

Company Registration No. 4946019

**LIQUID TELECOMMUNICATIONS
LIMITED**

Report and Financial Statements

28 February 2007

**18/10/2007
AC07LIQ4**



LIQUID TELECOMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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LIQUID TELECOMMUNICATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N T Rudnick
S Masiyiwa
C Fitzgerald

SECRETARY

St James's Square Secretaries Limited

REGISTERED OFFICE

c/o Kerman & Company
200 Strand
London
WC2R 1DJ

BANKERS

The Royal Bank of Scotland
8th Floor
280 Bishopsgate
London
EC2M 4RB

SOLICITORS

Kerman & Company
200 Strand
London
WC2R 1DJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

LIQUID TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2007.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is to conduct the business of a retail and wholesale telecommunications provider throughout the world. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

As shown in the company's profit and loss account on page 7, the company's sales have increased by 24.1% (2006: 115%). The sales growth can be attributed to the improved performance in the African market. The company expects this rate of growth to continue due to the rapid increase in telephone density on the African continent, particularly due to expanding wireless networks which continue to form the company's core customer base. The company has increased its business development and sales capabilities in order to take advantage of increased opportunities created by the deregulation and the liberalisation of the telecommunications sector in emerging markets. The company's approach will be to continue targeting the most profitable niches within the international telecommunications industry which have high volumes of minutes with relatively high per minute tariffs. The company will thereby seek to maintain and increase current margins and to generate additional volumes of telecommunications traffic utilising our existing network. In this regard a number of meaningful opportunities are currently being pursued which are expected to reach a favourable conclusion.

The company also sells pre-paid and postpaid retail telecommunications products in the United Kingdom, providing prepaid debit and rechargeable calling cards through WH Smith Travel, WH Smith High Street and Thompson Travel. Retail accounts and carrier pre-select products are provided via the company's website which is in the process of a substantial redevelopment as part of the company's endeavours to increase sales in this product area.

The company's key measurement of effectiveness of its operations is calculating operating margin after direct costs. The company achieved an operating margin after direct costs of 35.2% (2006: 23.2%).

The balance sheet on page 8 shows that the company's financial position at the year end is, in both net assets and cash terms, considerably improved on the prior year. This is due to the increased profitability of the company.

The company's cash levels have increased by £969,756 from £700,611 at 28 February 2006 to £1,670,367 at the end of the current financial year (see the company's cashflow statement on page 9). Cash levels at the year end have increased due to enhanced profitability and more effective cash management techniques.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market which is a continuing risk to the company and could result in losing sales to its key competitors. The company manages this risk by providing value added services to its customers, having fast response times to customer queries and maintaining strong relationships with its customers.

The company's sales to its customers are mainly in US Dollars and therefore the company is exposed to movement in the US Dollar to British Pound exchange rate. The company also settles trade creditors in US Dollars and therefore minimises the risk of exchange rate fluctuations by operating a currency bank account.

The company is also financed by its internal cash reserves and therefore is not exposed to adverse movements in interest rates. Refer to note 15 of the financial statements for details of the company's credit risk.

FUTURE PROSPECTS

The directors intend to continue to take advantage of current clients in Africa and open up further sales opportunities as well as building up its brand awareness within the UK.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £2,419,222 (2006: £1,100,286).

The directors recommend that no dividend be paid for the year ended 28 February 2007 (2006: nil) and propose that the profit for the year is transferred to reserves.

LIQUID TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors, who served throughout the year except as noted, and their interests in the shares of the company, were as follows

	28 February 2007 Shares	28 February 2006 Shares
C W Loubser (resigned 30 April 2006)	-	-
N T Rudnick	-	18,500
N J Moore (resigned 24 August 2007)	-	-
S Masrywa	-	-
C Fitzgerald	-	-
Z Wazara (resigned 1 March 2007)	-	-

The directors are exempt from notifying the company of interests in the shares of group companies which are incorporated outside Great Britain

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

AUDITORS

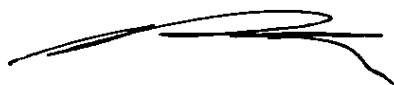
In the case of each of the persons who are directors of the company at the date when this report is approved

- ☐ so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- ☐ each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



N T Rudnick
Director

LIQUID TELECOMMUNICATIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- (a) Select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable accounting standards have been followed, and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIQUID TELECOMMUNICATIONS LIMITED

We have audited the financial statements of Liquid Telecommunications Limited for the year ended 28 February 2007 which comprise the profit and loss account, the combined reconciliation of movements in shareholders' funds and statement of movements on reserves, the balance sheet, the cash flow statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LIQUID TELECOMMUNICATIONS LIMITED
(continued)**

Opinion

In our opinion.

- ☐ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2007 and of its profit for the year then ended.
- ☐ the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- ☐ the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge, United Kingdom

19.10.2007

LIQUID TELECOMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 28 February 2007

	Note	2007 £	2006 £
TURNOVER	2	22,600,715	18,215,107
Cost of sales		(14,643,278)	(13,984,823)
Gross profit		7,957,437	4,230,284
Administrative expenses		(5,557,780)	(3,084,649)
OPERATING PROFIT		2,399,657	1,145,635
Net finance costs	4	(37,295)	(42,651)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	2,362,362	1,102,984
Tax on profit on ordinary activities	6	56,860	(2,698)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,419,222	1,100,286

All activities derive from continuing operations

A statement of total recognised gains and losses is not included in these accounts as there are no recognised gains or losses in the current financial year or preceding financial year other than the results reported above

COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES Year ended 28 February 2007

	Called up share capital £	Profit and loss account £	Total 2007 £	Total 2006 £
Balance at 1 March 2006	50,000	179,329	229,329	(897,456)
Cancellation of shares	(26,499)	-	(26,499)	26,499
Retained profit for the year	-	2,419,222	2,419,222	1,100,286
Balance at 28 February 2007	23,501	2,598,551	2,622,052	229,329

LIQUID TELECOMMUNICATIONS LIMITED

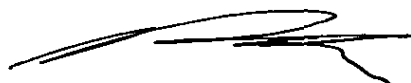
BALANCE SHEET

28 February 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	7	<u>1,108,730</u>	<u>760,366</u>
CURRENT ASSETS			
Debtors	8	5,017,452	3,076,455
Cash at bank and in hand		<u>1,670,367</u>	<u>700,611</u>
		6,687,819	3,777,066
CREDITORS: amounts falling due within one year	9	<u>(5,174,497)</u>	<u>(4,308,103)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>1,513,322</u>	<u>(531,037)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u>2,622,052</u>	<u>229,329</u>
CAPITAL AND RESERVES			
Called up share capital	10	23,501	50,000
Profit and loss account		<u>2,598,551</u>	<u>179,329</u>
SHAREHOLDERS' FUNDS		<u>2,622,052</u>	<u>229,329</u>

These financial statements were approved by the Board of Directors and authorised for issue on 18 October 2007

Signed on behalf of the Board of Directors



N T Rudnick
Director

LIQUID TELECOMMUNICATIONS LIMITED

CASH FLOW STATEMENT Year ended 28 February 2007

	Note	2007 £	2006 £
Net cash inflow from operating activities	11	<u>1,665,576</u>	<u>1,878,114</u>
Returns on investments and servicing of finance			
Interest received		17,831	10,776
Interest paid		<u>(55,126)</u>	<u>(53,427)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(37,295)</u>	<u>(42,651)</u>
Taxation			
Corporation tax paid		<u>(3,508)</u>	<u>-</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(640,439)	(753,027)
Receipt from sales of fixed assets		<u>11,921</u>	<u>15,583</u>
Net cash outflow from capital expenditure and financial investment		<u>(628,518)</u>	<u>(737,444)</u>
Net cash inflow before financing		<u>996,255</u>	<u>1,098,019</u>
Financing			
Cancellation of shares		(26,499)	26,499
Repayment of borrowings		<u>-</u>	<u>(503,599)</u>
Net cash outflow from financing		<u>(26,499)</u>	<u>(477,100)</u>
Increase in cash		<u>969,756</u>	<u>620,919</u>
Reconciliation of net cash flow to movement in net funds (debt) (note 12)			
Increase in cash in the year		969,756	620,919
Cash outflow from decrease in debt		<u>-</u>	<u>503,599</u>
Change in net funds		969,756	1,124,518
Net funds (debt) at 1 March 2006		<u>700,611</u>	<u>(423,907)</u>
Net funds at 28 February 2007		<u>1,670,367</u>	<u>700,611</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT.

Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date.

Exchange rate differences arising from the translation of foreign currency assets or liabilities are recognised in the profit and loss account in the period in which they occur.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is charged on tangible fixed assets at the following rates per annum which are designed to write off their costs over their estimated useful lives:

Computer equipment	-	33% - 50%
Furniture and fittings	-	17%
Short term leasehold improvements	-	20%
Satellite equipment	-	20%
Switching equipment	-	20%

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Any differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

2. TURNOVER AND SEGMENTAL REPORTING

Turnover represents the value of goods sold net of VAT from the company's principal activities of international traffic routing

The directors consider segmental reporting disclosure to be seriously prejudicial to the interests of the entity on the grounds that this will give competitors vital information when the company is still in its early growth years

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007 £	2006 £
Directors' emoluments:		
Emoluments	361,845	294,182
Money purchase pension scheme contributions	17,397	12,587
	<u>379,242</u>	<u>306,769</u>
Two (2006 - three) directors are members of a money purchase pension scheme		
	£	£
Highest paid director		
Emoluments	171,182	164,897
Money purchase pension scheme contributions	11,146	4,037
	<u>182,328</u>	<u>168,934</u>
Average monthly number of persons employed including directors:	No	No
Technical	5	5
Administration	13	9
	<u>18</u>	<u>14</u>
	£	£
Staff costs, including directors, comprised:		
Wages and salaries	1,295,666	861,472
Social security costs	108,490	90,725
Pension costs	22,385	19,338
	<u>1,426,541</u>	<u>971,535</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

4. NET FINANCE COSTS

	2007 £	2006 £
Interest receivable and other similar income	17,831	10,776
Interest payable and other similar charges	(55,126)	(53,427)
	<u>(37,295)</u>	<u>(42,651)</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £	2006 £
Profit on ordinary activities before taxation is stated after charging (crediting):		
Depreciation	279,063	418,486
Loss (profit) on sale of fixed assets	1,092	(2,907)
Foreign exchange loss	189,450	74,836
Operating lease rentals - other	99,687	44,300
The analysis of auditors' remuneration is as follows		
Fees payable to the company's auditors for the audit of the company's annual accounts	48,596	36,700
Non audit fees		
Tax services	9,100	9,050
	<u>9,100</u>	<u>9,050</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
Current tax		
UK corporation tax - current year	-	2,698
UK corporation tax - prior year	3,126	-
Deferred tax		
Deferred tax - current year	(59,986)	-
	<u>(56,860)</u>	<u>2,698</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK 30%. The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	2,362,362	1,102,984
Tax at 30% thereon	708,709	330,895
Effects of		
Expenses not deductible for tax purposes	4,685	4,322
Capital allowances in deficit (excess) of depreciation	9,313	(17,044)
Utilisation of tax losses	-	(285,797)
Group relief of losses	(722,707)	(29,678)
Prior year adjustment	3,126	-
Current tax charge	3,126	2,698

The amount of deferred taxation asset provided in the accounts is as follows

	2007 £	2006 £
Capital allowances in excess of depreciation	59,986	-

As at 28 February 2007 the assets and trade of Econet Satellite Services Limited were transferred to Liquid Telecommunications Limited. The historic tax losses of £1,906,655 have also been transferred for future utilisation against profits generated from the old Econet Satellite Services Limited assets. This gives rise to a total potential estimated deferred tax asset of £571,997 which has not currently been recognised.

A deferred tax asset of £43,111 as at 28 February 2006 was not recognised in respect of timing differences relating to asset values as there was insufficient evidence that the asset would not be recovered.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

7. TANGIBLE FIXED ASSETS

	Switching equipment £	Satellite equipment £	Computer equipment £	Furniture and fittings £	Short term leasehold improvements £	Total £
Cost						
At 1 March 2006	702,355	-	227,238	91,513	227,906	1,249,012
Additions in the year	218,919	77,379	17,527	289	-	314,114
Inter group transfers	-	1,369,551	-	-	-	1,369,551
Disposals in the year	(14,349)	-	(1,350)	-	-	(15,699)
At 28 February 2007	906,925	1,446,930	243,415	91,802	227,906	2,916,978
Accumulated depreciation						
At 1 March 2006	175,878	-	147,837	29,049	135,882	488,646
Charge for the year	157,954	6,449	54,055	15,023	45,582	279,063
Inter group transfers	-	1,043,225	-	-	-	1,043,225
Disposals in the year	(1,674)	-	(1,012)	-	-	(2,686)
At 28 February 2007	332,158	1,049,674	200,880	44,072	181,464	1,808,248
Net book value						
At 28 February 2007	574,767	397,256	42,535	47,730	46,442	1,108,730
At 28 February 2006	526,477	-	79,401	62,464	92,024	760,366

8. DEBTORS

	2007 £	2006 £
Trade debtors	4,379,170	2,359,309
Amounts owed from related parties (Note 14)	3,143	-
Accrued income	28,948	382,689
Deferred tax (Note 6)	59,986	-
Other debtors	546,205	334,457
	<u>5,017,452</u>	<u>3,076,455</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	2,012,479	2,881,972
Amounts owed to related parties (Note 14)	1,227,471	1,065,908
Corporation tax	2,316	2,698
Accruals	1,932,231	357,525
	<u>5,174,497</u>	<u>4,308,103</u>

10. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised		
100,000 ordinary shares of 50p each	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid		
47,002 (2006 - 100,000) ordinary shares of 50p each	<u>23,501</u>	<u>50,000</u>

During the year 52,998 ordinary shares of 50p each were cancelled

11. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	2,399,657	1,145,635
(Loss) profit on disposal of fixed assets	1,092	(2,907)
Depreciation charges	279,063	418,486
Increase in debtors	(1,881,011)	(1,567,997)
Increase in creditors	866,775	1,884,897
	<u>1,665,576</u>	<u>1,878,114</u>
Net cash inflow from operating activities		

12. ANALYSIS OF CHANGES IN NET FUNDS (DEBT)

	At 1 March 2006 £	Cash flows £	At 28 February 2007 £
Cash at bank and in hand	<u>700,611</u>	<u>969,756</u>	<u>1,670,367</u>

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

13. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire				
Within one year	-	2,846	-	-
Between two to five years	111,900	-	111,900	2,846
	<u>111,900</u>	<u>2,846</u>	<u>111,900</u>	<u>2,846</u>

14. RELATED PARTY BALANCES

Econet Wireless Global Limited (incorporated in Botswana), Liquid Telecommunications Holdings Limited (incorporated in Mauritius), Econet Satellite Services Limited (incorporated in Great Britain), Liquid Telecoms South Africa (Pty) Limited (incorporated in South Africa) and Econet Wireless (Private) Limited (incorporated in Zimbabwe) are affiliated companies of Liquid Telecommunications Limited. They have been disclosed as related parties due to their common control.

	2007	2006
Sales made to related parties:		
Liquid Telecoms South Africa (Pty) Limited (incorporated in South Africa)	\$164,514	-
Econet Wireless (Private) Limited	\$11,173,407	\$4,016,783
Purchases made from related parties:		
Liquid Telecommunications Holdings Limited (incorporated in Mauritius)	£326,326	-
Econet Wireless (Private) Limited	\$8,423,136	\$4,980,691
Expenses recharged to related parties:		
Liquid Telecoms South Africa (Pty) Limited (incorporated in South Africa)	£3,143	-
Econet Wireless Global (incorporated in Botswana)	£367,771	£239,646
Econet Satellite Services Limited (incorporated in Great Britain)	£1,140,073	£994,189
Expenses recharged from related parties:		
Liquid Telecoms South Africa (Pty) Limited (incorporated in South Africa)	ZAR250,000	-
Econet Satellite Services Limited (incorporated in Great Britain)	£3,456,911	£2,443,843
Econet Wireless Global (incorporated in Botswana)	£263,913	£393,607

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

14. RELATED PARTY BALANCES (continued)

At 28 February 2007 the company had the following loan balances with related parties

	2007 £	2006 £
Amounts owed from related parties:		
Liquid Telecoms South Africa (Pty) Limited (incorporated in South Africa) (Note 8)	3,143	-
Amounts owed to related parties:		
Econet Wireless Global (incorporated in Botswana) (Note 9)	50,105	153,962
Liquid Telecommunications Holdings Limited (incorporated in Mauritius) (Note 9)	326,326	-
Econet Satellite Services Limited (incorporated in Great Britain) (Note 9)	851,040	911,946
	<u>1,227,471</u>	<u>1,065,908</u>

The loan from Econet Satellite Services Limited is denominated in United Kingdom Sterling, and bears interest at LIBOR plus 2.5%. No repayment terms have been arranged but repayment is expected within one year.

15. FINANCIAL ASSETS

Debtors

The directors consider the carrying amount of debtors approximates their fair value.

Cash at bank and in hand

This comprises cash held by the company. The carrying amount of these assets approximates their fair value.

Credit risk

The company's principal financial assets are bank balances, cash and trade and other debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. A provision is made where there is an identified loss which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

LIQUID TELECOMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2007

16. ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Liquid Telecommunications Holdings Limited, a company incorporated in Mauritius, which also heads the smallest group into which the results of the company are consolidated. Econet Wireless Group Limited, a British Virgin Isles corporation, is the ultimate parent company and heads the largest group into which the results of the company are consolidated.