	535,026
Company - 2020							
Financial liabilities	8.50%	6,227	11,031	6,382	444,761	-	468,401

36.13 Fair values

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

36.14 Derivative assets

The following table details the group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The derivatives represent the fair value of the call options embedded within the terms of the Notes. The call options give the group the right to redeem the Notes at a date prior to the maturity date (4 September 2026), at a premium over the initial notional amount.

The options are fair valued using an option pricing model that is commonly used by market participants to value such options and makes the maximum use of market inputs, relying as little as possible on the group's specific inputs and making reference to the fair value of similar instruments in the market. Thus, it is considered a level 2 financial instrument in the fair value hierarchy of IFRS 13.

The key assumptions used to estimate the fair value are:

1. the initial fair value of the Notes (being the issue price of 100% on the issue date);
2. the credit spread (implied from the issue price of the bond); and
3. the discount curve (3-month USD LIBOR).

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Group - 2021					
Net settled: Embedded derivates	-	-	1,800	-	1,800
Group - 2020					
Net settled: Embedded derivates	-	-	-	-	-

37. Dividend

Of the USD 40.6 million dividend paid (29 February 2020: Nil), USD 40.3 million relates to a scrip dividend declared on 8 June 2020 by Liquid Telecommunications Holdings Limited. The dividend declared was either in shares, or where a shareholder had an outstanding liability to Liquid Telecommunications Holdings Limited, by offset of that liability.

	Group		Company	
	28/02/21	**29/02/20**	**28/02/21**	**29/02/20**
Dividends paid per share (Cents per share)	32.31	-	32.31	-

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

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

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

	Level 1	Level 2	Level 3	Total
	USD'000	**USD'000**	**USD'000**	**USD'000**
28 February 2021				
Investments (note 15)	-	-	23,814	23,814
Unfavourable contracts (note 25 & 26)	-	-	9,733	9,733
Total	**-**	**-**	**33,547**	**33,547**
29 February 2020				
Investments (note 15)	-	-	10,814	10,814
Unfavourable contracts (note 25 & 26)	-	-	10,320	10,320
Total	**-**	**-**	**21,134**	**21,134**

39. Loss per share

	Group	
	28/02/21	**29/02/20**
Basic loss per share (Cents per share)	(11.88)	(51.64)

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

	Group	
	28/02/21	**29/02/20**
	USD'000	**USD'000**
Loss attributable to owners of the company	(14,755)	(63,120)

	Group	
	28/02/21	**29/02/20**
Weighted average number of ordinary shares for the purpose of basic earnings per share	124,173,555	122,236,964

See note 22 for number of shares.

40. Contingent liabilities

Raha Limited - Fine

On 28 August 2020, the Tanzania Telecommunications Regulatory Authority issued a fine of TZS 11.9 billion (approximately USD 5.1 million) in respect of findings pursuant to the issue of a Compliance Order under section 48 of the Tanzania Communications Regulatory Authority Act on 21 August 2020. The Compliance Order set out alleged instances of non-compliance with conditions of the Telecommunications licence issued to Raha Limited (the "company") (a subsidiary in Tanzania), which the company disagrees with. The findings and fines result from a hearing held on 25 August 2020. The company has appealed, on 23 October 2020, against the outcome of the hearing and the directors consider that the company has a robust position and as a result of the appeal process, do not consider that the full fines will be due and payable. The company has therefore not provided for these fines at this stage. The directors continue to keep the position under review.

41. Non-cash transactions

41.1 Transactions excluded from statements of cash flows

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

During the year ended 28 February 2021:
• Liquid Telecommunications Holdings Limited declared a dividend in shares. See note 37 - *Dividend* for more details.

• On 10 June 2020, the group entered into an agreement to purchase 71% shareholding in Worldstream (Pty) Ltd from Econet Global Limited for a non-cash consideration of USD 9.0 million. The acquisition was made through a common control transaction and recorded at cost.

• Of the USD 13.0 million addition to investments (see note 15 - *Investments*), only USD 4.3 million has been paid during the year. The remaining balance is payable at year end.

• The company disposed of 20% of its shareholding in Liquid Telecommunications Kenya Limited to Stamford TC Limited for USD 2.3 million during the year. The consideration is still receivable at year end.

During the year ended 29 February 2020:
• In February 2020, the company acquired the minority interest in Liquid Telecommunications Botswana (Pty) Limited for USD 0.09 (BWP 1.00). This transaction resulted in the de-recognition of a Fibre Optical-IRU of USD 9.0 million (see note 10 - *Intangible assets*), representing the capital contributed by the minority interest, together with a cumulative loss of USD 9.4 million and a foreign exchange impact of USD 0.4 million. These adjustments have been reflected in the total equity of the group as shown below and in the consolidated statement of changes in equity.

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

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

41.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group's consolidated statement of cash flows as cash from financing activities.

28 February 2021: Group	**01/03/2020**	**Non-cash**	**Cash**	**28/02/2021**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Finance costs (note 7)	-	(5,554)	(94,145)	(99,699)
Short term portion of long term borrowings (note 23b)	12,211	70	(9,422)	2,859
Long term borrowings (note 23a)	732,515	17,043	73,688	823,246
Long term lease liabilities (note 29)	65,492	3,244	(8,788)	59,948
Short term portion of long term lease liabilities (note 29)	29,922	35,354	(28,565)	36,711

41. Non-cash transactions (continued)

41.2 Reconciliation of liabilities arising from financing activities (continued)

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

The non-cash portion of Finance costs relate to arrangement fees written off due to the group's debt being refinanced. Refer to note 23 for borrowings information.

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

28 February 2021: Company	01/03/2020	Non-cash	Cash	28/02/2021
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(39,370)	(39,370)
Short-term portion of long-term borrowings (note 23b)	125	-	(125)	-
Net long-term borrowings (note 24)	444,761	-	61,547	506,308

29 February 2020: Company	01/03/2019	Non-cash	Cash	29/02/2020
	USD'000	USD'000	USD'000	USD'000
Finance costs (note 7)	-	-	(38,950)	(38,950)
Short-term portion of long-term borrowings (note 23b)	73,084	(1)	(72,958)	125
Long term intercompany borrowing (note 24)	443,652	(1)	1,110	444,761

42. Going concern

The directors have reviewed the consolidated cash flow projections of the group and company for the twelve months from the date of signing of the consolidated financial statements. Taking into account the available cash position as of 28 February 2021, including the impact of the currency changes in Zimbabwe, the cash flow projections for the period (which include discretionary capital expenditure), the repayment of existing obligations and loan funding, the directors are satisfied that the group has access to adequate cash resources to settle obligations as they fall due. They also consider that the operations provide sufficient financial sustainability to enable the business to continue in existence for the foreseeable future.

In making their assessment, the directors have considered the potential impact of the COVID-19 pandemic on the operations, business plan and cashflow for the financial year 2022. Although the full effects of the pandemic are not yet known, the potential impact of the following consequences have been taken into account: instability of financial markets, volatility of currency markets, particularly the South African Rand, inability of customers to pay and supply chain shortages. Even after assessing these factors, the directors consider the group has sufficient liquidity and headroom on its covenants.

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

Funding facilities

The group is currently funded by a combination of equity, USD 620 million Senior Secured Notes (maturity September 2026), an undrawn USD 60 million Revolving Credit Facility ("RCF") (maturity March 2026), a USD 220 million equivalent South African Rand term loan (maturity March 2026) and USD 23.3 million of locally provided term loans (maturity in the financial years 2022 and 2025) in Zambia, of which USD 9.7 million is outstanding at 28 February 2021. Securing the new funding has removed the re-financing risk for the group and the lower coupon will benefit the cash flow, contributing to improved liquidity.

42. Going concern (continued)

Cash position

As at 28 February 2021, the group has an unrestricted cash position of USD 163.9 million (29 February 2020: USD 83.5 million). Of this amount, USD 44.0 million (29 February 2020: USD 22.5 million) is held in Zimbabwe. Following the continuing devaluation of the currency in Zimbabwe, the group has translated the ZWL$ denominated cash in Zimbabwe at the statement of financial position date at a ZWL$:USD exchange rate of 83.9:1 (29 February 2020: 18.0:1). Cash held in Zimbabwe is used to locally fund operational expenses and capital expenditure.

Operational performance

For the year ended 28 February 2021, the group reported an operating profit of USD 117.1 million (29 February 2020: 97.5 million) and a net cash inflow from operating activities of USD 245.4 million (29 February 2020: USD 136.5 million). This demonstrates the group's ability to generate sufficient cash flow to enable it to support its underlying business operations and invest in new projects, even after taking into account the impact of the currency devaluation in Zimbabwe.

Based on the assessment made and for the reasons set out above, the directors are of the opinion that the adoption of the going concern assumption in the preparation of the financial statements for the year ended 28 February 2021 is appropriate.

43. Post balance sheet events

Adjusting events:

Refinancing of USD 730 million 8.5% Senior Secured Notes

On 22 February 2021, Liquid Telecommunications Financing Plc launched a tender offer for the USD 730 million 2022 Senior Secured Notes issued in 2017. The tender premium was 102.25 and any Notes not tendered will be redeemed at par on 13 July 2021. The tender offer closed on 26 February with 76.55% of noteholders taking up the tender. Concurrent with the tender process, on 24 February 2021 Liquid Telecommunications Financing Plc announced the issue of USD 620 million of new 5.5NC2 Senior Secured Notes. Settlement for both transactions took place on 4 March 2021.

On 25 February 2021, Liquid Telecommunications South Africa (Pty) Limited entered into a five year USD 220 million equivalent South African Rand term loan with the Standard Bank of South Africa Limited (acting through its corporate and investment banking division) and Standard Chartered Bank – Johannesburg branch. The term loan is split equally between an amortising tranche and a bullet repayment tranche, for which the interest rates are JIBAR plus 4.5% and 5.0% respectively.

In addition to the bond and term loan, the group entered into a USD 60 million Revolving Credit Facility agreement with and interest rate of LIBOR plus 4.25%, subject to certain adjustments for the net leverage ratio and is to be utilised for general corporate purposes.

Due to the fact that by the year end, the tender process had launched and closed, the group‘s intentions regarding the old bond made clear and commitments made by investors on the new bond, the directors have assessed (under IAS 10 – *Events after the reporting period*) that these events provide evidence that the re-financing conditions existed at the statement of financial position date and therefore the re-financing has been treated as an adjusting post balance sheet event as at 28 February 2021.

The fees (premium and finance arrangement fees) on the USD 730 million 8.5% Senior Secured Notes, which had been capitalised at the time of the original transaction and not yet amortised, have been written off to the consolidated statement of profit or loss. The tender premium is expensed in the consolidated statement of profit or loss, together with the accrued interest on the USD 730 million 8.5% Senior Secured Notes. See note 43 for a breakdown of the fees debited or credited in the consolidated statement of profit or loss.

	Group		Company	
	28/02/21	29/02/20	28/02/21	29/02/20
	USD'000	USD'000	USD'000	USD'000
Accrued interest	14,002	-	-	-
Tender premium	12,574	-	-	-
Reversal of interest accrued	(8,273)	-	-	-
Write off of premium unamortised	(2,637)	-	-	-
Write off of finance arrangement fees unamortised	4,806	-	-	-
Fees for early repayment of Revolving Credit Facility	990	-	990	-
Total net refinancing costs	21,462	-	990	-

43. Post balance sheet events (continued)

Adjusting events (continued):

Refinancing of USD 730 million 8.5% Senior Secured Notes (continued)

The fees on the USD 620 million 5.5% Senior Secured Note and USD 220 million equivalent South African Rand term loan have been capitalised and will be amortised over the tenors of the respective instruments.

Non-adjusting events:

Assets Held for Sale

As a result of the ADC restructuring described above, the group entered into a sale agreement with Africa Data Centre Holdings Limited (owned by Liquid Telecommunications (Jersey) Limited) for the disposal of the ADC line of business. The disposal is expected to be completed within 12 months of the year end and have been classified as Assets Held for Sale (see note 35 - *Assets Held for Sale*) and presented separately in the statement of financial position. The disposal proceeds are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The transaction was completed on the 4 March 2021 and therefore has been disclosed as a Non-adjusting post balance sheet event in accordance with *IAS 10 – Events after the reporting period.*

44. Immediate and ultimate holding companies

During the previous financial year, a new company was formed, Liquid Telecommunications (Jersey) Limited ("LTJ"). In the current financial year, the shareholders of Liquid Telecommunications Holdings Limited have agreed to a share for share exchange to become the new shareholders of the LTJ entity, which is now the new immediate holding company. LTJ is incorporated in Jersey.

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

45. Prior period restatement

During the year ended 28 February 2021, the accounting relating to the Roaming contracts and to the costs associated with them was subject to further review. This review concluded that the application of *IFRS 16 - Leases* to certain items should be amended from that presented in the prior year consolidated financial statements. This presentation has been applied in the current financial year and, in accordance with *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors* , the group has restated the prior year comparative figures for Data and network related costs and Revenue and categorised these as a prior year error.

The impact of the review in the prior year is a reduction in both Data and network related costs and Revenue of USD 90.8 million. There is no impact to Operating profit/(loss), Adjusted EBITDA, profit after tax, the consolidated statement of financial position or consolidated statement of cash flow.