ECONET Wireless

Econet Wireless Zimbabwe Limited

Audited Abridged Consolidated Financial Results

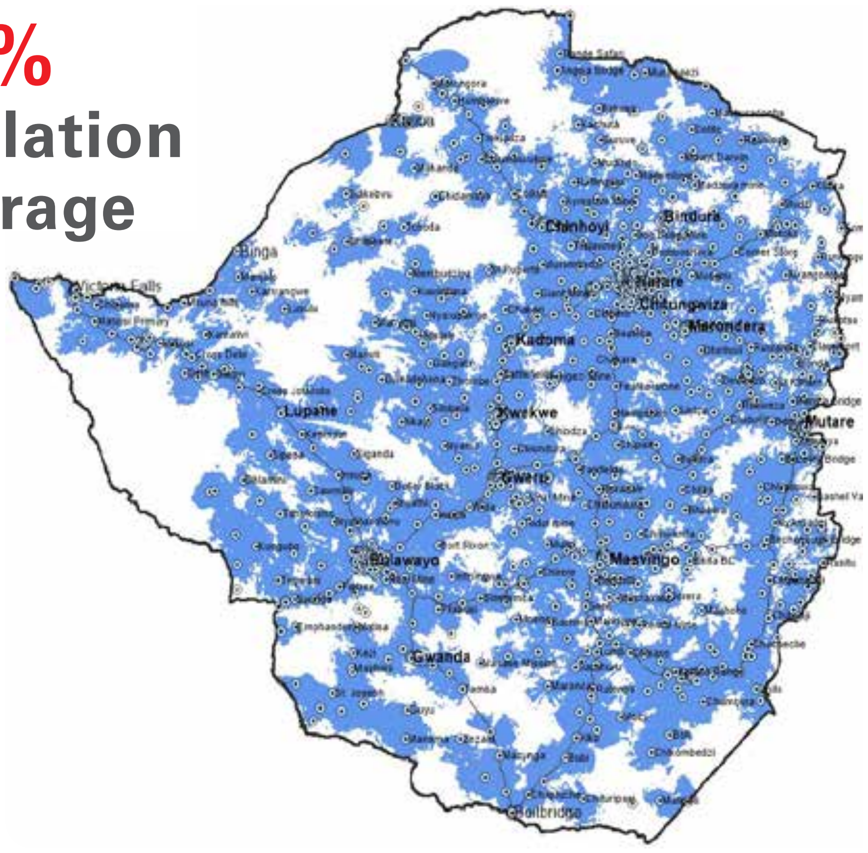
for the year ended 28 February 2019

Operational Highlights

ECONET WIRELESS - 1838/PAGE 1

Network Coverage Map

+90%
Population Coverage



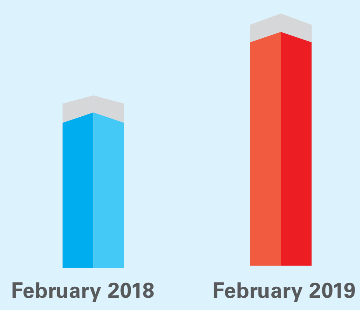
Subscribers

11.44m Subscribers

10.8m Data Subscribers

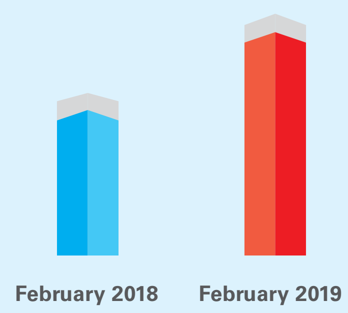
Data Traffic (TB)

+80%



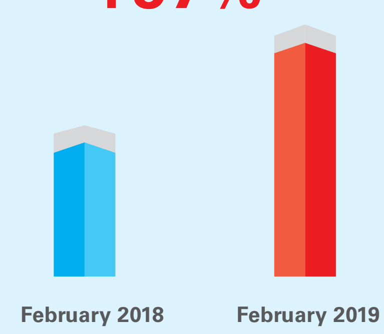
Voice Traffic (MOU's)

+37%



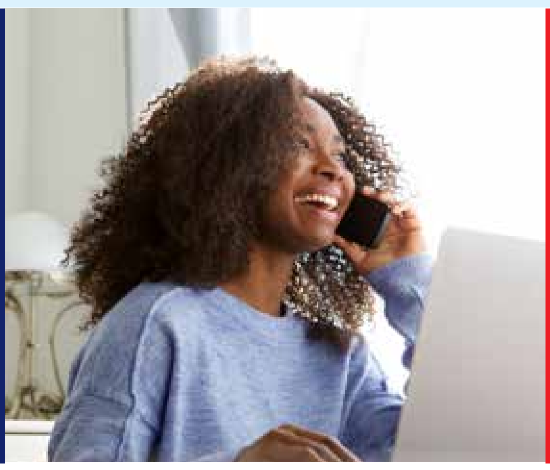
SMS Traffic (Count)

+57%



VOICE SMS
TELE-COMMUNICATIONS
Lte WIFI

STREAMING
MEDIA



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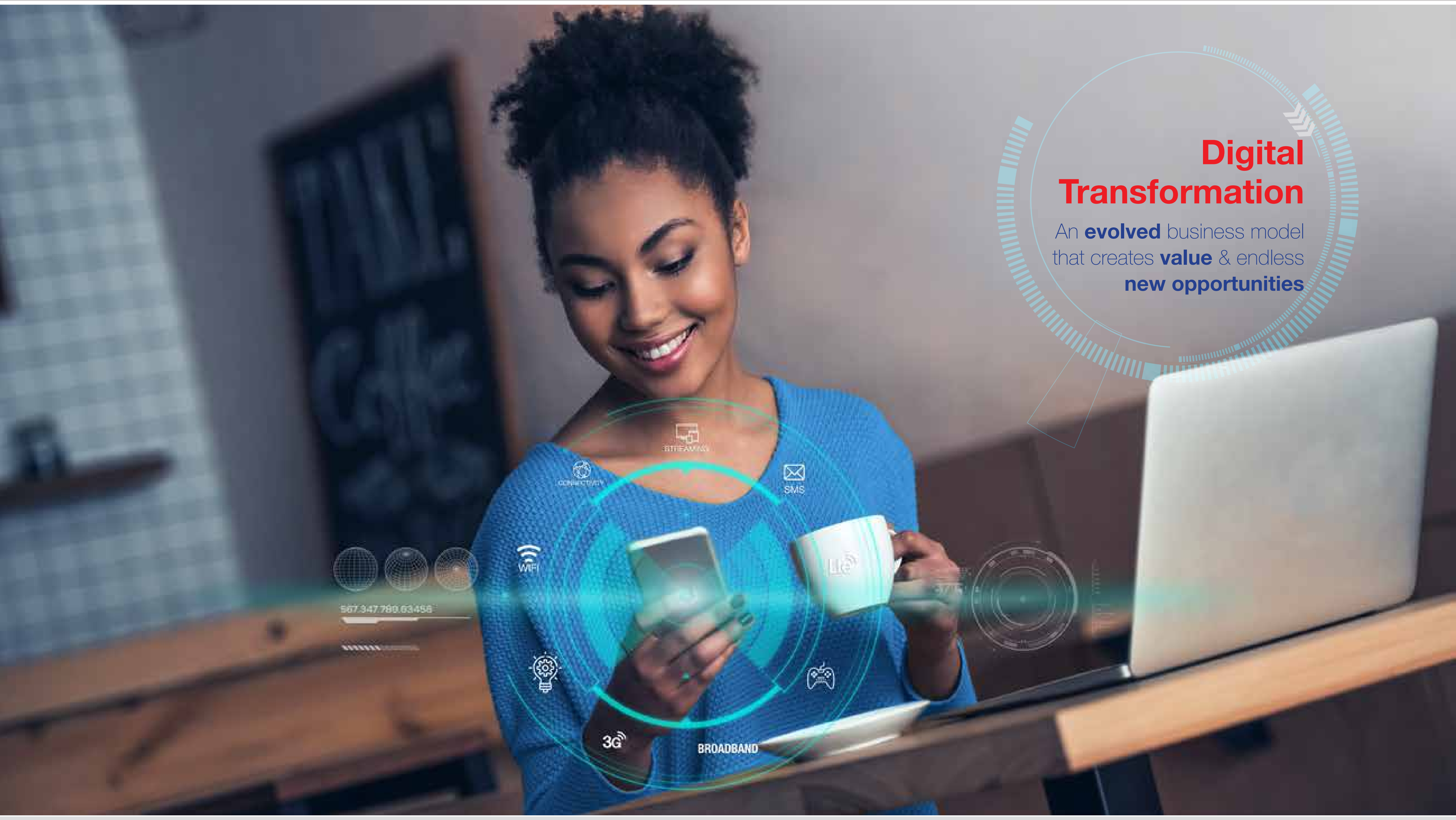

Directors: Dr. J. Myers (Chairman)*, Mr. S.T. Masiyiwa, Mr. R. Chimanikire, Dr. J. Chimhanzi*, Mr. M. Edge*, Mr. M. Gasela*, Mr. G. Gomwe*, Mr. D. Mboweni, Ms. B. Mtetwa*, Ms T. Moyo*, Mr. H. Pemhiwa*. *Non Executive

Group Company Secretary: Mr. C.A. Banda | **Econet Wireless Zimbabwe Limited:** Incorporated in the Republic of Zimbabwe. Company registration number 7548/98

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Registrars and Transfer Secretaries: First Transfer Secretaries (Private) Limited, 1 Armagh Avenue, Eastlea, Harare, Zimbabwe | **Auditors:** Deloitte & Touche (Zimbabwe), West Block, Borrowdale Office Park, Borrowdale Road, P.O. Box 267, Harare, Zimbabwe.

ECONET Wireless

We are **committed** to **ensuring** our products and services aid in **community capacity building** and **social development** for the nation

Econet Wireless Zimbabwe Limited
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for the year ended 28 February 2019

CHAIRMAN'S STATEMENT

OVERVIEW
Our platforms have significantly helped to drive the adoption of digital solutions in all sectors of the economy cementing our position as the mobile network of choice in Zimbabwe. Our services continue to bring increased efficiency and effectiveness to the way enterprises and individuals do business in Zimbabwe. We have an important role in enabling business activity in Zimbabwe and work hard to be a valuable partner to all our customers. Our role as a critical business enabler to doing business in Zimbabwe is pivotal to economic growth and improving the well-being of the communities we serve. Zimbabwe would not be truly open for business in an increasingly digitalised world without reliable digital services.

SHAREHOLDER VALUE CREATION
Whilst we have always focused on creating shareholder value, the current economic environment has resulted in an increasing focus on strategies that preserve shareholder value. On 18 December 2018 Cassava SmarTech Zimbabwe Limited ("CSZL") was demerged from Econet Wireless Zimbabwe Limited and listed on the Zimbabwe Stock Exchange. CSZL is now the new holding company for EcoCash, EcoSure, Econet Insurance, Steward Bank and Steward Health. All shareholders in Econet Wireless Zimbabwe Limited received shares in CSZL pro-rata to their shareholding in EWZL. The combined value of the now separately listed companies is much more than the value of the previously integrated EWZL, which demonstrates how shareholder value has been unlocked. EWZL and CSZL, together, now comprise about 40% of the market value of the Zimbabwe Stock Exchange. Econet retained ownership of 20% of CSZL, a shareholding which is worth more than ZWL 1.14 billion, as at 21 June 2019. A clear demonstration of the Board's ability to identify and execute strategies that preserve and enhance shareholder value in difficult circumstances.

The agreement to sell the Company's 51% stake in Liquid Telecommunications Zimbabwe (LTZ) for a stake in Liquid Telecommunications Holdings (LTH) created a unique opportunity to acquire a strategic interest in Africa's largest open access cross-border fibre operator. This is an investment in United States dollars with prospects for dividends and capital appreciation in foreign currency. This investment is currently held at USD 135 million.

OPERATIONS REVIEW
Econet continues to pursue data revenue growth initiatives in response to the increased use of internet services driven in part by the growth in adoption of smart phones by our customers, as the prices of these devices continues to fall. Strategic partnerships with key vendors remain a priority for the business. Capital investment in infrastructure development was subdued for the period under review due to limited access to foreign currency. This has a negative impact on our ability to sustain a comprehensive service offering as we transition to a digital economy.

Investment in renewable energy remains a key focus area for long term cost containment and business sustainability. A total of 116 solar powered sites were commissioned, thereby reducing generator runtime, fuel consumption and the related carbon dioxide emissions. Our solar journey, housed under Distributed Power Africa (DPA), gained momentum during the year. DPA operates as an independent entity and is rolling out solar projects totalling 7 MW of which 3 MW have already been commissioned. This is a tremendous achievement given the macro-economic challenges prevailing in the country. The Board is excited about this opportunity and the prospects of further reductions in energy costs and the increased availability of uninterrupted green power to our base station sites and other operating infrastructure. It is our hope that DPA, which requires foreign currency in order to import solar panels and associated infrastructure, will be able to sustain its growth model in the current environment.

The Group wide digital transformation journey continues and will see us deploy technology that will accelerate growth and improve customer experience. Key focus areas include business automation, sustainability, data analytics, cyber security, systems optimisation and systems consolidation.

FINANCIAL REVIEW

Compliance with International Financial Reporting Standards (IFRS)

Non-compliance with IAS 21 (The Effects of Changes in Exchange Rates)
In February 2019, the Government of Zimbabwe issued S.I. 33 of 2019, which among other things, prescribed parity between the US dollar and local mediums of exchange as at the effective date of 22 February 2019 for accounting and other purposes. S.I. 33 also prescribed the manner in which certain balances were to be treated as a consequence of the recognition of the RTGS dollar as a currency in Zimbabwe. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing these financial statements to comply with statutory requirements are contrary to the provisions of IAS 21.

Revaluation of property plant and equipment
Most of the Companies' assets are procured in foreign currency. Previously, the Directors have applied historic cost accounting for accounting for the assets of the business. However, the change in functional currency has resulted in the replacement value of assets being grossly understated. The Auditors have expressed reservations with the revaluation approach in terms of its consistency with IFRS and industry norms for similar assets in a similar environment. Our belief is that our environment is not contemplated by International Financial Reporting Standards and that the approach we have taken provides a more meaningful basis to measure the value of the assets.

Cautionary statement – reliance on financial statements prepared in Zimbabwe for 2018/2019
The Zimbabwe Stock Exchange (ZSE) issued a Statement on the modified opinions for listed entities reporting in Zimbabwe for the similar period that the Company is currently reporting. The statement notes that: *"...it was not the Listed Companies' volition not to comply with financial reporting Standards but rather a matter of complying with the obtaining laws of the Country as prescribed by SI 33 of 2019."* The audit report on these results has been modified by the independent auditors, Deloitte & Touche, in line with the guidance issued to all regulated Auditors in Zimbabwe by the Public Accountants and Auditors Board. The Directors have taken note of the qualification and have considered the consequent impact on users of the financial statements.

The Board is unable to comment factually and accurately on the financial performance of the business based on these results. Local and international accounting experts have concluded that there is ambiguity in the currency that existed during this period and the effective valuation of this currency, hence the modification to the auditors' report for entities reporting in Zimbabwe. The Directors would like to advise users to exercise caution in their use of these financial statements due to the material and pervasive impact of the changes brought about by the change in functional currency and its consequent impact on the usefulness of financial statements of Companies reporting in Zimbabwe.

Effect of demerger on financial reporting
Cassava SmarTech Zimbabwe Limited was demerged with effect from 31 October 2018. This means that these results include 8 months of CSZL performance and 12 months for EWZL. CSZL will report separately on its performance for the 4 months from 1 November 2018 to 28 February 2019. EWZL, which owns 20% of CSZL has elected to do equity accounting for CSZL.

DEBENTURES
According to the legal advice received by the Board debentures held by local members converted into RTGS Dollars at US$1: ZWL$$1 immediately prior to 22 February 2019 in accordance with Statutory Instrument 33 of 2019.

As at 21 June 2019, being the last practicable date prior to the publication of these financial results, 1 US$ was trading at 6.3 ZWL$ on the interbank market.

These market changes have in effect eroded the real USD value of debentures held by local shareholders, which are now denominated in RTGS$'s, at the balance sheet date. On the other hand, SI 33 of 2019 makes a specific exception for assets held by foreign shareholders, including Econet Global Limited, who paid for their debentures offshore in US dollars. Accordingly, the USD value of debentures held by such parties is not affected.

Pending further consultation, with all relevant stakeholders on how to treat the Company's debentures, the directors decided to account for all debentures as though they were all US Dollar denominated instruments. This position may change in future to enable the Company to comply with monetary policy and regulations.

CORPORATE SOCIAL INVESTMENT
In response to the unfortunate and devastating effects of Cyclone Idai, working in collaboration with Government, Donor Agencies, Corporates and other well-wishers, the Group mobilised emergency relief support for the affected communities encompassing rescue efforts, medical emergency aid, food, water and blankets.

Our programmes to empower vulnerable children continued to be driven by smart technology learning. A total of 600 000 beneficiaries accessed quality education through the Ruzivo Smart learning platform, monthly. The programmes are in addition to various scholarships granted under the Higher Life Foundation which benefited more than 250 000 deserving beneficiaries.

OUTLOOK
There is strong demand for all the products and services which the Group offers. Our business model, which has been tested in difficult operating conditions remains the foundation on which our success is built. Our focus on delivering life transforming solutions using our digital platforms will ensure that we create and enhance value for our shareholders.

The Group will continue to collaborate with smart technology businesses in Cassava SmarTech for separate value creation objectives whilst recognising and leveraging the synergies that have historically existed between the two separate entities.

Throughout the year under review, we have implemented specific programs to assist staff in addressing the challenges they face in their personal lives due to the current economic conditions.

We believe in a brighter future for Zimbabwe and will continue to strive for an inclusive and connected future that leaves no Zimbabwean behind. We believe in the strong future of the Country and will continue to develop our business with a strong belief in Zimbabwe and its prospects.

DIVIDEND DECLARATION
Cognisant of the recent statutory instruments that resulted in a change in functional currency and its consequent impact on the company's capitalisation plans, the Board has decided not to declare a fourth quarter dividend. The dividend paid for the year ended 28 February 2019 totalled ZWL 50 million.

BOARD CHANGES
I would like to extend my warm appreciation to Mrs. Tracy Mpofu, Mrs. Sherree Shereni, and Mr. Michael Bennett who moved over to the board of CSZL following the demerger for their contribution to Econet Wireless Zimbabwe Limited. Mr Krison Chirairo, a long serving member of the Board and former Finance Director resigned from the Board in October 2018. The Group is indebted to him for the many years of diligent and loyal service.

I would like to welcome the following new Board members, Dr Jacqueline Chimhanzi, Ms Thoko Moyo and Mr Mgqibelo Gasela who joined Econet Wireless Board as non-executive directors during the year. I look forward to working with them and welcome their contribution to the Group. The contribution and support provided by all directors at the board level and to management ensures the Company will continue its commitment to its sustainable business model.

APPRECIATION
On behalf of the Board, I would like to express my profound appreciation to our valued customers, business partners and critical stakeholders who continue to support our business in various ways. I wish to thank our dedicated and exceptional people who have immensely contributed to the success of the Group in this challenging operating environment. The wise counsel and leadership from my fellow directors is also acknowledged and appreciated.

Dr J. Myers
Chairman on the Board

21 June 2019

TIP-OFFS ANONYMOUS
Deloitte & Touche

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ECONET WIRELESS ZIMBABWE LIMITED - AUDITED ABRIDGED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2019

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 28 February 2019

(All figures in ZWL$ '000)	Note	Audited 28 February 2019	Audited 28 February 2018
TOTAL REVENUE		**1,136,720**	**831,597**
Revenue (demerged operations)	8	**327,979**	**257,752**
Revenue (continuing operations)		**808,741**	**573,845**
Continuing operations			
Earnings before interest, taxation, depreciation and amortisation		444,828	226,960
Depreciation, amortisation and impairment		(174,356)	(135,922)
Profit from operations		**270,472**	**91,038**
Finance income		1,430	456
Finance costs		(1,735)	(6,139)
Functional currency change net exchange losses		(225,850)	-
Profit before tax		**44,317**	**85,355**
Income tax		(32,954)	(23,763)
Profit for the year from continuing operations		**11,363**	**61,592**
Profit for the year from demerged operations	8	**94,995**	**70,699**
Profit for the year		**106,358**	**132,291**
Other comprehensive income			
Fair value gain on investments at FVTOCI, net of tax		202,407	-
Gain on property revaluation, net of tax		631,218	-
Total other comprehensive income for the year		**833,625**	**132,291**
Profit for the year attributable to:			
Equity holders of the parent		109,028	140,786
Non-controlling interest		(2,670)	(8,495)
Profit for the year		**106,358**	**132,291**
Total comprehensive income for the year attributable to:			
Equity holders of the parent		936,684	140,786
Non-controlling interests		3,299	(8,495)
Total comprehensive income for the year		**939,983**	**132,291**
Earnings per share	10		
Basic and diluted earnings per share (cents)		4.2	5.8
Number of shares in issue		2,590,576,832	2,590,576,832
Weighted average number of shares in issue		2,522,894,240	2,409,583,931

Abridged Consolidated Statement of Financial Position
As at 28 February 2019

(All figures in ZWL$ '000)	Note	Audited 28 February 2019	Audited 28 February 2018
Assets			
Property, plant and equipment, intangible assets and goodwill		1,295,687	688,508
Other non-current assets		48,550	72,982
Deferred tax		96,474	2,334
Financial instruments - long term		362,048	206,275
Financial instruments - short term		584,129	385,375
Financial instruments - short term (MMT balances)		-	173,202
Other current assets		10,949	9,387
Total assets		**2,397,837**	**1,538,063**
Equity and liabilities			
Equity			
Share capital and share premium		96,371	96,371
Retained earnings		588,862	661,684
Other reserves		788,075	8,862
Attributable to equity holders of the parent		1,473,308	766,917
Non-controlling interests		(4,283)	(4,923)
Total equity		**1,469,025**	**761,994**
Liabilities			
Deferred tax		295,813	80,089
Other non-current liabilities		16,614	9,219
Financial instruments			
- Long-term interest-bearing debt	11	72,165	55,128
- Short-term interest-bearing debt		2,634	3,677
- Other financial instruments - short term		496,065	417,213
- Other financial instruments - short term (MMT balances)		-	173,202
Other current liabilities		45,521	37,541
Total liabilities		**928,812**	**776,069**
Total equity and liabilities		**2,397,837**	**1,538,063**

Abridged Consolidated Statement of Cash Flows
For the year ended 28 February 2019

(All figures in ZWL$ '000)	Audited 28 February 2019	Audited 28 February 2018
Cash generated from operations	**587,976**	**421,744**
Income tax paid	(129,938)	(60,392)
Net cash generated from operating activities	**458,038**	**361,352**
Investing activities		
Acquisition of property, plant and equipment and intangible assets	(49,105)	(102,678)
Net cash outflow on unbundling of subsidiaries	(266,517)	-
Net acquisition of financial instruments	(193,219)	(153,453)
Net cash used in investing activities	**(508,841)**	**(256,131)**
Cash flows from financing activities		
Repayment of borrowings	(1,043)	(124,209)
Share buy-back	(47,290)	(55,788)
Financing costs paid	(887)	(3,949)
Dividend paid	(60,160)	(36,511)
Increase in deposits due to banks and customers	76,712	177,180
Proceeds from borrowings	-	52,083
Proceeds from issue of shares	-	50,301
Net cash flows (used in) / from financing activities	**(32,668)**	**59,107**
Net (decrease)/increase in cash and cash equivalents	(83,471)	164,328
Cash and cash equivalents at beginning of year	350,191	185,863
Cash and cash equivalents at end of year	**266,720**	**350,191**
Comprising:		
Short-term investments	11,993	75,147
Cash and cash equivalents restricted	-	91,698
Cash and cash equivalents non-restricted	254,727	183,346
Cash and cash equivalents at end of year	**266,720**	**350,191**

Consolidated Statement of Changes in Equity
For the year ended 28 February 2019

(All figures in ZWL$ '000)	Share capital and share premium	Retained earnings	Other	Attributable to equity holders of the parent	Non-controlling interest	Total
Balance at 1 March 2017	**40,764**	**638,066**	**14,922**	**693,752**	**3,572**	**697,324**
Profit for the year	-	140,786	-	**140,786**	(8,495)	**132,291**
Cancellation of shares	(216)	-	-	**(216)**	-	**(216)**
Purchase of treasury shares	-	(55,788)	-	**(55,788)**	-	**(55,788)**
Dividend paid	-	(61,380)	-	**(61,380)**	-	**(61,380)**
Issue of shares	58,345	-	(5,522)	**52,823**	-	**52,823**
Share isssue costs	(2,522)	-	-	**(2,522)**	-	**(2,522)**
Other movements	-	-	(538)	**(538)**	-	**(538)**
Balance at 28 February 2018	**96,371**	**661,684**	**8,862**	**766,917**	**(4,923)**	**761,994**
Impact of initial application of IFRS 9	-	(3,035)	(3,389)	**(6,424)**	-	**(6,424)**
Profit for the year	-	109,028	-	**109,028**	(2,670)	**106,358**
Purchase of treasury shares	-	(47,290)		**(47,290)**	-	**(47,290)**
Dividend paid	-	(60,160)	-	**(60,160)**	-	**(60,160)**
Recognition of share based payments	-	-	54,950	**54,950**	-	**54,950**
Vesting of share based payments	-	54,950	(54,950)	-	-	-
Effect of unbundling of subsidiaries	-	(126,315)	(45,054)	**(171,369)**	(2,670)	**(174,039)**
Issue of shares	-	-	-	**-**	11	**11**
Revaluation of property, plant and equipment	-	-	625,249	**625,249**	5,969	**631,218**
Fair value gain on investments at FVTOCI	-	-	202,407	**202,407**	-	**202,407**
Balance at 28 February 2019	**96,371**	**588,862**	**788,075**	**1,473,308**	**(4,283)**	**1,469,025**

Abridged Audited Segment Information

(All figures in ZWL$ '000)	28 February 2019				28 February 2018			
	Cellular network operations	Other segments	Net elimina-tions	Total	Cellular network operations	Other segments	Net elimin-tions	Total
Revenue and net interest income (from external customers)	794,689	14,052	-	**808,741**	565,357	8,488	-	**573,845**
Depreciation, amortisation and impairment	169,553	4,803	-	**174,356**	174,086	(38,164)	-	**135,922**
Segment profit/(loss)	(39,708)	72,991	(21,920)	**11,363**	64,433	(4,165)	1,324	**61,592**
Segment assets	2,014,506	487,024	(103,693)	**2,397,837**	970,520	1,040,111	(472,568)	**1,538,063**
Segment liabilities	854,094	217,681	(142,963)	**928,812**	373,341	770,193	(367,465)	**776,069**

This is a summarised segment report showing the Group's major segment, cellular network operations and other segments. Included in "Other" are the results of the following segments: beverages, investments and administration.

Notes to the Audited Abridged Consolidated Financial Statements
For the year ended 28 February 2019

1. General information

The main business of Econet Wireless Zimbabwe Limited ("the Group") is mobile telecommunications and related value added services. The abridged consolidated financial results incorporate subsidiaries and associates.

2. Change in functional currency

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars become part of the multi-currency system.
- Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1 to1 to the US dollar and would become opening RTGS dollar values from the effective date.

As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to the RTGS dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with effect from 28 February 2019.

These financial statements are therefore presented in RTGS dollars being the currency of the primary economic environment in which the Group operates.

The Group translated the statement of financial position at 28 February 2019 at a rate of 1 US dollar to 1 RTGS dollar with the exception of foreign currency denominated cash and cash equivalents, payables and receivables in accordance with S.I.33. The translation bases prescribed by S.I.33 and adopted by the Group were not consistent with IAS 21 which resulted in the adverse audit opinion on the financial statements.

3. Change in accounting policy

The Group voluntarily changed its accounting policy for determining the carrying amount of property, plant and equipment from the cost model to the revaluation model with effect from 1 September 2018. The change will result in fairer presentation of the carrying amount of assets and enhance assessment of the financial performance of the Group against the investment in the assets. The change has been accounted for prospectively from 1 September 2018.

The effects of the change in policy were; a net increase in the carrying amount of property, plant and equipment by ZWL$ 631 million and an increase in the current year depreciation charge by ZWL$ 70.8 million.

4. Accounting policies

The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous year unless otherwise stated and except for the adoption of the following standards and amendments effective for the current period:

- IFRS 4 Insurance Contracts (amendment);
- IFRS 15 Revenue from Contracts with Customers; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

Adoption of the above new standards and interpretation to the IFRS standards on 1 March 2018, had no significant impact on the Group's previously reported financial results or disclosures.

- IFRS 9 Financial Instruments.

The adoption of IFRS 9 on 1 March 2018 resulted in changes to the Group's accounting policies and impacted previously reported financial results. The quantitative impact of applying IFRS 9 as at 1 March 2018 is disclosed in Note 5.

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ECONET Wireless

ECONET WIRELESS ZIMBABWE LIMITED - AUDITED ABRIDGED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2019

Notes to the Audited Abridged Consolidated Financial Statements (continued)
For the year ended 28 February 2019

5. Adoption of IFRS 9 - Change in accounting policy

The Group retrospectively adopted IFRS 9 on 1 March 2018 as a replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduced new requirements which include the classification and measurement of financial instruments and expected credit loss (ECL) models.

As permitted by IFRS 9, the Group elected not to restate its comparative financial statements. Consequently, comparative information is reported on an IAS 39 basis and is not fully comparable to prior period and/or prior year information. The impact of adopting IFRS 9 has been applied retrospectively with an adjustment to the Group's opening reserves at 1 March 2018.

5.1 Impact of financial instrument classification and measurement (excluding ECL measurement impact)

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed for classification and measurement based on a combination of the entity's business model for managing the assets and the instruments contractual cash flow characteristics. The IAS 39 measurement categories of financial assets [at fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost] have been replaced by: at amortised cost; at fair value through other comprehensive income (FVTOCI); and at fair value through profit or loss (FVTPL).

The initial adoption of IFRS 9 measurement categories did not result in changes in the carrying amount of financial assets as classified under IAS 39.

The adoption of IFRS9 had no significant effect on the Group's accounting policies related to financial liabilities.

5.2 Impairment of financial assets – ECL measurement

The most material IFRS 9 adoption impact for the Group is that of the ECL measurement. The ECL approach is a forward looking impairment measurement basis which significantly differs from the incurred loss model approach. IFRS requires the recognition of an allowance for ECLs for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. The ECLs are measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

The adoption of IFRS 9 resulted in an increase in the allowance for credit losses of ZWL$ 8.7 million and a decrease in equity of ZWL$ 6.4 million, net of deferred tax.

6. Audit opinion

These financial results should be read in conjunction with the complete set of financial statements for the year ended 28 February 2019, which have been audited by Deloitte & Touche in accordance with International Standards on Auditing. An adverse opinion was issued on the financial statements for non-compliance with International Accounting Standard 21, The Effects of Changes in Foreign Exchange Rates, and Valuation of Property, Plant and Equipment. The Key Audit Matters are valuation of expected credit losses on Financial Assets, Related Party transactions and Revenue recognition. The Auditors' report on these financial statements is available for inspection at the Company's registered office.

7. Statement of compliance

While full compliance with International Financial Reporting Standards (IFRS); International Accounting Standards (IAS); and the International Financial Reporting Interpretations Committee (IFRIC) interpretations was achieved in previous reporting periods, only partial compliance has been achieved for the year ended 28 February 2019 as a result of non-compliance with IAS 21 as more fully explained in Note 2.

The abridged consolidated financial results do not include all of the information and disclosures required to fully comply with IFRS and should be read in conjunction with the Group's annual financial statements as at 28 February 2019 which will be distributed to members 21 days before the annual general meeting.

8. Demerged operations

The Group under a scheme of reconstruction unbundled the smart technology business unit largely comprising Steward Bank Limited, Steward Health (Private) Limited, EcoCash (Private) Limited, Econet Insurance (Private) Limited and Econet Life (Private) Limited ("the Entities") by transferring 100% of its shareholding in the Entities into a new parent company, Cassava Smartech Zimbabwe Limited (CSZL). The unbundling which took effect on 31 October 2018, was effected to unlock shareholder value, enhance management focus and allow focused implementation of strategies and improve capital allocation decisions.

Shares in CSZL which listed on the Zimbabwe Stock Exchange on 18 December 2018, were distributed to equity owners of the Group pro-rata to their shareholdings on the record date.The results of the discontinued operations, which have been included in the profit for the year, were as follows:

Notes to the Audited Abridged Consolidated Financial Statements (continued)
For the year ended 28 February 2019

8. Demerged operations (continued)

(All figures in ZWL$ '000)	Audited 28 February 2019	Audited 28 February 2018
Revenue	327 979	257 752
Net operating expenses	(202 082)	(150 881)
Profit before tax	125 897	106 871
Income tax	(30 902)	(36 172)
Net profit from discontinued operations	94 995	70 699

	(All figures in ZWL$ '000)	Audited 28 February 2019	Audited 28 February 2018
9.	**Depreciation and amortisation of property, plant and equipment and intangible assets**	174 356	135 922
	Commitments for capital expenditure		
	Authorised by Directors and contracted	52 252	98 773
	Authorised by Directors but not contracted	21 493	19 019
		73 745	**117 792**
	The capital expenditure is to be financed out of the Group's own resources and existing facilities.		
10	**Earnings per share**		
	Profit for the year attributable to holders of the parent	109 028	140 786

Number of shares	2019	2018
Weighted number of ordinary shares for the purposes of basic and diluted earnings per share calculation	2 522 894 240	2 409 583 931
Basic and diluted earnings per share (ZWL cents)	4.2	5.8

11. Long-term interest-bearing debt

Long term interest debt comprises unsecured redeemable debentures with an annual compounding coupon rate of 5% and a tenure of 6 years from date of issue. Interest on the debentures is payable on redemption. The debentures are redeemable at the end of April 2023 or earlier at the discretion of the Board at a price determined by adding to the subscription price the cumulative interest calculated at the coupon rate compounded annually up to the date of redemption.

12. Contingent liabilities

The business won its legal matter with ZIMRA, wherein the Revenue Authority had sought to penalise the business on allegations of circumventing import duties.

There were no other material changes to contingencies from those that were communicated in the last annual financial statements.

13. Going concern

The Directors have assessed the ability of the Company and its subsidiaries to continue operating as a going concern and believe that the preparation of the consolidated financial statements from which these abridged financial results are derived on a going concern basis is appropriate.