

Eaton Towers Limited

(formerly ETW Africa Holdings UK Limited)

**Directors' Report and Financial
Statements**

Registered Number 07724924

(England and Wales)

**Period From 1 August 2011 to 31
December 2011**



Contents	Pages
Directors' report	1-2
Statement of Directors' responsibility	3
Independent auditor's report to the shareholders of Eaton Towers Limited	4-5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Cash Flow Statement	9
Notes to the financial statements	10-40
Company Statement of Financial Position	34
Company Statement of Changes in Equity	35
Company Cash Flow Statement	36

Directors' Report for the period 1 August 2011 to 31 December 2011

The Directors present their Directors' report and financial statements for the period ended 31 December 2011

The company was incorporated on 1 August 2011 and commenced trading on 1 September 2011. Eaton Towers Limited is domiciled and incorporated in the United Kingdom.

On 28 May 2012, the company's name was changed from ETW Africa Holdings UK Limited to Eaton Towers Limited.

Principal activities and future developments

During the period ended 31 December 2011, the principal activity of the company was that of a holding company. The Eaton Towers Limited group ("The group") is an African-focused tower group whose business focus is to own, manage, maintain and build telecom towers for mobile operators helping them to reduce capital expenditure and operating costs. The group works closely with governments, regulators and operators to encourage sharing of telecom towers in order to maximize the potential of existing infrastructure and encourage wider coverage of telecom services to rural areas.

In 2012 the group has made significant progress in Uganda by signing a 15 year passive network management partnership with Orange and with the purchase of Warid Telecom towers.

The company acquired various subsidiaries at the start of the period for a total consideration of \$36,875,064. These are detailed in Note 2 of the Financial Statements.

Business review

The results for the period and the financial position at the period end were considered satisfactory by the directors' who expect continued growth in the foreseeable future.

Principal risks & uncertainties

The Group and Company are now required to give a description of the principal risks and uncertainties which they face.

These principal risks are set out below.

The Group faces competition in its various markets and if it fails to compete successfully it will not deliver its expected growth.

The Group may be adversely affected by changes in foreign currency exchange rates and higher interest rates.

Technological change may adversely impact the demand for the services provided by the Group.

The management team has long experience in managing all these risks, while delivering growth.

Key performance indicators

Turnover reached \$7.7m by the end of the period which generated a gross profit of \$2.8m. The board monitors these figures at their regular meetings and considering the short accounting period and the developments which occurred in the following year are satisfied with the financial position at the period end.

Dividends

No dividends were declared or paid to shareholders during the period.

Charitable and political donations

No charitable or political donations were paid during the period.

Directors' Report (continued)

Directors

The following directors have held office since 1 August 2011

Sanjiv Ahuja	(Appointed 5 September 2011)
Runa Alam	(Appointed 5 September 2011)
Alnery Incorporations No 1 Limited	(Appointed 1 August 2011 and resigned 4 August 2011)
Alnery Incorporations No 2 Limited	(Appointed 1 August 2011 and resigned 4 August 2011)
Alan Harper	(Appointed 5 September 2011)
Eduardo Gutierrez Ibanez	(Appointed 5 September 2011)
Craig Morris	(Appointed 1 August 2011 and resigned 4 August 2011)
Terence Rhodes	(Appointed 5 September 2011)
Christian Skaaniid	(Appointed 4 August 2011)

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

X  X

Alan Harper
Director
On behalf of Eaton Towers Limited
25 JUNE 2012

Fifth Floor
55 Baker Street
London W1U 8AN

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the group and company financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and those parts of the Companies Acts 2006 applicable to companies reporting under IFRS.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether the group financial statements and parent company financial statements have been prepared in accordance with IFRSs as adopted by the EU and those parts of the Companies Acts 2006 applicable to companies reporting under IFRS
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Independent auditor's report to the shareholders of Eaton Towers Limited

We have audited the group and company financial statements ("the financial statements") of Eaton Towers Limited for the period ended 31 December 2011 set out on pages 6 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2011 and of the group's loss for the period then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company's financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of Companies Act 2006, and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

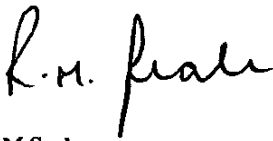
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Robert M Seale
Senior Statutory Auditor
For and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

17 July 2012

Consolidated Statement of Comprehensive Income
For the period 1 August 2011 to 31 December 2011

	Note	2011 USD000
<i>Revenue</i>		
<i>Cost of sales</i>	1	7,676 (4,909)
<i>Gross profit</i>		2,767
<i>Other operating income</i>		302
<i>Administrative expenses</i>	3	(7,373)
<i>Operating loss</i>	1	(4,304)
<i>Financial income</i>		17
<i>Net financing expense</i>		17
<i>Loss before tax</i>		(4,287)
<i>Taxation</i>	5	218
<i>Loss for the period</i>		(4,069)

Notes from pages 10-33 form part of these financial statements

Consolidated Statement of Financial Position
At 31 December 2011

	Note	2011
		USD000
Non-current assets		
Property, plant and equipment	6	9,839
Intangible assets	7	41,689
Deferred tax assets	9	394
		<u>51,922</u>
Current assets		
Inventories	10	1,143
Trade and other receivables	11	7,107
Cash and cash equivalents		12,014
		<u>20,264</u>
Total assets		<u>72,186</u>
Equity		
Share capital	16	48,101
Foreign currency translation reserve	16	277
Accumulated losses	16	(4,069)
		<u>44,309</u>
Non-current liabilities		
Loan from shareholders	14	9,391
Interest-bearing borrowings	13	10,000
		<u>19,391</u>
Current liabilities		
Trade and other payables	12	8,486
		<u>8,486</u>
Total current liabilities		<u>8,486</u>
Total liabilities		<u>27,877</u>
Total equity and liabilities		<u>72,186</u>

These financial statements were approved by the board of directors on 25 June '12 and were signed on its behalf by

X  X
Alan Harper
Director
On behalf of Eaton Towers Limited
Company registered number 07724924

Notes from pages 10-33 form part of these financial statements

Consolidated Statement of changes in equity for the period ended 1 August 2011 to 31 December 2011

	Share Capital	Accumulated Profits/ (Losses)	Translation reserve USD000	Total equity USD000
<i>Issue of shares</i>	48,101	-	-	48,101
<i>Total comprehensive income for the period</i>				
<i>Loss for the financial period</i>	-	(4,069)	-	(4,069)
<i>Other comprehensive income</i>				
<i>Foreign exchange translation differences</i>	-	-	277	277
<i>Balance at 31 December 2011</i>	<u>48,101</u>	<u>(4,069)</u>	<u>277</u>	<u>44,309</u>

Notes from pages 10-33 form part of these financial statements

Consolidated Cash Flow Statement
For period ended 31 December 2011

	Note	2011 USD000
Cash flows from operating activities		
Loss from continuing operations for the period		(4,069)
Adjustments for		
Depreciation, amortisation impairment and write offs		650
Foreign exchange loss		968
Financial income		(17)
Taxation	5	(218)
		(2,686)
(Increase) in trade and other receivables		(3,018)
(Increase) in inventories		(159)
Increase in trade and other payables		140
		(5,723)
Interest paid		
Tax paid		(419)
Net cash used in operating activities		(6,142)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment		2
Interest received		17
Net cash acquired as part of business combination		570
Acquisition of property, plant and equipment	6	(4,500)
Acquisition of intangible assets	7	(158)
Net cash used in investing activities		(4,069)
Cash flows from financing activities		
Proceeds from new bank borrowings		10,000
Proceeds from issue of shares		11,225
Additional shareholders' loans		1,000
Net cash from financing activities		22,225
Net increase in cash and cash equivalents	22	12,014
Cash and cash equivalents (including bank overdraft) at 31 December 2011		12,014

Notes from pages 10-33 form part of these financial statements

Notes for the period 1 August 2011 to 31 December 2011 *(Forming part of the financial statements)*

1 Accounting policies

Eaton Towers Limited is a private limited company under the Companies Act 2006. It is incorporated and domiciled in the UK.

Basis of preparation

The group financial statements consolidate those of the company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The parent company financial statements present information about the company as a separate entity and not about its group.

Statement of compliance

The group financial statements have been prepared and approved by the Directors' in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The parent company financial statements have been prepared and approved by the Directors' in accordance with International Financial Reporting Standards as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, these are presented on pages 34 to 38. Under section s408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

The accounting policies have been applied consistently by group entities.

Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial instruments measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is the parent company's functional and presentation currency.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Goodwill
- Impairment
- Financial Instruments

Notes (continued)

1. Accounting policies (continued)

Going concern

In September 2011 the Company's parent, ETW Holdings Limited entered into a subscription and investment agreement with its investors. Under that agreement an investor committed to subscribe or to procure the investment of up to \$150m within three years of the agreement. The funds raised are to be used in accordance with the 10 year plan. In accordance with that plan the Company will submit funding requests to ETW Holdings Limited, which by virtue of the subscription and investment agreement should be able to meet those requests. The directors have accordingly a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

Investment in subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-company balances and any unrealised gains and losses or income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

Investments in subsidiary companies are stated at cost less accumulated impairment losses in the company's separate financial statements.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, US Dollars, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve. They are released into the income statement upon disposal.

Plant and equipment

Recognition and measurement

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Borrowing costs

In respect of borrowing costs relating to qualifying assets, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes (continued)

1. Accounting policies (continued)

Plant and equipment (continued)

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- | | |
|----------------------------------|----------------------|
| • Plant and machinery | 5 years |
| • Furniture and Equipment | 3/5/6 years |
| • Motor vehicles | 5 years |
| • Leasehold Property (Buildings) | Over period of lease |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as property, plant and equipment and liabilities in the statement of financial position at amounts equal to the fair value of the assets acquired or, if lower, the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset or the lease term, whichever is the shortest. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, using the effective interest rate method, which is charged against profit or loss over the lease period.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset.

Business combinations

The group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the Income Statement.

Transaction costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with business combinations are expensed as incurred.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and associates.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

Notes (continued)

1. Accounting policies (continued)

Goodwill (continued)

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Intangible assets

Intangible assets are recognised and measured at cost less accumulated amortisation.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software 3 years

Inventories

Inventories are stated at the lower of cost and net realisable value.

Work in progress

Work in progress represents the cost of materials and direct labour incurred in the process of completing projects where the risks and rewards have not yet passed to the customer.

Advanced billings represent all the invoices raised for project milestone payments that precede revenue recognition.

Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Notes (continued)

1. Accounting policies (continued)

Impairment

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to/ (from) group companies

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs. Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the loan's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised. Loans to/ (from) group companies are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Notes (continued)

1. Accounting policies (continued)

Financial instruments (continued)

Interest-bearing borrowings

Interest-bearing borrowings are initially measured at fair value less attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the costs and the redemption of interest-bearing borrowings is recognised over the term of the interest-bearing borrowings on an effective interest basis.

Shareholders' loans

Shareholders' loans are initially recognised at fair value, and are subsequently carried at amortised cost, using the effective interest rate method.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently carried at amortised cost, using the effective interest rate method.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognises any impairment loss on the assets associated with that contract.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale of goods provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods,
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the company, and
- The costs incurred or to be incurred in respect of the transaction and possible return of goods can be estimated reliably.

Service revenue is recognised in profit or loss by reference to the stage of completion of the transaction at reporting date.

Revenue from operations and maintenance of site and co-location are recognised in the profit and loss account on a monthly basis as a service is rendered.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Notes (continued)

1. Accounting policies (continued)

Expenses (continued)

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy)

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised

Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity

Notes (continued)

1. Accounting policies (continued)

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets' (mandatory for year commencing on or after 1 July 2011). The amendments to IFRS 7 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2012. In terms of amendments additional disclosure will be provided regarding transfers of financial assets that are

- not derecognised in their entirety and
- derecognised in their entirety but for which the Group retains continuing involvement.

- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' (mandatory for year commencing on or after 1 July 2012). The amendments to IAS 1 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013.

The group will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

This is a change on presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will be applied retrospectively and the comparative information will be restated.

- IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (mandatory for year commencing on or after 1 January 2013). The amendments to IFRS 10 and IAS 27 (2011) will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013.

The group will be required to consolidate an investee when the Group controls the investee. Control is defined as consisting of three elements: power, exposure to variable returns and an investor's ability to use power to affect its amount of variable returns.

There are currently no investees in the Group which are not consolidated that would otherwise be consolidated under IFRS10. Hence, this is currently not applicable to the group.

- IFRS 12 Disclosure of Interests in Other Entities (mandatory for year commencing on or after 1 January 2013). This is currently not applicable to the Group as it has no subsidiaries with material non-controlling interests.

Notes (continued)

1. Accounting policies (continued)

Adopted IFRS not yet applied (continued)

- IFRS 13 Fair Value Measurement (mandatory for year commencing on or after 1 January 2013) The amendments to IFRS 13 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied prospectively and comparatives will not be restated. IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosure requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics. Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants.
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs

The three-level fair value hierarchy is extended to all fair value measurements

- IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2015) IFRS 9 will be adopted by the company for the first time for its financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39

- Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. IFRS 9 (2010) will be adopted by the company for the first time for its financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.
- IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives*.

Notes (continued)

2 Acquisitions of subsidiaries

On 5 September 2011, Eaton Towers Limited acquired 100% of the share capital in Eaton Towers Proprietary Limited and Eaton Towers Ghana Limited together with their Mauritian parent companies, Eaton Towers South Africa (M) Limited and Eaton Towers Ghana (M) Limited

This was part of a larger transaction whereby the main businesses of Qventure Holdings LLP, were sold to the Company's immediate parent company for \$46m paid in cash and shares. As part of the transaction the UK management team of Qventure Holdings LLP moved to the Company

The assets included shares in the South African and Ghanaian companies as well as debt due from them. Only the equity was passed to the Company, with debt being retained by the company's parent company

The new structure grants the company the required capital to acquire, build and develop telecom towers across Africa both in the existing territories and in new ones

Effect of acquisitions

The acquisitions had the following effect on the Group's assets and liabilities

	Pre-acquisition carrying amount USD000	Recognised values on acquisition USD000
<i>Acquiree's net liabilities at the acquisition date.</i>		
<i>Plant and equipment</i>	6,239	6,239
<i>Leasehold improvements</i>	99	99
<i>Intangibles</i>	1,522	1,522
<i>Inventories</i>	984	984
<i>Trade and other receivables</i>	3,671	3,671
<i>Trade and other payables</i>	(8,348)	(8,348)
<i>Deferred tax assets</i>	205	205
<i>Loans from related parties</i>	(8,391)	(8,391)
<i>Cash</i>	570	570
<i>Net identifiable assets and liabilities</i>	(3,449)	(3,449)
<i>Goodwill on acquisition</i>		40,324
<i>Consideration paid, satisfied in shares</i>		36,875

The Group has assessed the fair value of the liabilities acquired at USD 3,449,486 based on appropriate valuation methodology

All the revenue relating to the acquirees was included in the consolidated statement of comprehensive income for the reporting period

\$0.9m of the trade and other receivable balance as at acquisition date was subsequently provided for. This balance was however deemed recoverable as at the acquisition date

Notes (continued)

3. Administrative expenses and auditor's remuneration

Included in loss are the following

	2011 USD000
<i>Depreciation</i>	434
<i>Amortisation</i>	155
<i>Exchange loss</i>	968
<i>Lease payments</i>	53
<i>Bad debt expense</i>	1,309
<i>Auditor's remuneration</i>	
<i>Audit of these financial statements</i>	
<i>Amounts receivable by auditors and their associates in respect of</i>	
<i>Audit of financial statements of subsidiaries pursuant to legislation</i>	109

Amounts paid to Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis

4. Staff numbers and costs

The average number of persons employed by the group (including Directors) during the period, analysed by category, was as follows

	Number of employees 2011
<i>Administration and Sales</i>	90

The aggregate payroll costs of these persons were as follows

	USD000
<i>Wages and salaries</i>	2,318
<i>Social security costs</i>	45
	2,363

Notes (continued)

5. Taxation

Income tax represents the sum of the current tax and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

The tax expense recognised in the income statement is analysed as follows

Recognised in the income statement

	2011 USD000
<i>Tax payable/ (repayable)</i>	
<i>Current tax on income for the period</i>	-
<i>Total current tax expense</i>	-
<i>Deferred tax credit</i>	(218)
<i>Total tax credit</i>	(218)

Notes (continued)

5. Taxation (Continued)

Reconciliation of effective tax rate

	2011 USD000
<i>Loss before taxation</i>	(4,287)
<i>Tax credit using the UK corporation tax rate of 26 %</i>	(1,115)
<i>Current year losses for which no deferred tax asset was recognised</i>	940
<i>Deferred tax</i>	(127)
<i>Tax incentives</i>	(299)
<i>Non-deductible expenses</i>	424
<i>Other adjustments</i>	(41)
<i>Total tax credit</i>	(218)

The Group has the following unrecognised temporary differences in respect of tax losses

Carry forward tax losses	<u>\$4,507,942</u>
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Notes (continued)

6. Property, plant and equipment

	Plant and Machinery USD000	Furniture and Equipment USD000	Motor Vehicles USD000	Assets in course of construction USD000	Leasehold improvements USD000	Total USD000
Cost						
Balance on acquisition	3,512	325	290	2,487	142	6,756
Additions	4,191	36	-	265	8	4,500
Transfers	2,484	-	-	(2,484)	-	-
Effect of exchange rate	(273)	(32)	(23)	(193)	(13)	(534)
Disposals	-	-	(2)	-	-	(2)
Fixed asset written off	-	-	-	(61)	-	(61)
Balance at 31 December 2011	9,914	329	265	14	137	10,659
Depreciation and impairment						
Balance on acquisition	320	46	34	-	18	418
Depreciation charge for the period	371	35	18	-	10	434
Effect of exchange rate	(24)	(4)	(2)	-	(2)	(32)
Depreciation on disposal	-	-	-	-	-	-
Balance at 31 December 2011	667	77	50	-	26	820
Net book value						
At 31 December 2011	9,247	252	215	14	111	9,839

7. Intangible assets

	Goodwill USD000	NCA Licence USD000	Website costs USD000	Computer Software USD000	Total USD000
Cost					
Balance on acquisition	-	201	403	1,098	1,702
Acquisitions through business combinations	40,324	-	-	-	40,324
Effect of exchange rate	-	(16)	(31)	(131)	(178)
Additions	-	-	158	-	158
Balance at 31 December 2011	40,324	185	530	967	42,006
Amortisation and impairment					
Balance on acquisition	-	6	76	98	180
Amortisation for the period	-	6	38	111	155
Effect of exchange rate	-	-	(7)	(11)	(18)
Impairment	-	-	-	-	-
Balance at 31 December 2011	-	12	107	198	317
Net book value					
At 31 December 2011	40,324	173	423	769	41,689

Notes (continued)

Intangible assets (continued)

Impairment

Goodwill is monitored on a Group wide level (Eaton Towers Limited Group Cash Generating Unit(CGU)) Goodwill is tested annually for impairment by determining the recoverable amount on a value in use calculation basis

These calculations are based on a detailed 10 year financial model by country reviewed and approved by management. The models are based on 10 years as that is the normal contract period for Telecom towers

The key assumptions for the 10 years projections are

- Number of towers under management at the end of each year This is based on current pipeline of towers opportunities across the different countries in Africa
- Lease upgrade or number of tenants per tower
- Operating cost and capital expenditure assumptions expectations over the 10 years

Based on this financial model, a Net Present Value is calculated based on discounted cash flows and compared to the goodwill in the accounts Revenues are assumed to grow at over 20% Compound Annual Growth Rate (CAGR) over the period of the plan whereas the costs are assumed to grow by only below 15% CAGR.

A long term growth rate of 4% has been applied to extrapolate the cash flow projections into perpetuity

The Weighted Average Cost of Capital (WACC) used in the model depends on the level of debt and specific country risks The current average WACC used is 15.2%

Management consider there is no reasonably possible change in assumptions used in the impairment review of Eaton Towers Group CGU at 31 December 2011 that would result in the carrying amount exceeding its value in use

On an annual basis the intangible assets are assessed for impairment by management through review of available impairment indicators

8. Investments in subsidiaries and associates

The parent entity had the following direct investments in subsidiaries and associates at the period end

	Country of Incorporation	Investment held	Ownership 2011
<i>Eaton Towers Proprietary Limited</i>	<i>South Africa</i>	<i>Ordinary shares</i>	<i>100 %</i>
<i>Eaton Towers Ghana Limited</i>	<i>Ghana</i>	<i>Ordinary shares</i>	<i>100 %</i>
<i>Eaton Towers South Africa (M) Limited</i>	<i>Mauritius</i>	<i>Ordinary shares</i>	<i>100%</i>
<i>Eaton Towers Uganda Limited</i>	<i>Uganda</i>	<i>Ordinary shares</i>	<i>100%</i>
<i>Eaton Towers Ghana (M) Limited</i>	<i>Mauritius</i>	<i>Ordinary shares</i>	<i>100%</i>

Notes (continued)

9. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets 2011 USD000
Temporary differences	<u>394</u>

Movement in deferred tax during the period

	Balance on acquisition USD000	Movement Assets USD000	Movement Liabilities USD000	Assets 31 December 2011 USD000	Liabilities 31 December 2011 USD000	Net 31 December 2011 USD000
Property, plant and equipment	77	89	(213)	166	(213)	(47)
Accrual for leave pay	2	-	(4)	-	(2)	(2)
Tax losses	107	150	-	257	-	257
Other accruals	20	16	-	36	-	36
Effects of movement in foreign exchange	(1)	151	-	150	-	150
	<u>205</u>	<u>406</u>	<u>(217)</u>	<u>609</u>	<u>(215)</u>	<u>394</u>

A deferred tax asset of \$940,463 as at 31 December 2011 has not been recognised in relation to accelerated capital allowances, on the grounds that there is currently insufficient evidence of future trading profits for this asset to be realised

A number of changes to the UK Corporation tax system were announced in the March 2011 Budget Statement. The Finance Act 2011, which was enacted on 19th July 2011, includes legislation reducing the main rate of corporation tax from 26% to 25% from 1 April 2012. In the March 2012 Budget, it was announced that the corporation tax rate applicable from 1 April 2012 will be 24%. However, this was not substantively enacted as at the balance sheet date and, accordingly, not reflected in these financial statements. Further reductions are proposed to reduce the tax rate by 1% per annum to 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore the impact on our deferred tax assets has not been included in these financial statements. The overall impact is not expected to be material to these financial statements.

10. Inventories

	2011 USD000
Work in progress	533
Consumables	610
	<u>1,143</u>

Work-in-progress is related to the installation and provisioning of network systems in accordance with agreed customer contracts

Work-in-progress and finished goods recognised as cost of sales in the period amounted to \$4,445,231

Notes (continued)

11. Trade and other receivables

	2011 USD000
<i>Receivables due from related parties</i>	11
<i>Trade and other receivables</i>	4,073
<i>Other receivables</i>	185
<i>Income tax assets</i>	497
<i>Prepayments and accrued income</i>	2,341
<i>Current</i>	7,107

12. Trade and other payables

	2011 USD000
<i>Current</i>	
<i>Trade and other payables</i>	2,200
<i>Accruals and deferred income</i>	6,062
<i>Other payables</i>	224
	8,486

Notes (continued)

13. Interest-bearing borrowings

Eaton Towers Ghana Limited obtained a Secured Term Loan Facility from Stanbic Bank Ghana Limited and Standard Bank of South Africa on 22 December 2011. The facility is secured by a negative pledge and a guarantee from the sole shareholder, Eaton Towers Ghana (M) Ltd, a company incorporated in Mauritius.

The facility is a US\$30 million facility in two main categories. The first tranche of the facility is a BTS facility of US\$20 million maximum exposure. The purpose of this tranche of the loan is to fund a capital expenditure incurred by the company in relation to the build-out of up to three hundred (300) additional towers in Ghana.

The second tranche of the facility is Operations and Maintenance (O&M) loan of US\$10 million facility. The purpose of this tranche of the loan is to meet the general corporate requirements of the company in relation to the enhancement and upgrade of the various sites.

The company drew down US\$10 million relating to the O&M facility on 30 December 2011. The facility is repayable in 5 years from date of disbursement. The interest rate applicable to the facility is a LIBOR + 6%.

	Balance 2011 USD000
<i>Bank loan</i>	10,000
<i>Less than one year</i>	-
<i>More than one year</i>	<u>10,000</u>

14. Shareholders' loan

	2011 USD000
<i>Shareholders loans</i>	<u>9,391</u>

No interest is payable on the loan. The loan is not repayable within one year.

Notes (continued)

15. Financial Instruments

Overview

The Group has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and process for measuring and managing risk and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivable from customers, investments securities and loans to group entities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Services are rendered to clients based on a signed cost estimate from clients, so that in the event of non-payment the group may have a secured claim.

Allowance for impairment

The group established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivable and investments.

Investments

The group limits its exposure to credit risk by only investing in liquid securities and only with major financial institutions in the country.

Guarantees

The group's policy is to provide financial guarantees to subsidiaries, fellow subsidiaries and group companies.

Notes (continued)

Financial instruments (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

	31 December 2011 USD000
Trade and other receivable	7,107
Cash and cash equivalents	12,014
	<u>19,121</u>

The maximum exposure to credit risk for trade receivable at the reporting date by geographic region was

	31 December 2011
South Africa	76
Mauritius	9
Ghana	3,988
	<u>4,073</u>

Impairment losses

The ageing of trade receivable at 31 December 2011 was

	Gross USD000	Impairment allowance USD000
Current	959	75
30-60 days	362	-
60-90 days	2,633	-
90-120 days	54	-
Greater than 120 days	1,374	1,234
Total	<u>5,382</u>	<u>1,309</u>

	Gross USD000	Impairment USD000	Net USD000
Trade receivable not past due	5,382	1,309	4,073
Trade receivable past due	-	-	-
	<u>5,382</u>	<u>1,309</u>	<u>4,073</u>

The Group believes that an impairment allowance amounting to \$1,308,682 is necessary in respect of the trade receivables

Notes (continued)

Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

	Carrying amount USD000	Contractual cash flows USD000	12 month or less USD000	Thereafter USD000
Non derivative financial liabilities				
Loans from shareholders	9,391	9,391	-	9,391
Interest-bearing borrowings	10,000	10,000	-	10,000
Trade and other payables	8,486	8,486	8,486	-
Balance at 31 December 2011	<u>27,877</u>	<u>27,877</u>	<u>8,486</u>	<u>19,391</u>

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and equity prices will affect the group's income or the value of its holdings of financial instruments.

Currency risk

The group is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency. The currencies in which these transactions are denominated are South African Rand, Euro and US Dollars.

Eaton Towers Proprietary Limited, Eaton Towers South Africa (M) Limited, Eaton Towers Uganda Limited, Eaton Towers Ghana (M) Limited and Eaton Towers Limited have limited their exposure to currency risk as the majority of the company's transactions are completed in the local currency.

The group's exposure to foreign currency risk was as follows:

	Trade receivables USD000	Cash and bank USD000	Trade payables USD000	Loan from shareholder USD000	Interest bearing borrowings USD000
US Dollars	980	10,303	607	9,391	10,000
South African Rand	135	93	279		
Ghanaian Cedi	5,992	1,618	7,600		
Total	<u>7,107</u>	<u>12,014</u>	<u>8,486</u>	<u>9,391</u>	<u>10,000</u>

Notes (continued)

Market risk (continued)

Interest rate risk

As part of the process of managing the group's interest rate risk, interest rate characteristics of new borrowings and the financing of existing borrowings are positioned according to expected movements in interest rates

Fair values

Fair values versus carrying amounts

The fair values as at 31 December 2011 of the financial assets and liabilities, together with carrying amounts shown in the statement of financial positions, are as follows

	Carrying amount USD000	Fair values USD000
Trade and other receivable	7,107	7,107
Cash and cash equivalents	12,014	12,014
	<u>19,121</u>	<u>19,121</u>
Loans from shareholders	(9,391)	(9,391)
Interest-bearing borrowings	(10,000)	(10,000)
Trade and other payable	<u>(8,486)</u>	<u>(8,486)</u>
	<u>(8,756)</u>	<u>(8,756)</u>

The Directors are of the opinion that the book value of financial instruments approximates their fair value

Capital management

Management's policy is to maintain a strong capital base so as to maintain creditor confidence to sustain future development of the business

16. Equity

(i) Share capital

	USD000
Allotted, called up and fully paid	
48,100,642 Ordinary Shares of \$1 each	48,101
	<u>48,101</u>

During the period, 48,100,642 Ordinary Shares of \$1 each were issued at par

(ii) Reserves

	Other reserves USD000	Retained Earnings USD000	2011 Total USD000
Balance at 1 August 2011	-	-	-
Loss for the period	-	(4,069)	(4,069)
Currency reserve	277	-	277
	<u>277</u>	<u>(4,069)</u>	<u>(3,792)</u>

Notes (continued)

17. Operating leases

Non-cancellable operating lease rentals are payable as follows

	2011 USD000
<i>Less than one year</i>	63
<i>Between one and five years</i>	<u>89</u>
	<u>152</u>

The Group leases a number of properties and vehicles under operating leases

18. Commitments

The Group had no other commitments at the period end

19. Directors' emoluments

Two directors received £205,000 in emoluments during the period. The remaining directors did not receive any emoluments from the Eaton Towers Limited Group. No directors received any share options during the period.

20. Contingencies

Eaton Towers Ghana Limited

Stanbic Bank Ghana Limited issued letter of credit worth US\$206,906 for importation of telecommunication equipment. The bank held an amount of US\$207,941 as collateral for the letter of credit.

21. Significant accounting judgements and estimates

Estimates, judgements and assumptions are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The group makes estimates, judgements and assumptions concerning the future. Those that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are detailed below.

Residual value and useful life

The group depreciates its assets over their estimated useful lives taking into account residual values, which, following the adoption of International Account Standards (IAS16) *Property, plant and equipment (revised)*, are re-addressed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

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

Income taxes

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

Notes (continued)

Significant accounting judgements and estimates (continued)

Contingent liabilities

Management applies its judgement to the fact patterns and advice it received from its attorneys, advocates and other advisors in assessing if an obligation is possible, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Impairment of intangible assets

The group annually test goodwill and indefinite life assets for impairment. This involves using certain assumptions and judgements regarding future events that principally affect future cash flows of the group.

22. Net cash at bank and in hand

	Balance on acquisition	Movement	At 31 December 2011
	USD000	USD000	USD000
Cash at bank and in hand	570	11,444	12,014
Debt due within one year	-	-	-
Debt due after one year	(8,391)	(11,000)	(19,391)
	<u>(7,821)</u>	<u>444</u>	<u>(7,377)</u>

23. Ultimate parent company and parent company of larger group

The immediate parent company is ETW Holdings Limited, a company incorporated in Jersey and the ultimate parent company is CIPEF ETW (Jersey) Limited, a limited liability company incorporated in Jersey. The ultimate controlling party is Capital International Private Equity Fund VI, a Cayman Islands exempted limited partnership.

Company Statement of financial position
at 31 December 2011

	<i>Note</i>	2011 USD000	2011 USD000
Non-current assets			
Property, plant and equipment	25	7	
Investments	26	36,875	
			36,882
Current assets			
Trade and other receivables	27	3,486	
Cash and cash equivalents		6,969	
			10,455
Total assets			47,337
Equity			
Share capital	31		48,101
Accumulated losses	31		(2,540)
			45,561
Non-current liabilities			
Loan from shareholders	29		1,000
Current liabilities			
Trade and other payables	28		776
Total liabilities			1,776
Total equity and liabilities			47,337

These financial statements were approved by the board of directors on 25 June 2012, and were signed on its behalf by



Alan Harper
Director
On behalf of Eaton Towers Limited
Company registered number 07724924

Notes from pages 37-40 form part of these financial statements

Company Statement of changes in equity for the period ended 1 August 2011 to 31 December 2011

	Share Capital USD000	Accumulated Profits/ (Losses) USD000	Total equity USD000
<i>Issue of shares</i>	48,101	-	48,101
<i>Total comprehensive income for the period</i>			
<i>Loss for the financial period</i>	-	(2,540)	(2,540)
<i>Balance at 31 December 2011</i>	<u>48,101</u>	<u>(2,540)</u>	<u>45,561</u>

Notes from pages 37-40 form part of these financial statements

Company Cash Flow Statement

For period ended 31 December 2011

	Note	2011 USD000
Cash flows from operating activities		
Loss from continuing operations for the period		(2,540)
Adjustments for		
Financial expense		27
(Increase) in trade and other receivables		(2,513)
Increase in trade and other payables		(258)
Financial expense paid		(1,995)
Net cash used in operating activities		(2,021)
Cash flows from investing activities		
Acquisition of property, plant and equipment	25	(7)
Net cash used in investing activities		(7)
Cash flows from financing activities		
Proceeds from shareholders' loans		1,000
Proceeds from issue of shares		11,225
Loans advances to subsidiary undertakings		(3,228)
Net cash from financing activities		8,997
Net increase in cash and cash equivalents	32	6,969
Cash and cash equivalents (including bank overdraft) at 31 December 2011		6,969

Notes from pages 37-40 form part of these financial statements

Notes (continued)

(Forming part of the financial statements)

24. Accounting policies

Investments

Fixed asset investments are stated at cost less provision for diminution in value

25. Tangible fixed assets

	Plant & Equipment
	USD000
<i>Cost</i>	
<i>At beginning of period</i>	
<i>Additions</i>	7
<i>At 31 December 2011</i>	7
<i>Depreciation</i>	
<i>At beginning of period</i>	
<i>Additions</i>	-
<i>At 31 December 2011</i>	-
<i>Net book value</i>	
<i>At 31 December 2011</i>	7

Notes (continued)

26. Fixed asset investments

	Shares in group undertakings USD000	Total USD000
<i>Cost</i>		
<i>At beginning of period</i>		
<i>Additions</i>	36,875	36,875
<i>Balance at 31 December 2011</i>	36,875	36,875
<i>Net book value</i>		
<i>At 31 December 2011</i>	36,875	36,875

As described in note 2, the company acquired an interest in the following entities

	Country of Incorporation	Investment held	Ownership 2011
<i>Eaton Towers Proprietary Limited</i>	<i>South Africa</i>	<i>Ordinary shares</i>	<i>100 %</i>
<i>Eaton Towers Ghana Limited</i>	<i>Ghana</i>	<i>Ordinary shares</i>	<i>100 %</i>
<i>Eaton Towers South Africa (M) Limited</i>	<i>Mauritius</i>	<i>Ordinary shares</i>	<i>100%</i>
<i>Eaton Towers Uganda Limited</i>	<i>Uganda</i>	<i>Ordinary shares</i>	<i>100%</i>
<i>Eaton Towers Ghana (M) Limited</i>	<i>Mauritius</i>	<i>Ordinary shares</i>	<i>100%</i>

27. Trade and other receivables

	2011 USD000
<i>Amounts owed by subsidiary undertakings</i>	3,228
<i>Other debtors</i>	258
	3,486

28. Current liabilities

	2011 USD000
<i>Trade creditors</i>	278
<i>Other creditors</i>	145
<i>Accruals and deferred income</i>	353
	776

Notes (continued)

29. Non- current liabilities

	2011 USD000
<i>Shareholders loans</i>	<u>1,000</u>

No interest is payable on the loan The loan is not repayable within one year

30. Employees

Number of employees

The average number of persons employed by the company during the period, analysed by category, was as follows

	Number of employees 2011
<i>Administration and Sales</i>	13

The aggregate payroll costs of these persons were as follows

	USD000
<i>Wages and salaries</i>	1,277
<i>Social security costs</i>	93
	<u>1,370</u>

31. Share capital and reserves

(i) Share capital

	2011 USD000
<i>Allotted, called up and fully paid</i>	
<i>48,100,642 Ordinary Shares of \$1 each</i>	48,101
	<u>48,101</u>

During the period, 48,100,642 Ordinary Shares of \$1 each were issued at par.

(ii) Accumulated losses

	2011 USD000
<i>Balance at 1 August 2011</i>	-
<i>Loss for the period</i>	(2,540)
	<u>(2,540)</u>

Notes (continued)

32. Net cash at bank and in hand

	Cashflow	At 31 December 2011
	USD000	USD000
<i>Cash at bank and in hand</i>	<i>6,969</i>	<i>6,969</i>
	<u>6,969</u>	<u>6,969</u>

33. Related party disclosures

Sales to subsidiaries in the period amounted to \$230,080 and recharged expenses from subsidiaries amounted to \$372,735. At the period end any amounts due or receivable with regard to these transactions have been included within amounts due from subsidiary undertakings and are shown in Note 27.

34. Control

The immediate parent company is ETW Holdings Limited, a company incorporated in Jersey and the ultimate parent company is CIPEF ETW (Jersey) Limited, a limited liability company incorporated in Jersey. The ultimate controlling party is Capital International Private Equity Fund VI, a Cayman Islands exempted limited partnership.