

Eaton Towers Limited

Consolidated Financial Statements

31 December 2016

Registered Number 07724924 (England and Wales)

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Group Strategic Report for the year ended 31 December 2016

Principal activities and future developments

During the year ended 31 December 2016, the principal activity of Eaton Towers Limited ("the Company") was that of a holding company. The Eaton Towers Limited group ("the Group") is a tower business operating under licence (as required according to local regulations), providing operating, maintenance and build-to-suit shared infrastructure services principally to mobile network operators in Africa. During the year under review the Group conducted business in Ghana, Uganda, Kenya, Burkina Faso, Niger, South Africa and Egypt.

Business review

Good progress has continued in 2016 across all operations with the Group now well established as one of the leading tower operators in Africa. In 2015, the Group closed tower deals with Bharti Airtel involving the acquisition of 2,680 towers in four countries across Africa, with Bharti Airtel signing ten year lease contracts on these towers. During 2016, a further tower deal was closed with Bharti Airtel in Niger for 588 towers on similar terms. For the Group, the acquisitions are a major step towards the diversification, market positioning and scale needed to provide shared telecoms infrastructure solutions, with its customers benefiting from lower operating costs, expanded network coverage and capacity and improved quality of service.

In addition, in 2016 the Group sold its business in South Africa to ATC South Africa for a consideration of USD 94 million, including estimated earn-out of USD 5 million, which will allow the Group to invest further in existing markets and expand into new markets in Africa.

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

Principal risks & uncertainties

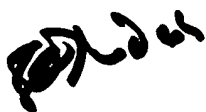
The Group and Company are required to give a description of the principal risks and uncertainties which they face. These principal risks are set out below:

- Decreases in demand for communications sites in the markets in which the Group operates would significantly and adversely affect operating results. Factors affecting the demand for communications sites could include a decrease in consumer demand for mobile services due to general economic conditions or other factors, the financial condition of mobile service providers and the ability and willingness of mobile service providers to maintain or increase capital expenditures on network infrastructure.
- New technologies could adversely impact revenues. The development and implementation of new technologies designed to enhance the efficiency of wireless networks could reduce the need for tower-based services.
- If the Group's customers consolidate, merge or share site infrastructure with each other to a significant degree, growth, revenue and cash flows could be materially and adversely affected.
- The Group faces competition in some of its markets from other tower companies and if it fails to compete successfully it will not deliver its expected growth. Some competitors are larger and may have greater financial resources than the Group, while other competitors may have a lower return on investment criteria.
- The Group is subject to economic, political and other risks that could significantly affect revenues or financial position, including risks associated with fluctuations in foreign exchange rates.
- The Group derives a substantial portion of its revenue from a small number of customers. If any of these customers is unwilling or unable to perform their obligations under our agreements with them, group revenues, financial position and liquidity could be materially and adversely affected.

The management team has extensive experience of successfully managing the above types of risks in Africa, while delivering growth.

Key performance indicators

Turnover reached USD 178 million by the end of the year, compared with USD 94 million in 2015, which generated a profit of USD 25 million (last year a loss of USD 36 million) after acquisition and due-diligence related expenses of USD 8m. The board monitors the financial performance of the Group at the bi-monthly board meetings and considering the progress that has been made during 2016, are satisfied with the financial position at the year end.



Terence Rhodes
Director

On behalf of Eaton Towers Limited, 4 April, 2017

Group Directors' Report for the year ended 31 December 2016

The directors present their directors' report and financial statements for the year ended 31 December 2016.

The Company was incorporated on 1 August 2011. Eaton Towers Limited is domiciled and incorporated in the United Kingdom.

Dividends

No dividends were declared or paid to shareholders during the year (2015; nil).

Charitable and political donations

No charitable or political donations were paid during the year (2015; nil).

Directors

The following directors have held office during the year:

James Scott Eisenstein (Chairman)

Peter Baird (resigned 5th September 2016)

Alfred Ngalaah Chuphi

Eduardo Gutierrez Ibanez

Taimoor Labib (appointed 5th September 2016)

Martin Diaz Plata

Terence Rhodes

Christian Skaanild

Timothy Souter

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

A resolution will be put to the shareholders regarding the reappointment of KPMG LLP.

By order of the Board



Terence Rhodes
Director
On behalf of Eaton Towers Limited

Third Floor
22-25 Eastcastle Street
London W1W 8DF
4 April, 2017

Statement of Directors' responsibilities

The directors are responsible for preparing the group strategic report, group directors' report and the 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 applicable law.

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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 members of Eaton Towers Limited

We have audited the financial statements of Eaton Towers Limited for the year ended 31 December 2016 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

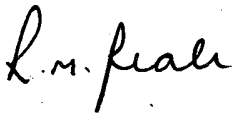
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.



5 April 2017

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000 Restated*
Continuing operations			
Revenue		178,472	94,094
Cost of sales			
Depreciation and amortisation	4	(51,710)	(23,505)
Other cost of sales	4	(83,210)	(49,706)
		<u>(134,920)</u>	<u>(73,211)</u>
Gross profit		43,552	20,883
Administrative expenses	4	(18,578)	(16,778)
Other expenses	5	(7,947)	(12,062)
Operating profit/(loss)		<u>17,027</u>	<u>(7,957)</u>
Finance income		1,175	268
Finance costs		(54,638)	(26,120)
Net finance costs	7	<u>(53,463)</u>	<u>(25,852)</u>
Loss before tax		<u>(36,436)</u>	<u>(33,809)</u>
Income tax	8	(2,491)	(785)
Loss from continuing operations		<u>(38,927)</u>	<u>(34,594)</u>
Discontinued operations			
Profit/(loss) from discontinued operations, net of tax	3	63,913	(1,485)
Profit/(Loss)		<u>24,986</u>	<u>(36,079)</u>
Other comprehensive income - items that are or may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		(6,742)	(19,270)
Total Comprehensive Income		<u>18,244</u>	<u>(55,349)</u>

* See note 3

Notes from pages 10 to 34 form part of these financial statements

Consolidated Statement of Financial Position

	Note	31 December 2016 USD 000	31 December 2015 USD 000 Restated*
Non-current assets			
Property, plant and equipment	9	198,234	205,494
Intangible assets and goodwill	10	515,225	490,018
Trade and other receivables	14	17,761	14,073
Deferred tax assets	12	5,420	5,332
		<u>736,640</u>	<u>714,917</u>
Current assets			
Inventories	13	815	1,363
Trade and other receivables	14	33,657	35,672
Available-for-sale financial assets	14	5,000	-
Cash and cash equivalents	15	183,346	152,993
		<u>222,818</u>	<u>190,028</u>
Total assets		<u>959,458</u>	<u>904,945</u>
Equity			
Share capital	21	496,077	496,077
Foreign currency translation reserve	21	(36,197)	(29,455)
Accumulated losses	21	(84,288)	(109,274)
Total equity		<u>375,592</u>	<u>357,348</u>
Non-current liabilities			
Loans and borrowings	17	381,739	312,739
Trade and other payables	18	1,976	1,106
Provisions	19	2,127	1,734
Deferred tax liabilities	12	17,593	18,678
Total non-current liabilities		<u>403,435</u>	<u>334,257</u>
Current liabilities			
Loan from shareholders	16	97,691	102,691
Other Loans and borrowings	17	18,685	8,980
Trade and other payables	18	59,916	96,774
Deferred revenue		4,139	4,895
Total current liabilities		<u>180,431</u>	<u>213,340</u>
Total liabilities		<u>583,866</u>	<u>547,597</u>
Total equity and liabilities		<u>959,458</u>	<u>904,945</u>

* See note 2

These financial statements were approved by the board of directors on 4 April, 2017 and were signed on its behalf by:



Terence Rhodes
Director

On behalf of Eaton Towers Limited
Company registered number: 07724924

Notes from pages 10 to 34 form part of these financial statements

Consolidated Statement of Changes in Equity

	Share capital USD 000	Translation reserve USD 000	Accumulated losses USD 000	Total equity USD 000
Year ended 31 December 2015				
Balance at 1 January 2015	48,101	(10,185)	(73,195)	(35,279)
Total comprehensive income				
Loss for the year	-	-	(36,079)	(36,079)
Other comprehensive income	-	(19,270)	-	(19,270)
Transactions with owners of the Company				
Issue of ordinary shares	447,976	-	-	447,976
Balance at 31 December 2015	<u>496,077</u>	<u>(29,455)</u>	<u>(109,274)</u>	<u>357,348</u>
Year ended 31 December 2016				
Total comprehensive income				
Profit for the year	-	-	24,986	24,986
Other comprehensive income	-	(6,742)	-	(6,742)
Balance at 31 December 2016	<u>496,077</u>	<u>(36,197)</u>	<u>(84,288)</u>	<u>375,592</u>

Notes from pages 10 to 34 form part of these financial statements

Consolidated Cash Flow Statement

	Note	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000
Cash flows from operating activities			
Profit/(Loss)		24,986	(36,079)
Adjustments for:			
Depreciation and amortisation	9, 10	52,959	24,913
Gain on sale of discontinued operations, net of tax	3	(68,135)	-
(Profit)/loss on disposal of property, plant and equipment		(92)	91
Finance income	7	(1,175)	(315)
Finance costs	7	54,638	26,200
Income tax	3, 8	3,206	2,236
		<u>66,387</u>	<u>17,046</u>
Changes in:			
Trade and other receivables		1,694	(20,513)
Available-for-sale financial assets		(5,000)	-
Inventories		460	430
Trade and other payables		(3,917)	8,697
Deferred revenue		1,120	95
Cash generated from operating activities		<u>60,744</u>	<u>5,755</u>
Interest paid		(23,992)	(19,975)
Income taxes paid		(4,949)	(1,720)
Net cash from operating activities		<u>31,803</u>	<u>(15,940)</u>
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired	2	(92,417)	(348,875)
Disposal of discontinued operation, net of cash disposed of	3	88,701	-
Proceeds from sale of property, plant and equipment		667	-
Interest received		1,192	315
Acquisition of property, plant and equipment	9	(33,602)	(19,602)
Acquisition of intangible assets	10	(1,058)	(419)
Net cash used in investing activities		<u>(36,517)</u>	<u>(368,581)</u>
Cash flows from financing activities			
Proceeds from issue of share capital	21	-	121,000
Proceeds from new bank borrowings	17	55,612	141,523
Repayment of bank borrowings	17	(14,772)	(5,538)
Movement on shareholders' loans	16	(5,000)	268,300
Payment of finance lease liabilities	17	(65)	(62)
Movement in restricted cash deposits		-	1,500
Net cash from financing activities		<u>35,775</u>	<u>526,723</u>
Net increase in cash and cash equivalents		<u>31,061</u>	<u>142,202</u>
Cash and cash equivalents (including bank overdraft) at 1 January		152,993	12,003
Effect of movements in exchange rates on cash held		(708)	(1,212)
Cash and cash equivalents (including bank overdraft) at 31 December	15	<u>183,346</u>	<u>152,993</u>

Notes from pages 10 to 34 form part of these financial statements

Notes to the consolidated 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.

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 Company financial statements present information about the Company as a separate entity and not about its group.

Statement of compliance

Both the Company financial statements and 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”). They were authorised for issue by the Company’s board of directors on 4 April, 2017. On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s.408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The accounting policies have been applied consistently by group entities. The comparatives relate to the year ended 31 December 2015.

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 currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates is recognised prospectively.

Information about assumption and estimation uncertainty and critical judgements in applying the consolidated accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 2 – acquisition of businesses: fair value estimates used in arriving at the purchase price allocation;
- Note 3 – sale of subsidiary and estimate of fair value of contingent consideration;
- Note 10 – goodwill and customer contract impairment test: key assumptions underlying recoverable amounts;
- Notes 8 and 12 – recognition of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used;
- Note 20 – exposure to credit and liquidity risk: assumptions regarding collectability of unimpaired amounts and that the Group will be able to meet its financial obligations as they fall due;

Going concern

The Group in the past has been dependent on funding from its parent, Eaton Towers Holdings Limited. Since 2015 the Group has become significantly EBITDA (Earnings before interest, taxes, depreciation and amortisation) profitable. Share capital increased in 2015 by USD 448 million and at the end of 2016 the Group’s cash and bank balances amounted to USD 183 million. The Group’s operations in Africa are currently self-funding, and are expected to remain so for the foreseeable future. The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. 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.

Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss.

Inter-company balances and any unrealised gains and losses or income and expenses arising from inter-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.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cashflows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

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 transactions.

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 profit or loss. 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 reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Revenue

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

Revenue from the provision of services is recognised when all the following conditions have been satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be estimated reliably.

Revenue from tower operating and maintenance services, including rental from co-location of sites, is recognised as the service is rendered and according to the period to which it relates. Where fixed minimum escalation clauses are included in non-cancellable lease arrangements, revenue is reported on a straight-line basis over the term of the respective leases. Installation revenue is recognised in the period when the installation is completed and the customer invoiced. Amounts billed or received prior to being earned are deferred and reflected in deferred revenue in the statement of financial position, until the criteria for recognition has been met.

Expenses

Finance income and finance costs

Finance costs comprise interest payable on loans and finance leases, including transaction costs, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

Finance income comprises interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss when they accrue using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

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 recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the recognition of goodwill;
- temporary differences on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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 and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 to the consolidated financial statements

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 associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. 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 to 15 years
- Furniture and Equipment 3 to 6 years
- Motor vehicles 4 to 5 years
- Leasehold Property (Buildings) Over period of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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 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

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.

Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment.

Intangible assets

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

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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Intangible assets and goodwill (continued)

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

The estimated useful lives are as follows:

- | | |
|---------------------------|----------------|
| • Customer contracts | 10 to 15 years |
| • Computer software | 3 to 5 years |
| • Regulatory licences | 10 to 15 years |
| • Other intangible assets | 4 to 5 years |

Inventories and work in progress

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

Deferred Revenue

Deferred revenue represents amounts invoiced to customers in advance of services provided.

Impairment

Financial assets (including receivables)

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. 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. Losses are recognised in profit or loss and reflected in an allowance account. 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. Goodwill is tested annually for impairment.

For impairment testing, assets 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 cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combinations.

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.

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. For other assets 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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

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 input.

Loans to/from group companies

These include loans to/from holding companies, fellow subsidiaries, subsidiaries 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.

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. In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Group 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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

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 Group recognises any impairment loss on the assets associated with that contract.

The Group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the site lease, including removal of plant and equipment items that are erected on leased land. The Group recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations. The decommissioning provisions are capitalised as part of the carrying amount of the related tower assets and are depreciated over their estimated useful lives.

Share capital

Ordinary shares

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

Standards issued but not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

IFRS 16 Leases

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 *Revenue From Contracts With Customers* has also been applied.

As a lessee, the Group can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients

The lessee applies the election consistently to all its leases.

The Group currently plans to apply IFRS 16 initially on 1 January 2019. The Group has not yet determined which transition approach to apply nor has yet quantified the impact on its reported assets and liabilities of adoption of IFRS 16.

Notes to the consolidated financial statements

2. Acquisitions of businesses

2016 Acquisition

The Group acquired a business in Niger during 2016, as detailed below, to further consolidate its position as one of the leading tower operators in Africa. This acquisition, together with the businesses acquired in 2015, are a major step towards the diversification, market positioning and scale needed to provide shared telecoms infrastructure solutions, which offer the Group's customers the benefit of lower operating costs, expanded network coverage and capacity and improved quality of service.

If the Niger business combination had occurred on 1 January 2016, management estimates that consolidated revenue would have been USD 197,000,000 and the consolidated profit would have been USD 24,000,000.

On 30 September 2016 Eaton Towers Niger entered into a transfer of business agreement with Airtel Niger to purchase certain business assets comprising towers, tower sites and related assets as well as to transfer certain tenant leases and simultaneously entered into an agreement with Airtel Niger to provide site management services. The total consideration, including deferred, in respect of this transaction was USD 87,029,000. The deferred consideration relates to loan notes issued to Bharti Airtel International (Netherlands) BV (see note 17) as well as tower sites acquired for which the legal formalities of transfer have not yet been completed.

This business combination had the following effect on the Group's assets and liabilities:

	Note	USD 000
Identifiable assets acquired:		
Property, plant and equipment	9	30,780
Intangible assets	10	21,121
Site decommissioning provisions		(185)
Total identifiable net assets acquired		51,716
Goodwill on acquisition	10	35,313
Total consideration		87,029
Consideration paid in cash		56,027
Deferred consideration		31,002
		87,029

The Group has assessed the fair value of the assets acquired at USD 51,716,000, on a provisional basis in terms of IFRS 3, based on appropriate valuation methodology. For the period from 30 September 2016 to 31 December 2016 this acquisition contributed revenue of USD 6,157,000 and a loss of USD 9,475,000. The goodwill is mainly attributable to the future lease uprate potential of the sites acquired and is expected to be deductible for tax purposes.

The Group incurred acquisition-related costs of USD 5,468,000 related to the above business combination in 2016. These costs have been included in other expenses in the Group's consolidated statement of comprehensive income.

Notes to the consolidated financial statements

2. Acquisitions of businesses (continued)

Prior period acquisition

On 24 September 2015 Eaton Towers Kenya Limited bought 100% of the shares of Kenya Towers Limited from Airtel Networks Kenya Limited and simultaneously commenced providing site management services pursuant to a master site agreement entered into with Airtel Networks Kenya Limited.

As disclosed in last year's consolidated financial statements, the value of the identifiable net assets of Kenya Towers Limited had only been determined on a provisional basis due to the valuation of certain assets not being finalised when the 2015 financial statements were issued. Had the valuation been finalised the 2015 financial statements would have differed to those previously reported as follows:

- The cost of property, plant and equipment would have been USD 4,150,000 higher and the corresponding deferred tax liability USD 1,245,000 higher;
- The deferred consideration valuation would have been USD 1,226,000 lower and working capital USD 99,000 lower.
- The corresponding reduction in goodwill due to the above adjustments was USD 4,230,000.
- The increased depreciation charge on the property, plant and equipment from the acquisition date to 31 December 2015 was not material.

The total consideration in respect of this transaction was USD 210,737,000, of which USD 27,500,000 was contingent upon the close of other transactions with Bharti Airtel in Africa. The contingent consideration has been included at its full value, which represents its fair value at the date of acquisition.

Details of the (restated) fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Note	USD 000
Identifiable assets acquired:		Restated
Property, plant and equipment	9	40,666
Intangible assets	10	43,677
Inventories		241
Trade and other receivables		2,665
Deferred tax liabilities	12	(15,632)
Site decommissioning provisions		(382)
Trade and other payables		(5,791)
Total identifiable net assets acquired		65,444
Goodwill on acquisition	10	145,293
Total consideration		210,737
Consideration paid in cash		127,449
Contingent consideration		27,500
Deferred consideration		55,788
		210,737

The Group has assessed the fair value of the assets acquired at USD 65,444,000, based on appropriate valuation methodology. For the period from 24 September 2015 to 31 December 2015 this acquisition contributed revenue of USD 9,497,000 and loss of USD 1,273,000. The goodwill is mainly attributable to the future lease uprate potential of the sites acquired and is not expected to be deductible for tax purposes.

The Group incurred acquisition-related costs of USD 3,697,000 related to the above business combination in 2015. These costs were included in other expenses in the Group's consolidated statement of comprehensive income.

The 2015 comparatives have been restated in these financial statements to include the effect of the adjustments noted above.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets Acquired	Valuation technique
Property, plant and equipment	Depreciated replacement cost adjusted for physical deterioration as well as functional and economic obsolescence
Intangible assets (customer contracts)	Multi-period excess earnings method which considers the present value of net cash flows expected to be generated by the customer relationships

Notes to the consolidated financial statements

3. Discontinued operations

On 14 September 2016, the Group sold its South Africa operation to ATC South Africa.

In 2015, the Group set up Egyptian operations in anticipation of purchasing towers from Orange Egypt. The agreement with Orange Egypt was unable to be concluded and the Group therefore closed this operation in 2016.

The combined results of the discontinued operations in South Africa and Egypt included in the Income Statement are set out below. These operations were not previously classified as held-for-sale or as a discontinued operation. The comparative results from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000
Results of discontinued operations		
Revenue	6,229	7,286
Expenses	(9,736)	(7,320)
Results from operating activities	(3,507)	(34)
Income tax	(715)	(1,451)
Results from operating activities, net of tax	(4,222)	(1,485)
Gain on sale of discontinued operation	68,135	-
Profit from discontinued operations, net of tax	63,913	(1,485)

Cash flows from (used in) discontinued operations

Net cash (used in)/from operating activities	(4,564)	491
Net cash used in investing activities	(5,351)	(4,907)
Net cash (used in)/from financing activities	(2,973)	2,023
Net cash flows for the year	(12,888)	(2,393)

Effect of disposal on the financial position of the Group

	2016 USD 000
Carrying amount of assets and liabilities at the date of sale of South Africa subsidiary:	
Property, plant and equipment	(17,306)
Intangible assets and goodwill	(2,071)
Inventories	(88)
Trade and other receivables	(3,516)
Cash and cash equivalents	(312)
Deferred tax liabilities	664
Trade and other payables	1,580
Deferred revenue	1,876
	(19,173)
Consideration received, satisfied in cash	89,013
Fair value of contingent consideration	5,000
	94,013
Gain on sale before reclassification of foreign currency translation reserve	74,840
Reclassification of foreign currency translation reserve, net of deferred tax	(6,705)
Gain on sale of discontinued activities	68,135
Net cash inflows:	
Consideration received, satisfied in cash	89,013
Cash and cash equivalents disposed of	(312)
	88,701

The sale of the South Africa subsidiary is subject to an earn-out clause. This contingent consideration is dependent on the number of additional tower sites built with signed customer agreements before the first anniversary of the date of sale. The fair value of the contingent consideration was determined to be USD 5,000,000 and has been recognised as an available-for-sale financial asset (Note 14).

Notes to the consolidated financial statements

4. Income and expenses - continuing operations

Included in the result are the following expenses:

	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000 Restated*
Depreciation	42,185	18,705
Amortisation	9,525	4,800
Lease payments	7,540	4,400
Bad debt expense	123	491
Auditor's remuneration:		
Audit of these financial statements	70	90
Amounts receivable by auditors and their associates in respect of audit of financial statements of subsidiaries of the company	184	192
Services relating to corporate finance transactions	194	-
Other tax advisory services	-	-

* See note 3

5. Other expenses - continuing operations

These comprise:

	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000 Restated*
Acquisition-related costs of Airtel transactions and due diligence costs.	7,947	12,062

* See note 3

In 2015 and 2016, the Group entered into various agreements for the acquisition from Bharti Airtel of around 3,500 towers in several countries across Africa. The above expenses relate principally to the transaction and due diligence costs associated with these acquisitions.

Notes to the consolidated financial statements

6. Staff numbers and costs – continuing operations

The average number of persons employed by the Group during the period was as follows:

	Number of Employees 2016	2015 Restated*
Administration, Operations and Sales	175	140

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000 Restated*
Wages and salaries	13,615	11,957
Social security costs	719	784
Pension costs	279	212
Termination costs	387	307
	15,000	13,260

* See note 3

7. Finance Income and costs – continuing operations

These comprise:

	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000 Restated*
Finance Income		
Interest income on cash deposits	1,175	268
Finance Cost		
Interest expense on financial liabilities measured at amortised cost	(36,724)	(16,469)
Net foreign exchange loss	(17,914)	(9,651)
Total finance cost	(54,638)	(26,120)
Net finance costs	(53,463)	(25,852)

* See note 3

Notes to the consolidated financial statements

8. Income tax – continuing operations

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

	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000 Restated*
Current tax expense		
Current tax on income for the period	(2,050)	228
Changes in estimates related to prior years	(1,005)	-
	<u>(3,055)</u>	<u>228</u>
Deferred tax credit		
Origination and reversal of temporary differences	(258)	(1,013)
Recognition of previously unrecognised tax losses	1,492	-
Derecognition of previously recognised deductible temporary differences	(670)	-
	<u>564</u>	<u>(1,013)</u>
Total tax charge	<u>(2,491)</u>	<u>(785)</u>

Reconciliation of effective tax rate

	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000 Restated*
Loss before taxation	<u>(36,436)</u>	<u>(33,809)</u>
Tax credit using UK corporation tax rate of 20% (2015; 20.25%)	7,287	6,846
Effect of tax rates in foreign jurisdictions	4,043	3,512
Current year losses for which no deferred tax asset was recognised	(6,748)	(6,310)
Non-deductible expenses	(6,890)	(4,833)
Recognition of previously unrecognised tax losses	1,492	-
Derecognition of previously recognised deductible temporary differences	(670)	-
Change in estimates related to prior years	(1,005)	-
Total tax charge	<u>(2,491)</u>	<u>(785)</u>

* See note 3

Notes to the consolidated financial statements

9. Property, plant and equipment

	Land USD 000	Plant and Machinery USD 000 Restated*	Furniture and Equipment USD 000	Motor Vehicles USD 000	Under construction USD 000	Leasehold improvements USD 000	Total USD 000 Restated*
Cost							
Balance at 1 January 2015	-	98,107	846	924	2,178	317	102,372
Acquisitions through business combinations	3,769	142,458	2	-	3	-	146,232
Additions	-	13,929	405	703	4,483	82	19,602
Disposals	-	(389)	(2)	-	-	-	(391)
Transfers	-	2,178	15	-	(2,193)	-	-
Effect of movements on exchange rates	(131)	(20,118)	(132)	(148)	(408)	(22)	(20,959)
Balance at 31 December 2015	3,638	236,165	1,134	1,479	4,063	377	246,856
Balance at 1 January 2016	3,638	236,165	1,134	1,479	4,063	377	246,856
Acquisitions through business combinations	1,495	29,285	-	-	-	-	30,780
Additions	-	29,131	921	449	3,101	-	33,602
Disposals	-	(915)	(5)	(105)	(449)	-	(1,474)
Derecognised on disposal of subsidiary	-	(19,945)	(122)	(2)	(791)	(13)	(20,873)
Transfers	-	2,728	-	-	(2,728)	-	-
Effect of movements on exchange rates	(203)	(13,588)	(22)	(110)	(21)	(13)	(13,957)
Balance at 31 December 2016	4,930	262,861	1,906	1,711	3,175	351	274,934
Depreciation and impairment							
Balance at 1 January 2015	-	26,239	527	609	-	101	27,476
Depreciation charge for the year	-	19,543	220	249	-	85	20,097
Disposals	-	(298)	(2)	-	-	-	(300)
Effect of movements on exchange rates	-	(5,667)	(91)	(138)	-	(15)	(5,911)
Balance at 31 December 2015	-	39,817	654	720	-	171	41,362
Balance at 1 January 2016	-	39,817	654	720	-	171	41,362
Depreciation charge for the year	-	42,843	217	306	-	68	43,434
Disposals	-	(811)	(3)	(107)	-	-	(921)
Derecognised on disposal of subsidiary	-	(3,475)	(77)	(2)	-	(13)	(3,567)
Effect of movements on exchange rates	-	(3,470)	(67)	(65)	-	(6)	(3,608)
Balance at 31 December 2016	-	74,904	724	852	-	220	76,700
Net book value							
At 31 December 2016	4,930	187,957	1,182	859	3,175	131	198,234
At 31 December 2015	3,638	196,348	480	759	4,063	206	205,494

* See note 2

Notes to the consolidated financial statements

10. Intangible assets and Goodwill

	Goodwill USD 000 Restated*	Customer Contracts USD 000	Computer Software USD 000	Other USD 000	Total USD 000 Restated*
Cost					
Balance at 1 January 2015	66,446	34,021	1,494	3,301	105,262
Acquisitions through business combinations	345,493	61,100	3	591	407,187
Additions	-	-	201	218	419
Effect of exchange rate	(7,527)	(3,891)	(251)	(631)	(12,300)
Balance at 31 December 2015	404,412	91,230	1,447	3,479	500,568
Balance at 1 January 2016	404,412	91,230	1,447	3,479	500,568
Acquisitions through business combinations	35,313	21,121	-	-	56,434
Additions	-	-	145	913	1,058
Disposals	-	-	-	(44)	(44)
Derecognised on disposal of subsidiary	(2,049)	-	(468)	-	(2,517)
Effect of exchange rate	(16,836)	(4,532)	(75)	(224)	(21,667)
Balance at 31 December 2016	420,840	107,819	1,049	4,124	533,832
Amortisation and impairment					
Balance at 1 January 2015	-	4,962	1,101	1,012	7,075
Amortisation for the year	-	4,031	258	527	4,816
Impairment	-	-	-	-	-
Effect of exchange rate	-	(919)	(226)	(196)	(1,341)
Balance at 31 December 2015	-	8,074	1,133	1,343	10,550
Balance at 1 January 2016	-	8,074	1,133	1,343	10,550
Amortisation for the year	-	8,641	184	700	9,525
Disposals	-	-	-	(22)	(22)
Derecognised on disposal of subsidiary	-	-	(446)	-	(446)
Impairment	-	-	-	-	-
Effect of exchange rate	-	(759)	(60)	(181)	(1,000)
Balance at 31 December 2016	-	15,956	811	1,840	18,607
Net book value					
At 31 December 2016	420,840	91,863	238	2,284	515,225
At 31 December 2015	404,412	83,156	314	2,136	490,018

Impairment

For the purpose of impairment testing goodwill is allocated to the Group's operations in each country. The aggregate carrying amount of goodwill allocated to cash-generating units ('CGU') is as follows:

	2016 USD 000	2015 USD 000 Restated*
Ghana	106,971	113,209
Uganda	92,019	98,508
Kenya	148,759	149,679
Burkina Faso	39,494	40,967
Niger	33,597	-
South Africa	-	2,049
	420,840	404,412

* See note 2

Notes to the consolidated financial statements

10. Intangible assets and Goodwill

Impairment

Goodwill is tested annually for impairment by determining the recoverable amount based on a value in use calculation for the appropriate CGU. These calculations are based on a detailed 9-year financial model (this period matches the typical customer contract period for tower management) by country which is prepared by management and approved by the board.

The key assumptions for the projections are:

- Number of towers under management at the end of each year together with the lease upgrade or number of tenants per tower. These are based on estimates of the number of tower opportunities in the relevant markets and the expected growth in these markets.
- Operating cost and capital expenditure requirements.

A long-term growth rate of 4% has been applied to extrapolate the cash flow projections into perpetuity, based on management's estimate of the long-term annual growth rates in EBITDA (earnings before interest, taxes, depreciation and amortisation). From the financial model a net present value was derived, using discount rates ranging from 11% to 14%, and compared to the goodwill carrying value. The discount rate was based on past experience and an industry average weighted average cost of capital assuming debt leveraging of 40% and market interest rates ranging from 9% to 10%. Management has concluded from its work on the above that no impairment of goodwill is required.

11. Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

The significant subsidiaries are:

	Country of Incorporation	Ownership interest 2016	Ownership interest 2015
<i>Eaton Towers Ghana Limited</i>	<i>Ghana</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Uganda Limited</i>	<i>Uganda</i>	<i>100%</i>	<i>100%</i>
<i>Uganda Towers Limited</i>	<i>Uganda</i>	<i>100%</i>	<i>100%</i>
<i>Kenya Towers Limited</i>	<i>Kenya</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Burkina Faso SA</i>	<i>Burkina Faso</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Niger SA</i>	<i>Niger</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers South Africa (Pty) Limited</i>	<i>South Africa</i>	<i>-</i>	<i>100%</i>

Other subsidiaries are:

<i>Eaton Towers South Africa (M) Limited</i>	<i>Mauritius</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Ghana (M) Limited</i>	<i>Mauritius</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Kenya Limited</i>	<i>Kenya</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers (Lilongwe) Limited</i>	<i>Malawi</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Nigeria Limited - (dissolved in 2016)</i>	<i>Nigeria</i>	<i>-</i>	<i>100%</i>

The registered addresses of the subsidiaries are as follow:

Eaton Towers Ghana Limited 12th Seventh Avenue Extension Road North Ridge, Accra, Ghana	Eaton Towers Uganda Limited Uganda Towers Limited Plot 4 Katonga Road P O Box 300, Kampala, Uganda	Kenya Towers Limited 9 th Floor, Reliable Towers LR No. 209/5959, Mogotio Road, PO Box 10643 – 00100 Nairobi, Kenya
Eaton Towers Kenya Limited 1st Floor, Block A, Nairobi Business Park L.R Number 24861, Ngong Road P.O. Box 10643, 00100 – GPO, Nairobi, Kenya	Eaton Towers Burkina Faso SA Avenue Mogho Naba Koom 01 BP 3802 Ouagadougou Burkina Faso	Eaton Towers Niger SA Yantala Haut, YL 27 BP 11001 Niamey Republic of Niger
Eaton Towers (Lilongwe) Limited Hannover House, Independence Drive P.O. Box 2790, Blantyre, Malawi	Eaton Towers Ghana (M) Limited Eaton Towers South Africa (M) Limited 4th Floor, Ebène Skies Rue de L'Institut, Ebène, Mauritius	

Notes to the consolidated financial statements

12. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
				Restated*		Restated*
Property, plant and equipment	892	3,897	(24,172)	(22,853)	(23,280)	(18,956)
Intangible assets	-	-	(11,709)	(13,120)	(11,709)	(13,120)
Tax loss carry-forwards	21,130	18,020	-	-	21,130	18,020
Accruals	559	2,565	-	(412)	559	2,153
Unrealised losses on foreign exchange	3,239	1,501	(2,112)	(2,944)	1,127	(1,443)
Tax assets /(liabilities) before set off	25,820	25,983	(37,993)	(39,329)	(12,173)	(13,346)
Set-off of tax	(20,400)	(20,651)	20,400	20,651	-	-
Net tax assets/(liabilities)	5,420	5,332	(17,593)	(18,678)	(12,173)	(13,346)

Movement in deferred tax balances during the period:

	Net balance 1 January 2015	Recognised in profit or loss	Exchange difference	Acquired in business combinations	Discontinued operation	Net balance 31 December 2015
	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
		Restated*		Restated*	Restated*	Restated*
Property, plant and equipment	(10,344)	(417)	2,458	(10,653)	-	(18,956)
Intangible assets	-	336	(386)	(13,070)	-	(13,120)
Tax loss carry-forwards	12,044	1,027	(3,344)	8,293	-	18,020
Accruals and provisions	204	296	25	1,580	48	2,153
Unrealised losses on foreign exchange	1,517	(2,255)	(284)	416	(837)	(1,443)
Net tax assets/(liabilities)	3,421	(1,013)	(1,531)	(13,434)	(789)	(13,346)

	Net balance 1 January 2016	Recognised in profit or loss	Exchange difference	Acquired in business combinations	Discontinued operation	Net balance 31 December 2016
	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
	Restated*					
Property, plant and equipment	(18,956)	(5,278)	954	-	-	(23,280)
Intangible assets	(13,120)	1,319	92	-	-	(11,709)
Tax loss carry-forwards	18,020	4,226	(1,116)	-	-	21,130
Accruals and provisions	2,153	(1,504)	(42)	-	(48)	559
Unrealised losses on foreign exchange	(1,443)	1,801	(68)	-	837	1,127
Net tax assets/(liabilities)	(13,346)	564	(180)	-	789	(12,173)

* See notes 2 and 3

The Group has USD 21,040,000 of unrecognised deferred tax assets in respect of tax losses and temporary differences at 31 December 2016 (2015: USD 25,363,000). Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. A further reduction to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and to 17% (effective from 1 April 2020) substantively enacted on 15th September 2016.

Notes to the consolidated financial statements

13. Inventories

	2016 USD 000	2015 USD 000
Equipment, spares and consumables	815	1,363

The amount of inventories recognised in cost of sales in the year amounted to USD 512,000 (2015; USD 275,000).

14. Trade and other receivables and available-for-sale financial assets

	2016 USD 000	2015 USD 000
Trade receivables	25,102	25,304
Other receivables	6,699	8,680
Income tax assets	7,502	5,619
Prepayments	12,115	10,142
Trade and other receivables	51,418	49,745
Current	33,657	35,672
Non-current	17,761	14,073
	51,418	49,745
Available-for-sale financial assets		
Contingent consideration from sale of discontinued operation (Note 3)	5,000	-

15. Cash and cash equivalents

	2016 USD 000	2015 USD 000
Cash and cash equivalents (bank balances) in the statement of cashflows	183,346	152,993

16. Shareholders' loan

	2016 USD 000	2015 USD 000
Shareholder loans from Eaton Towers Holdings Limited	97,691	102,691

The shareholder loans are interest free and repayable on demand.

Notes to the consolidated financial statements

17. Interest-bearing borrowings

	Currency	Nominal interest rate	Maturity	2016 USD 000	2015 USD 000
Non-current					
Ghana secured bank loan	USD	Libor +5.5% to +6.25%	2018-2021	41,393	42,325
Ghana secured bank loan	CD	Ghana bank rate +4.5%	2018-2020	602	1,500
Uganda secured bank loan	USD	Libor +6% to +7.5%	2018-2022	54,939	59,425
Kenya secured bank loan	KES	Kenya bank rate +7.15%	2018-2022	36,150	36,050
Kenya secured bank loan	USD	Libor +5.25% to +6.05%	2018-2022	15,784	7,377
Burkina Faso secured bank loan	CFA/EUR	7%/Euribor + 5%	2018-2022	33,429	25,407
Niger secured bank loan	CFA/EUR	8%/Euribor + 7%	2018-2023	22,027	-
South Africa secured bank loan	ZAR			-	2,564
Loan Notes	USD	9%	2018-2019	177,415	138,058
Finance lease liabilities	GHS	6.5%		-	33
				<u>381,739</u>	<u>312,739</u>
Current					
Ghana secured bank loan	USD	Libor +5.5% to +6.25%		3,869	2,200
Ghana secured bank loan	CD	Ghana bank rate +4.5%		509	400
Uganda secured bank loan	USD	Libor +6% to +7.5%		10,250	5,183
Kenya secured bank loan	USD	Libor +5.25% to +6.05%		2,770	395
Burkina Faso secured bank loan	CFA/EUR	7%/Euribor + 5%		1,111	142
Niger secured bank loan	CFA/EUR	8%/Euribor + 7%		143	-
South Africa secured bank loan	ZAR			-	595
Finance lease liabilities	GHS	6.5%		33	65
				<u>18,685</u>	<u>8,980</u>

The bank loans are typically secured by charges over the assets of each company, assignments of material contracts, subordination and assignment of any shareholder loans, parent guarantees from the Company and share pledges by the relevant parent. These loans are secured over land and buildings and trade receivables with a carrying amount of USD 223,335,000 (2015: USD 231,595,000).

The loan notes, repayable in 2018 to 2019, were issued to Bharti Airtel International (Netherlands) BV as part consideration for acquisitions of businesses. They bear a fixed rate of interest which, at the borrowing company's discretion, can either be paid annually or rolled-up and paid at the time of maturity of the loan note, and are secured over certain shares in the capital of the Company.

Notes to the consolidated financial statements

18. Trade and other payables

	2016 USD 000	2015 USD 000 Restated*
Trade payables	9,951	13,270
Other payables	5,006	4,247
Accruals	26,466	24,728
	<u>41,423</u>	<u>42,245</u>
Deferred consideration on acquisition of towers	20,469	28,135
Contingent consideration for acquisition in Kenya (Note 2)	-	27,500
	<u>61,892</u>	<u>97,880</u>
Current	59,916	96,774
Non-current	1,976	1,106
	<u>61,892</u>	<u>97,880</u>

* See note 2

The contingent consideration relating to the acquisition in Kenya was settled in 2016.

19. Provisions

	Site Decommissioning USD 000
Balance at 1 January 2016	1,734
Assumed in business combinations	185
Provisions made during the year	176
Provisions used during the year	-
Unwind of discount	34
Exchange	(2)
Balance at 31 December 2016	<u>2,127</u>

Notes to the consolidated financial statements

20. 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 processes 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 receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is actively managed within acceptable limits and is influenced mainly by the individual characteristics of each customer. The Group's main customers are a small number of wireless service providers most of whom are subsidiaries of large international groups and are not therefore considered a high credit risk. Services are rendered to these customers based on long-term contracts with a typical length of 10 to 15 years.

Allowance for impairment

The Group established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Investments

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

Guarantees

The Group's policy is to provide limited financial guarantees in certain circumstances for the benefit of group companies.

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:

	2016 USD 000	2015 USD 000
Trade and other receivables	51,418	49,745
Available-for-sale financial assets	5,000	-
Cash and cash equivalents	183,346	152,993
	<u>239,764</u>	<u>202,738</u>

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

	2016 USD 000	2015 USD 000
Ghana	8,141	6,419
Uganda	11,285	8,715
South Africa	-	158
Kenya	4,621	7,044
Burkina Faso	607	2,968
Niger	448	-
	<u>25,102</u>	<u>25,304</u>

Notes to the consolidated financial statements

20. Financial Instruments (continued)

Credit risk (continued)

The ageing of trade receivables at 31 December that were not impaired was:

	2016 USD 000	2015 USD 000
Neither past due nor impaired	19,238	14,727
Past due 1-30 days	2,292	6,402
Past due 31-90 days	2,084	4,006
Past due 91-120 days	49	94
Past due greater than 120 days	1,439	75
	<u>25,102</u>	<u>25,304</u>

The movement in the allowance for impairment in respect of trade receivables was as follows:

	2016 USD 000	2015 USD 000
Beginning balance	856	425
Impairment loss recognised	123	491
Exchange adjustment on opening balance	(51)	(60)
Amounts written-off	-	-
Balance at 31 December	<u>928</u>	<u>856</u>

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 USD 000	Contractual cash flows USD 000	12 months or less USD 000	More than 12 months USD 000
31 December 2016				
Non-derivative financial liabilities				
Loans from shareholders	97,691	97,691	97,691	-
Other Loans and borrowings	400,424	400,424	18,685	381,739
Trade and other payables	61,892	61,892	59,916	1,976
	<u>560,007</u>	<u>560,007</u>	<u>176,292</u>	<u>383,715</u>
31 December 2015				
Non-derivative financial liabilities				
Loans from shareholders	102,691	102,691	102,691	-
Other Loans and borrowings	321,719	321,719	8,980	312,739
Trade and other payables (restated, note 2)	97,880	97,880	96,774	1,106
	<u>522,290</u>	<u>522,290</u>	<u>208,445</u>	<u>313,845</u>

Market risk

Market risk is the risk that changes in 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.

Notes to the consolidated financial statements

20. Financial Instruments (continued)

Market risk (continued)

Currency risk

The Group is exposed to currency risk on sales, purchases, payables, receivables and borrowings that are denominated in currencies other than the functional currency. The Group seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies. Borrowings are mostly denominated in US Dollars, with the exception of bank borrowings in Kenya, Burkina Faso and Niger, as these are typically the only funding source available on commercial terms. The Group's exposure to foreign currency risk was as follows:

	Receivables, including available- for-sale financial assets	Cash and bank deposits	Trade payables	Deferred revenue	Loan from shareholder	Other loans and borrowings
	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
31 December 2016						
US Dollars	6,943	134,789	25,537	126	97,691	306,455
Ghanaian Cedi	14,501	4,500	8,316	3,420	-	1,111
Ugandan Shilling	17,623	4,178	9,118	493	-	-
South African Rand	5,000	-	-	-	-	-
British Pound	371	627	2,451	-	-	-
Kenyan Shilling	7,524	6,630	7,888	-	-	36,150
West African CFA franc	4,450	32,606	8,470	100	-	56,708
Other	6	16	112	-	-	-
	56,418	183,346	61,892	4,139	97,691	400,424
31 December 2015			Restated*			
US Dollars	1,341	135,616	58,561	26	102,691	255,303
Ghanaian Cedi	11,732	2,306	6,375	2,412	-	1,657
Ugandan Shilling	19,316	5,005	11,117	-	-	-
South African Rand	2,474	1,560	3,258	2,457	-	3,159
British Pound	373	491	2,227	-	-	-
Kenyan Shilling	10,663	98	7,501	-	-	36,050
West African CFA franc	3,840	7,917	8,647	-	-	25,550
Other	6	-	194	-	-	-
	49,745	152,993	97,880	4,895	102,691	321,719

* See note 2

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

The fair values of the financial assets and liabilities, together with carrying amounts shown in the statement of financial positions, are:

	2016		2015	
	Carrying amount	Fair values	Carrying amount	Fair values
	USD 000	USD 000	USD 000	USD 000
Trade and other receivables	51,418	51,418	49,745	49,745
Available-for-sale financial assets	5,000	5,000	-	-
Cash and bank deposits	183,346	183,346	152,993	152,993
	239,764	239,764	202,738	202,738
Loans from shareholders	(97,691)	(97,691)	(102,691)	(102,691)
Other loans and borrowings	(400,424)	(400,424)	(321,719)	(321,719)
Trade and other payables (restated, note 2)	(61,892)	(61,892)	(97,880)	(97,880)
Deferred revenue	(4,139)	(4,139)	(4,895)	(4,895)
	(324,382)	(324,382)	(324,447)	(324,447)

Notes to the consolidated financial statements

20. Financial Instruments (continued)

Capital management

The Group's policy is to maximise borrowings at an operating company level, within an acceptable level of debt for the maturity of the local company. Existing operations are typically self-funding after the first year of operation. Equity funding for new acquisitions is raised centrally.

21. Equity

Share capital

	2016 USD 000	2015 USD 000
Allotted, called up and fully paid 496,076,642 Ordinary Shares of \$1 each	496,077	496,077

No shares were issued in 2016.

In 2015 447,976,000 \$1 ordinary shares were issued at par value. Of these 326,976,000 shares were issued by way of capitalising the shareholder loan account and the balance was received in cash.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Reserves

	Foreign currency translation reserve USD 000	Accumulated losses USD 000	Total USD 000
Balance at 1 January 2015	(10,185)	(73,195)	(83,380)
Loss for the year	-	(36,079)	(36,079)
Translation reserve	(19,270)	-	(19,270)
Balance at 31 December 2015	(29,455)	(109,274)	(138,729)
Balance at 1 January 2016	(29,455)	(109,274)	(138,729)
Profit for the year	-	24,986	24,986
Translation reserve	(6,742)	-	(6,742)
Balance at 31 December 2016	(36,197)	(84,288)	(120,485)

22. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 USD 000	2015 USD 000
Less than one year	6,137	6,039
Between one and five years	13,770	12,837
More than five years	16,222	15,605
	36,129	34,481

The main commitments shown above relate to tower sites under operating leases. The leases for these sites typically run for a period of 5 to 10 years, with an option to renew the lease after that date.

23. Commitments

The Group had capital commitments in respect of plant and equipment of USD 5,261,000 at 31st December 2016 (2015; USD 3,667,000).

Notes to the consolidated financial statements

24. Directors' emoluments

Directors' emoluments totalled USD 1,185,000 during the year, which was paid to two directors (2015; USD 811,000 paid to two directors). The remaining directors did not receive any emoluments from the Group. The emoluments of the highest paid director were USD 1,085,000 (2015; USD 751,000).

25. Ultimate parent company and parent company of larger group

The immediate parent company is Eaton Towers 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 L.P., a Cayman Islands exempted limited partnership.

Company Statement of Financial Position

	Note	2016 USD 000	2015 USD 000
Non-current assets			
Property, plant and equipment	2	64	129
Intangible assets	3	3	29
Investments	4	233,385	108,258
Amounts owed by group entities	5	208,236	290,270
		<u>441,688</u>	<u>398,686</u>
Current assets			
Other receivables	6	371	374
Cash and cash equivalents	11	126,724	127,381
		<u>127,095</u>	<u>127,755</u>
Total assets		<u>568,783</u>	<u>526,441</u>
Equity			
Share capital	10	496,077	496,077
Accumulated losses	10	(20,116)	(66,391)
Total equity		<u>475,961</u>	<u>429,686</u>
Current liabilities			
Loan from shareholders	8	89,300	94,300
Trade and other payables	7	3,522	2,455
Total current liabilities		<u>92,822</u>	<u>96,755</u>
Total liabilities		<u>92,822</u>	<u>96,755</u>
Total equity and liabilities		<u>568,783</u>	<u>526,441</u>

These financial statements were approved by the board of directors on 4 April, 2017 and were signed on its behalf by:



Terence Rhodes
Director
On behalf of Eaton Towers Limited
Company registered number: 07724924

Notes from pages 38 to 40 form part of these financial statements

Company Statement of changes in equity

	Share Capital USD 000	Retained earnings USD 000	Total equity USD 000
Balance at 1 January 2015	48,101	(39,757)	8,344
Shares issued during the year	447,976	-	447,976
Loss for the year	-	(26,634)	(26,634)
Balance at 31 December 2015	496,077	(66,391)	429,686
Balance at 1 January 2016	496,077	(66,391)	429,686
Profit for the year	-	46,275	46,275
Balance at 31 December 2016	496,077	(20,116)	475,961

Notes from pages 38 to 40 form part of these financial statements

Company Cash Flow Statement

	Note	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000
Cash flows from operating activities			
Profit/(Loss)		46,275	(26,634)
Adjustments for:			
Depreciation, amortisation, impairment and write offs		104	132
Financial income		(64,654)	(644)
Finance costs		5,023	15,481
		<u>(13,252)</u>	<u>(11,665)</u>
Changes in:			
Trade and other receivables		3	80
Trade and other payables		1,067	(1,650)
Cash generated from operating activities		<u>(12,182)</u>	<u>(13,235)</u>
Finance costs		<u>(150)</u>	<u>(38)</u>
Net cash used in operating activities		<u>(12,332)</u>	<u>(13,273)</u>
Cash flows from investing activities			
Investment in subsidiaries		-	(50)
Dividends received from subsidiary		62,500	-
Interest received		2,154	81
Acquisition of property, plant and equipment	2	<u>(13)</u>	<u>(11)</u>
Net cash from investing activities		<u>64,641</u>	<u>20</u>
Cash flows from financing activities			
Proceeds from issue of share capital		-	121,000
Movement on shareholders' loans	8	(5,000)	268,300
Loans advanced to subsidiary undertakings	5	<u>(47,966)</u>	<u>(256,856)</u>
Net cash from financing activities		<u>(52,966)</u>	<u>132,444</u>
Net increase in cash and cash equivalents		(657)	119,191
Cash and cash equivalents at 1 January		127,381	8,190
Cash and cash equivalents at 31 December	11	<u>126,724</u>	<u>127,381</u>

Notes from pages 38 to 40 form part of these financial statements

Notes to the company financial statements

1. Accounting policies

The accounting policies for the Company financial statements are the same as those applied in the consolidated financial statements.

2. Tangible fixed assets

	Cost USD 000	Depreciation USD 000	Net Book Value USD 000
At 1 January 2015	274	77	
Additions	11	79	
At 31 December 2015	<u>285</u>	<u>156</u>	<u>129</u>
At 1 January 2016	285	156	
Additions	13	78	
At 31 December 2016	<u>298</u>	<u>234</u>	<u>64</u>

3. Intangible assets

	Cost USD 000	Depreciation USD 000	Net Book Value USD 000
At 1 January 2015	174	92	
Additions	-	53	
At 31 December 2015	<u>174</u>	<u>145</u>	<u>29</u>
At 1 January 2016	174	145	
Additions	-	26	
At 31 December 2016	<u>174</u>	<u>171</u>	<u>3</u>

4. Fixed asset investments

	Shares in group undertakings USD 000
At 1 January 2015	123,651
Additions	50
Exchange difference	(15,443)
At 31 December 2015	<u>108,258</u>
At 1 January 2016	108,258
Additions	130,000
Exchange difference	(4,873)
At 31 December 2016	<u>233,385</u>

Notes to the company financial statements

4. Fixed asset investments (continued)

The Company holds a direct interest in the following group entities:

	Country of Incorporation	Investment held	Ownership 2016	Ownership 2015
<i>Eaton Towers South Africa (M) Limited</i>	<i>Mauritius</i>	<i>Ordinary shares</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Uganda Limited</i>	<i>Uganda</i>	<i>Ordinary and preference shares</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Ghana (M) Limited</i>	<i>Mauritius</i>	<i>Ordinary shares</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Ghana Limited</i>	<i>Ghana</i>	<i>Preference shares</i>	<i>100%</i>	<i>-</i>
<i>Eaton Towers Kenya Limited</i>	<i>Kenya</i>	<i>Ordinary shares</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Burkina Faso SA</i>	<i>Burkina Faso</i>	<i>Ordinary shares</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Niger SA</i>	<i>Niger</i>	<i>Ordinary shares</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers (Lilongwe) Limited</i>	<i>Malawi</i>	<i>Ordinary shares</i>	<i>100%</i>	<i>100%</i>
<i>Eaton Towers Egypt Limited</i>	<i>UK</i>	<i>Ordinary shares</i>	<i>100%</i>	<i>100%</i>

5. Amounts owed by group entities

The amounts owed by group entities are interest-free and repayable on demand. In 2016 the loans to Eaton Towers Uganda Limited and Eaton Towers Ghana Limited were converted into preference shares. Further restructuring of the remaining loans is expected in 2017.

6. Trade and other receivables

	2016 USD 000	2015 USD 000
Prepayments	134	103
Other receivables	237	271
	<u>371</u>	<u>374</u>

7. Trade and other payables

	2016 USD 000	2015 USD 000
Trade payables	360	263
Other payables	125	117
Accruals	3,037	2,075
	<u>3,522</u>	<u>2,455</u>

8. Shareholders' loans

	2016 USD 000	2015 USD 000
Shareholder loans from Eaton Towers Holdings Limited	89,300	94,300

The shareholder loans are interest free and repayable on demand.

Notes to the company financial statements

9. Staff numbers and costs

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

	Number of Employees 2016	2015
Administration and Sales	18	18

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2016 USD 000	Year ended 31 December 2015 USD 000
Wages and salaries	5,955	5,043
Social security costs	507	474
Termination Costs	364	44
	6,826	5,561

10. Share capital and reserves

Share capital

See note 21 to the consolidated financial statements

Accumulated losses

	Accumulated losses USD 000
Balance at 1 January 2015	(39,757)
Loss for the year	(26,634)
Balance at 31 December 2015	(66,391)
Balance at 1 January 2016	(66,391)
Profit for the year	47,272
Balance at 31 December 2016	(19,119)

11. Net cash at bank and in hand

	2016 USD 000	2015 USD 000
Cash and cash equivalents - bank balances	126,724	127,381

12. Related party disclosures

Services provided to subsidiaries in respect of management fees and interest in the year amounted to USD 2,385,000 (2015; USD 1,162,000) and expenses recharged from subsidiaries amounted to USD 1,154,000 (2015; USD 1,130,000). In addition, the Company recharged expenses to subsidiary companies of USD 37,000 (2015; USD 53,000). At the year-end, any amounts outstanding with regard to these transactions have been included within amounts owed by group entities shown in the statement of financial position.

13. Control

The immediate parent company is Eaton Towers 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 L.P., a Cayman Islands exempted limited partnership.