

**Company Registration No. 4946019**

**LIQUID TELECOMMUNICATIONS  
LIMITED**

**Report and Financial Statements**

**29 February 2008**

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# **LIQUID TELECOMMUNICATIONS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

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# **LIQUID TELECOMMUNICATIONS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

### **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  
8<sup>th</sup> 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 29 February 2008

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITY**

The company's principal activity is to conduct the business of a wholesale and retail telecommunications provider throughout the world. 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 stabilised and the company's profitability has increased by 32.5%. The growth in profit can be attributed to the stable margins in the African market and a number of new contracts being entered into during the past financial year. The company's approach will be to continue its previous strategy of 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 will be pursued during the next financial year. The company has continued to make encouraging growth as an international technology support centre and it is envisaged that this source of revenue will continue to expand significantly during the next financial year and beyond.

The company also sold prepaid 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. However the company has implemented a strategy of reducing this line of business due to falling profit levels and increasing marketing and sales costs. Retail accounts and carrier pre-select products are provided via the company's website which has undergone a substantial redevelopment. The company's key measurement of effectiveness of its operations is its gross margin. The company achieved a gross margin of 41.9% (2007 - 35.2%).

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 £3,230,002 from £1,670,367 at 28 February 2007 to £4,900,369 at the end of the current financial period (see 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.

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**

## **DIRECTORS' REPORT**

### **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 £2,687,605 (2007 - £2,419,222)

The directors recommend that no dividend be paid for the year ended 29 February 2008 (2007 - nil) and propose that the profit for the year is transferred to reserves

### **DIRECTORS**

The directors who served during the year were as follows

N T Rudnick

N J Moore (resigned 24 August 2007)

S Masiyiwa

C Fitzgerald

Z Wazara (resigned 1 March 2007)

### **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

- Select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- 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 29 February 2008 which comprise the profit and loss account, the combined reconciliation of movements in shareholders' funds and statement of movements on reserves, the balance sheet and the related notes 1 to 15. 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 29 February 2008 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

*7.10.2008*



# LIQUID TELECOMMUNICATIONS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 29 February 2008

	Note	£	2008 £	£	2007 £
<b>TURNOVER</b>	2,3				
Existing operations		14,026,125		22,600,715	
Acquisitions		<u>8,015,911</u>		<u>-</u>	
			22,042,036		22,600,715
Cost of sales	3		<u>(12,796,995)</u>		<u>(14,643,278)</u>
Gross profit			9,245,041		7,957,437
Administrative expenses	3		<u>(6,140,570)</u>		<u>(5,557,780)</u>
<b>OPERATING PROFIT</b>	3				
Existing operations		1,977,262		2,399,657	
Acquisitions		<u>1,127,209</u>		<u>-</u>	
			3,104,471		2,399,657
Net finance income / (costs)	5		<u>24,527</u>		<u>(37,295)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6		3,128,998		2,362,362
Tax on profit on ordinary activities	7		<u>(441,393)</u>		<u>56,860</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			<u>2,687,605</u>		<u>2,419,222</u>

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

## **LIQUID TELECOMMUNICATIONS LIMITED**

### **COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES**

**Year ended 29 February 2008**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total 2008 £</b>	<b>Total 2007 £</b>
Balance at 1 March 2007	23,501	2,598,551	2,622,052	229,329
Cancellation of shares	-	-	-	(26,499)
Profit for the financial year	-	2,687,605	2,687,605	2,419,222
Balance at 29 February 2008	<u>23,501</u>	<u>5,286,156</u>	<u>5,309,657</u>	<u>2,622,052</u>

# LIQUID TELECOMMUNICATIONS LIMITED

## BALANCE SHEET 29 February 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	8	898,064	1,108,730
<b>CURRENT ASSETS</b>			
Stocks		3,622	-
Debtors	9	5,049,823	5,017,452
Cash at bank and in hand		4,900,369	1,670,367
		9,953,814	6,687,819
<b>CREDITORS: amounts falling due within one year</b>	10	(5,542,221)	(5,174,497)
<b>NET CURRENT ASSETS</b>		4,411,593	1,513,322
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>		5,309,657	2,622,052
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	23,501	23,501
Profit and loss account		5,286,156	2,598,551
<b>SHAREHOLDERS' FUNDS</b>		5,309,657	2,622,052

These financial statements were approved by the Board of Directors and authorised for issue on 30 9. 2008

Signed on behalf of the Board of Directors



N T Rudnick  
Director

# **LIQUID TELECOMMUNICATIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 29 February 2008**

### **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.

#### **Cash flow statement**

The company is a wholly owned subsidiary of Liquid Telecommunications Holdings Ltd, a company incorporated in Mauritius. The ultimate parent is Econet Wireless Global Limited, a company incorporated in Botswana, which heads the largest group into which the results are consolidated. Consequently, the company has taken advantage of the exemption of preparing a cash flow statement under the terms of FRS 1 (revised 1996).

#### **Turnover**

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

Turnover from the rental of bandwidth is recognised evenly over the period to which the charge relates. Turnover arising from the interconnection of voice traffic between other telecommunication operators is recognised at the time of transit across the group's network.

#### **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.

# LIQUID TELECOMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2008

### 1. ACCOUNTING POLICIES (continued)

#### Leases

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

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

### 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. ANALYSIS OF ACQUIRED AND EXISTING OPERATIONS

	Existing operations £	Acquisitions £	2008 Total £	Existing operations £	Acquisitions £	2007 Total £
Turnover	14,026,125	8,015,911	22,042,036	22,600,715	-	22,600,715
Cost of sales	(7,520,438)	(5,276,557)	(12,796,995)	(14,643,278)	-	(14,643,278)
Gross profit	6,505,687	2,739,354	9,245,041	7,957,437	-	7,957,437
Administrative expenses	(4,528,425)	(1,612,145)	(6,140,570)	(5,557,780)	-	(5,557,780)
Operating profit	1,977,262	1,127,209	3,104,471	2,399,657	-	2,399,657

On the 28 February 2007 the company acquired the trade and assets of Econet Satellite Services Limited at book value.

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008 £	2007 £
<b>Directors' emoluments:</b>		
Emoluments	186,454	361,845
Money purchase pension scheme contributions	11,848	17,397
	<u>198,302</u>	<u>379,242</u>

One (2007 - two) director is a member of a money purchase pension scheme.

# LIQUID TELECOMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2008

### 4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2008 £	2007 £
<b>Highest paid director</b>		
Emoluments	186,454	171,182
Money purchase pension scheme contributions	11,848	11,146
	<u>198,302</u>	<u>182,328</u>
<b>Average monthly number of persons employed including directors:</b>	<b>No</b>	<b>No</b>
Technical	6	5
Administration	12	13
	<u>18</u>	<u>18</u>
	<b>£</b>	<b>£</b>
<b>Staff costs, including directors, comprised:</b>		
Wages and salaries	1,463,712	1,295,666
Social security costs	118,598	108,490
Pension costs	19,370	22,385
	<u>1,601,680</u>	<u>1,426,541</u>

### 5. NET FINANCE COSTS

	2008 £	2007 £
<b>Interest receivable and similar income comprises</b>		
Bank interest receivable	79,392	17,831
Interest receivable from group companies	25,159	-
	<u>104,551</u>	<u>17,831</u>
<b>Interest payable and similar charges comprises</b>		
On amounts payable to group companies	80,024	55,126
<b>Finance charges (net)</b>		
Interest payable and similar charges	80,024	55,126
Less interest receivable and similar income	(104,551)	(17,831)
	<u>(24,527)</u>	<u>37,925</u>

# LIQUID TELECOMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2008

### 6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £	2007 £
<b>Profit on ordinary activities before taxation is stated after charging (crediting):</b>		
Depreciation on tangible fixed assets	528,865	279,063
(Profit) loss on sale of tangible fixed assets	(87,789)	1,092
Foreign exchange loss	58,421	189,450
Operating lease rentals - other	2,236,219	99,687
The analysis of auditors' remuneration is as follows		
Fees payable to the company's auditors for the audit of the company's annual accounts	42,500	48,596
Non audit fees		
Tax services	11,890	9,100
Other services	5,788	-

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
<b>Current tax</b>		
UK corporation tax at 30% - current year	622,636	-
Adjustments in respect of prior years	-	3,126
	<u>622,636</u>	<u>3,126</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(185,242)	(59,986)
Effect of reduced tax rate on opening asset	3,999	-
	<u>(181,243)</u>	<u>(59,986)</u>
<b>Total deferred tax</b>		
	<u>441,393</u>	<u>(56,860)</u>

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

	2008 £	2007 £
Profit on ordinary activities before tax	<u>3,128,998</u>	<u>2,362,362</u>
Tax at 30% thereon	938,699	708,709
Effects of		
Expenses not deductible for tax purposes	4,347	4,685
Capital allowances in deficit (excess) of depreciation	30,168	9,313
Utilisation of tax losses	(350,578)	-
Group relief of losses	-	(722,707)
Adjustment in respect of prior years	-	3,126
	<u>622,636</u>	<u>3,126</u>

# LIQUID TELECOMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2008

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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

	2008 £	2007 £
Capital allowances in excess of depreciation	34,573	59,986
Tax losses carried forward	206,656	-
Recognised deferred tax asset	<u>241,229</u>	<u>59,986</u>
The movement on deferred tax is as follows		
Provision at start of year	59,986	
Deferred tax credit in profit and loss account	181,243	
Provision at end of year	<u>241,229</u>	

In March 2007 the UK government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. The legislation was substantially enacted in June 2007. As a consequence, the effective tax rate for any current tax charge for the year ended 28 February 2009 has been reduced accordingly.

Deferred tax has been recognised on the grounds that it is deemed more likely than not that the company will make taxable profits in the future against which these brought forward losses and timing differences will be reversed.

### 8. TANGIBLE FIXED ASSETS

	Switching equipment £	Satellite equipment £	Computer equipment £	Furniture and fittings £	Short term leasehold improvements £	Total £
<b>Cost</b>						
At 1 March 2007	906,925	1,446,930	243,415	91,802	227,906	2,916,978
Additions	35,708	24,184	141,719	1,793	177,041	380,445
Disposals	(39,701)	-	(617)	-	(83,011)	(123,329)
At 29 February 2008	<u>902,932</u>	<u>1,471,114</u>	<u>384,517</u>	<u>93,595</u>	<u>321,936</u>	<u>3,174,094</u>
<b>Accumulated depreciation</b>						
At 1 March 2007	332,158	1,049,674	200,880	44,072	181,464	1,808,248
Charge for the year	173,163	233,882	64,183	15,152	42,485	528,865
Disposals	-	-	(137)	-	(60,946)	(61,083)
At 29 February 2008	<u>505,321</u>	<u>1,283,556</u>	<u>264,926</u>	<u>59,224</u>	<u>163,003</u>	<u>2,276,030</u>
<b>Net book value</b>						
At 29 February 2008	<u>397,611</u>	<u>187,558</u>	<u>119,591</u>	<u>34,371</u>	<u>158,933</u>	<u>898,064</u>
At 28 February 2007	<u>574,767</u>	<u>397,256</u>	<u>42,535</u>	<u>47,730</u>	<u>46,442</u>	<u>1,108,730</u>



# LIQUID TELECOMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2008

### 9. DEBTORS

	2008 £	2007 £
Trade debtors	1,479,898	2,860,982
Amounts owed from related parties	2,496,852	1,521,331
Prepayments and accrued income	291,108	127,597
Deferred tax (Note 7)	241,229	59,986
Other debtors	540,736	447,556
	<u>5,049,823</u>	<u>5,017,452</u>

In the prior year amounts owed by group undertakings from trading activities were disclosed with the trade debtors balance. In order to improve comparability these have now been disclosed within amounts owed by group undertakings.

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	1,370,780	2,012,479
Amounts owed to related parties	1,844,142	1,227,471
Corporation tax payable	622,636	2,316
Accruals and deferred income	1,704,663	1,932,231
	<u>5,542,221</u>	<u>5,174,497</u>

### 11. CALLED UP SHARE CAPITAL

	2008 £	2007 £
<b>Authorised</b> 100,000 ordinary shares of 50p each	<u>50,000</u>	<u>50,000</u>
<b>Called up, allotted and fully paid</b> 47,002 ordinary shares of 50p each	<u>23,501</u>	<u>23,501</u>

# LIQUID TELECOMMUNICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2008

### 12. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire				
Within one year	-	-	-	2,846
Between two to five years	-	59,989	111,900	-
After five years	135,000	2,063,582	-	-
	<u>135,000</u>	<u>2,123,571</u>	<u>111,900</u>	<u>2,846</u>

### 13. RELATED PARTY BALANCES

The company has taken advantage of the exemption included in Financial Reporting Standard 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of the group qualifying as related parties

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

The company entered into a forward foreign currency contract, the purpose of which was to eliminate the currency risk arising from a future loan which was expected to be issued to the company's parent, shortly after the year end. As at 29 February 2008 the company was contracted to sell \$8,763,349 for 68,441,756 South African Rand. The forward contract matures on 17 March 2008. The net fair value of this derivative instrument at 29 February 2008 was £16,650 (2007 - nil).

### 15. 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 Botswana registered corporation, is the ultimate parent company and heads the largest group into which the results of the company are consolidated.

Copies of the group financial statements of Liquid Telecommunications Holdings Limited (incorporated in Mauritius) can be obtained from

Liquid Telecommunications Holdings Limited  
4<sup>th</sup>Floor, IBL House  
Caudan  
Port Louis, Mauritius

Mr S Masiyiwa, a director of the company, is also the ultimate controlling party