

Eaton Towers Limited

Consolidated Financial Statements

31 December 2017

Registered Number 07724924 (England and Wales)



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Group Strategic Report for the year ended 31 December 2017

Principal activities and future developments

During the year ended 31 December 2017, the principal activity of Eaton Towers Limited (“the Company”) was that of a holding company. The Eaton Towers Limited group (“the Group”) is a leading pan-African independent provider of passive telecommunications infrastructure services in five African nations, Ghana, Uganda, Kenya, Burkina Faso and Niger. The Group is the sole independent (i.e. not directly or indirectly owned by an MNO) provider of wireless infrastructure sites in Kenya, Niger and Burkina Faso, and the number two independent player (by number of towers) in Uganda and Ghana. The Group provides critical infrastructure services on its telecommunication tower sites to Mobile Network Operators (“MNOs”) and other wireless fixed communication providers. Its client portfolio comprises subsidiaries of well-established international MNOs such as Airtel, Vodafone, Orange and MTN.

Business review

Good progress has continued in 2017 across all operations with the Group now well established as one of the leading tower operators in Africa. During 2017 the Group’s focus was on adding new colocations and build-to suit sites to its existing portfolios as well as implementing energy-saving initiatives. Total tenants and sites increased by 548 and 157 respectively during 2017 to 7,674 and 4,975 at the end of the year. In January 2018 we acquired a further 26 sites from Airtel taking total sites to over 5,000.

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 212 million by the end of the year, compared with USD 178 million in 2016, which generated a loss on continuing activities of USD 9 million (last year USD 39 million) after acquisition and due-diligence related expenses of USD 2m (last year USD 8 million). The board monitors the financial performance of the Group at the bi-monthly board meetings and considering the progress that has been made during 2017, are satisfied with the financial position at the year end.



Terence Rhodes
Director

On behalf of Eaton Towers Limited, 12 February, 2018

Group Directors' Report for the year ended 31 December 2017

The directors present their directors' report and financial statements for the year ended 31 December 2017.

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 (2016; nil).

Charitable and political donations

No charitable or political donations were paid during the year (2016; nil).

Directors

The following directors have held office during the year:

James Scott Eisenstein (Chairman)

Alfred Ngalaah Chuphi

Eduardo Gutierrez Ibanez

Taimoor Labib

Martin Diaz Plata

Terence Rhodes

Christian Skaanild

Timothy Souter (resigned 31st March 2017)

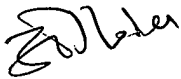
Disclosure of information to auditors

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
12 February, 2018

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

Opinion

We have audited the financial statements of Eaton Towers Limited ("the company") and its subsidiary (together, the "Group") which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended 31 December 2017; and notes, comprising significant accounting policies and other explanatory information.

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 2017 and of the Group's loss for the year then ended;
- the Group's financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Group strategic report and Group directors' report

The directors are responsible for the Group strategic report and the Group directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Group strategic report and the Group directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Group strategic report and the Group directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Group strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The purpose of our audit work and to whom we owe our responsibilities

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.



Robert Seale

Senior Statutory Auditor

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

12 February 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Continuing operations			
Revenue		212,201	178,472
Cost of sales			
Depreciation and amortisation (including impairment)	3	(59,172)	(51,710)
Other cost of sales	3	(85,689)	(83,210)
		<u>(144,861)</u>	<u>(134,920)</u>
Gross profit		67,340	43,552
Other income	3	559	92
Administrative expenses	3	(24,586)	(18,670)
Other expenses	4	(1,722)	(7,947)
Operating profit		<u>41,591</u>	<u>17,027</u>
Finance income		1,658	1,175
Finance costs		<u>(45,190)</u>	<u>(54,638)</u>
Net finance costs	6	<u>(43,532)</u>	<u>(53,463)</u>
Loss before tax		<u>(1,941)</u>	<u>(36,436)</u>
Income tax	7	<u>(7,508)</u>	<u>(2,491)</u>
Loss from continuing operations		<u>(9,449)</u>	<u>(38,927)</u>
Discontinued operations			
Profit from discontinued operations, net of tax	2	<u>2,856</u>	<u>63,913</u>
(Loss)/profit		<u>(6,593)</u>	<u>24,986</u>
Other comprehensive income - items that are or may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		6,845	(6,742)
Total Comprehensive Income		<u>252</u>	<u>18,244</u>

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

Consolidated Statement of Financial Position

	Note	31 December 2017 USD 000	31 December 2016 USD 000
Non-current assets			
Property, plant and equipment	8	200,101	198,234
Intangible assets and goodwill	9	511,073	515,225
Trade and other receivables	13	23,226	17,761
Deferred tax assets	11	6,267	5,420
		<u>740,667</u>	<u>736,640</u>
Current assets			
Inventories	12	410	815
Trade and other receivables	13	42,662	33,657
Available-for-sale financial assets	13	8,296	5,000
Cash and cash equivalents	14	153,867	183,346
		<u>205,235</u>	<u>222,818</u>
Total assets		<u>945,902</u>	<u>959,458</u>
Equity			
Share capital	20	496,077	496,077
Translation reserve	20	(29,352)	(36,197)
Accumulated losses	20	(90,761)	(84,288)
Total equity		<u>375,964</u>	<u>375,592</u>
Non-current liabilities			
Loans and borrowings	16	312,454	381,739
Trade and other payables	17	2,728	1,976
Provisions	18	2,332	2,127
Deferred tax liabilities	11	19,436	17,593
Total non-current liabilities		<u>336,950</u>	<u>403,435</u>
Current liabilities			
Loan from shareholders	15	97,691	97,691
Other Loans and borrowings	16	90,300	18,685
Trade and other payables	17	39,690	59,916
Deferred revenue		5,307	4,139
Total current liabilities		<u>232,988</u>	<u>180,431</u>
Total liabilities		<u>569,938</u>	<u>583,866</u>
Total equity and liabilities		<u>945,902</u>	<u>959,458</u>

These financial statements were approved by the board of directors on 12 February, 2018 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 33 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 2016				
Balance at 1 January 2016	496,077	(29,455)	(109,274)	357,348
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>
Year ended 31 December 2017				
Total comprehensive income				
Loss for the year	-	-	(6,593)	(6,593)
Other comprehensive income	-	6,845	-	6,845
Transactions with owners of the Company				
Equity-settled share-based payment	-	-	120	120
Balance at 31 December 2017	<u>496,077</u>	<u>(29,352)</u>	<u>(90,761)</u>	<u>375,964</u>

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

Consolidated Cash Flow Statement

	Note	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Cash flows from operating activities			
(Loss)/Profit		(6,593)	24,986
Adjustments for:			
Depreciation and amortisation	8, 9	58,301	52,959
Impairment loss on property, plant and equipment	8	871	-
Gain on sale of discontinued operations, net of tax	2	-	(68,135)
Profit on disposal of property, plant and equipment	3	(559)	(92)
Finance income	6	(1,658)	(1,175)
Finance costs	6	45,190	54,638
Equity-settled share-based payment	22	120	-
Income tax	2, 7	7,508	3,206
		103,180	66,387
Changes in:			
Trade and other receivables		(13,666)	1,694
Available-for-sale financial assets		(3,296)	(5,000)
Inventories		405	460
Trade and other payables		(2,769)	(3,917)
Deferred revenue		1,168	1,120
Cash generated from operating activities		85,022	60,744
Interest paid		(50,453)	(23,992)
Income taxes paid		(4,119)	(4,949)
Net cash from operating activities		30,450	31,803
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired		(19,811)	(92,417)
Disposal of discontinued operation, net of cash disposed of	2	-	88,701
Proceeds from sale of property, plant and equipment		1,253	667
Interest received		1,658	1,192
Acquisition of property, plant and equipment	8	(44,284)	(33,602)
Acquisition of intangible assets	9	(1,334)	(1,058)
Net cash used in investing activities		(62,518)	(36,517)
Cash flows from financing activities			
Proceeds from new bank borrowings	16	218,036	55,612
Repayment of bank borrowings	16	(132,275)	(14,772)
Repayment of loan notes	16	(84,161)	-
Movement on shareholders' loans	15	-	(5,000)
Payment of finance lease liabilities	16	(33)	(65)
Net cash from financing activities		1,567	35,775
Net increase in cash and cash equivalents		(30,501)	31,061
Cash and cash equivalents (including bank overdraft) at 1 January		183,346	152,993
Effect of movements in exchange rates on cash held		1,022	(708)
Cash and cash equivalents (including bank overdraft) at 31 December	14	153,867	183,346

Notes from pages 10 to 33 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 12 February 2018. 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 2016.

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 9 – goodwill and customer contract impairment test: key assumptions underlying recoverable amounts;
- Notes 7 and 11 – calculation of tax charge and recognition of deferred tax assets including availability of future taxable profit against which carryforward tax losses can be used;
- Note 19 – 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;
- Notes 18 and 24 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Acquisition of businesses: fair value estimates used in arriving at the purchase price allocation;

Going concern

The Group has been significantly EBITDA (Earnings before interest, taxes, depreciation and amortisation) profitable since 2015. In addition, the Group’s operations in Africa are self-funding, and are expected to remain so for the foreseeable future. At the end of 2017 the Group’s cash and bank balances amounted to USD 154 million. Notes 16 and 19 include details of the Group’s long-term funding arrangements, financial instruments and financial risk management activities. The directors have a reasonable expectation that the Group 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 based on the consideration specified in the customer contracts. The group recognises revenue when it transfers control over a product or service to the customer.

Nature of goods and services

The Group generates revenue from providing shared infrastructure and related operation and maintenance services to its customers under long-term contracts which are billed either monthly or quarterly.

Revenue from the provision of services is recognised, as the service is rendered and according to the period to which it relates, 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.

Variable revenue arises from escalation clauses in customer contracts. Except for guaranteed CPI ('Consumer Price Index') increases, escalations are revenue recognised from the point they take effect, according to the contract, and are billable to the customer. Guaranteed CPI increases are spread over the contract period on a straight-line basis. Service level rewards are recognised when it is highly probable that a revenue reversal will not occur, which is typically when they have been agreed and accepted by the customer.

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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

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.

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 Improvements | 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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

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.

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
- 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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Non-financial assets (continued)

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.

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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Financial instruments (continued)

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.

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 2018 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 9 Financial Instruments

The group is required to adopt IFRS 9 *Financial Instruments* from 1 January 2018. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Based on its assessment, the group does not believe the new classification requirements will have a material impact on its classification of financial assets or financial liabilities.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The estimated impact of applying IFRS 9 is shown below:

	As reported at 31 December 2017	Estimated adjustments due to the adoption of IFRS 9	Estimated adjusted opening balance at 1 January 2018
	USD 000	USD 000	USD 000
Accumulated losses	(90,761)	(611)	(91,372)

The estimated adjustments due to the adoption of IFRS 9 result from the additional impairment requirements that will apply to trade and other receivables. The carrying value of trade and other receivables at 31 December 2017 is estimated to be USD 857,000 lower under IFRS 9 at 1 January 2018. The estimated net impact on accumulated losses at 1 January 2018 shown above comprises USD 857,000 of ECL's less related tax of USD 246,000.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Standards issued but not yet adopted

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and 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 excludes from its scope all lease contracts. As a consequence, the determination as to whether a customer contract is or contains a lease will determine which of two standards, IFRS 15 (applicable to contracts for the delivery of goods or services) or, once applied, IFRS 16 (applicable to leases, see below), will be used to recognise revenue. In addition, IFRS 16 indicates that, for those contracts that are or contain a lease, IFRS 15 should be applied to assign the value to each separate component. The group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15 with emphasis on determining (i) whether revenue includes an element of lease income and, if so, how this should be measured; and (ii) whether the services provided to customers comprise separate or a single performance obligation. To date no circumstances have been identified indicating that the adoption of this standard will have a material impact.

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.

The group has made an initial assessment of the potential impact on its consolidated financial statements. The most significant impact identified is that the Group will recognise new assets and liabilities for its tower sites under operating leases, set out in note 21. In addition the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

On transition, 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. 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 not 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.

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Results of discontinued operations		
Revenue	-	6,229
Other income - revaluation of contingent consideration receivable	3,296	-
Expenses	(440)	(9,736)
Results from operating activities	2,856	(3,507)
Income tax	-	(715)
Results from operating activities, net of tax	2,856	(4,222)
Gain on sale of discontinued operation	-	68,135
Profit from discontinued operations, net of tax	2,856	63,913
Cash flows from (used in) discontinued operations		
Net cash (used in)/from operating activities	(192)	(4,564)
Net cash used in investing activities	-	(5,351)
Net cash (used in)/from financing activities	-	(2,973)
Net cash flows for the year	(192)	(12,888)

Effect of disposal on the financial position of the Group

	2017 USD 000	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 at the end of 2016 and has been recognised as an available-for-sale financial asset (Note 13). At the end of 2017 the fair value of the contingent consideration was re-estimated, based on remeasurement of the expected cash flows, at USD 8,296,000. This amount was subsequently received in January 2018.

Notes to the consolidated financial statements

3. Income and expenses - continuing operations

Included in the result are the following:

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Expenses		
Depreciation	47,363	42,185
Amortisation	10,938	9,525
Impairment loss on property, plant and equipment	871	-
Lease payments	8,646	7,540
Impairment loss on trade receivables	597	123
Auditor's remuneration:		
Audit of these financial statements	70	70
Amounts receivable by auditors and their associates in respect of audit of financial statements of subsidiaries of the company	208	184
Services relating to corporate finance transactions	-	194
Other Income		
Profit on disposal of property, plant and equipment	559	92

4. Other expenses - continuing operations

These comprise:

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Acquisition and due diligence costs	1,722	7,947

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 as well as in 2017 due diligence costs associated with prospective acquisitions.

Notes to the consolidated financial statements

5. Staff numbers and costs – continuing operations

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

	Number of Employees	
	2017	2016
Administration, Operations and Sales	193	175

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Wages and salaries	16,990	13,615
Social security costs	1,044	719
Pension costs	306	279
Termination costs	559	387
	18,899	15,000

6. Finance Income and costs – continuing operations

These comprise:

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Finance Income		
Interest income on cash deposits	1,658	1,175
Finance Cost		
Interest expense on financial liabilities measured at amortised cost	(42,451)	(36,724)
Net foreign exchange loss	(2,739)	(17,914)
Total finance cost	(45,190)	(54,638)
Net finance costs	(43,532)	(53,463)

Notes to the consolidated financial statements

7. Income tax – continuing operations

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

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Current tax expense		
Current tax on income for the period	(6,351)	(2,050)
Changes in estimates related to prior years	-	(1,005)
	<u>(6,351)</u>	<u>(3,055)</u>
Deferred tax credit		
Origination and reversal of temporary differences	(3,485)	(258)
Recognition of previously unrecognised tax losses	2,403	1,492
Derecognition of previously recognised deductible temporary differences	(75)	(670)
	<u>(1,157)</u>	<u>564</u>
Total tax charge	<u>(7,508)</u>	<u>(2,491)</u>

Reconciliation of effective tax rate

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Loss before taxation	<u>(1,941)</u>	<u>(36,436)</u>
Tax credit using UK corporation tax rate of 19.25% (2016; 20%)	374	7,287
Effect of tax rates in foreign jurisdictions	(442)	4,043
Current year losses for which no deferred tax asset was recognised	(2,828)	(6,748)
Non-deductible expenses	(6,940)	(6,890)
Recognition of previously unrecognised tax losses	2,403	1,492
Derecognition of previously recognised deductible temporary differences	(75)	(670)
Change in estimates related to prior years	-	(1,005)
Total tax charge	<u>(7,508)</u>	<u>(2,491)</u>

Notes to the consolidated financial statements

8. Property, plant and equipment

	Land USD 000	Plant and Machinery USD 000	Furniture and Equipment USD 000	Motor Vehicles USD 000	Under construction USD 000	Leasehold improvements USD 000	Total USD 000
Cost							
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
Balance at 1 January 2017	4,930	262,861	1,906	1,711	3,175	351	274,934
Additions	4	35,189	273	444	8,374	-	44,284
Disposals	(145)	(2,608)	(2)	(115)	-	-	(2,870)
Transfers	-	3,176	-	-	(3,176)	-	-
Effect of movements on exchange rates	682	6,078	16	72	145	(7)	6,986
Balance at 31 December 2017	5,471	304,696	2,193	2,112	8,518	344	323,334
Depreciation and impairment							
Balance at 1 January 2016	-	39,817	654	720	-	171	41,362
Depreciation	-	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
Balance at 1 January 2017	-	74,904	724	852	-	220	76,700
Depreciation	-	46,661	220	429	-	53	47,363
Impairment loss	-	871	-	-	-	-	871
Disposals	-	(2,103)	12	(100)	-	-	(2,191)
Effect of movements on exchange rates	-	480	2	15	-	(7)	490
Balance at 31 December 2017	-	120,813	958	1,196	-	266	123,233
Net book value							
At 31 December 2017	5,471	183,883	1,235	916	8,518	78	200,101
At 31 December 2016	4,930	187,957	1,182	859	3,175	131	198,234

Notes to the consolidated financial statements

9. Intangible assets and Goodwill

	Goodwill USD 000	Customer Contracts USD 000	Computer Software USD 000	Other USD 000	Total USD 000
Cost					
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
Balance at 1 January 2017	420,840	107,819	1,049	4,124	533,832
Additions	-	-	68	1,266	1,334
Disposals	-	-	-	(16)	(16)
Effect of exchange rate	3,721	1,647	24	12	5,404
Balance at 31 December 2017	424,561	109,466	1,141	5,386	540,554
Amortisation and impairment					
Balance at 1 January 2016	-	8,074	1,133	1,343	10,550
Amortisation	-	8,641	184	700	9,525
Disposals	-	-	-	(22)	(22)
Derecognised on disposal of subsidiary	-	-	(446)	-	(446)
Effect of exchange rate	-	(759)	(60)	(181)	(1,000)
Balance at 31 December 2016	-	15,956	811	1,840	18,607
Balance at 1 January 2017	-	15,956	811	1,840	18,607
Amortisation	-	10,000	151	787	10,938
Disposals	-	-	9	(10)	(1)
Effect of exchange rate	-	(36)	(5)	(22)	(63)
Balance at 31 December 2017	-	25,920	966	2,595	29,481
Net book value					
At 31 December 2017	424,561	83,546	175	2,791	511,073
At 31 December 2016	420,840	91,863	238	2,284	515,225

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:

	2017 USD 000	2016 USD 000
Ghana	101,405	106,971
Uganda	91,565	92,019
Kenya	148,390	148,759
Burkina Faso	44,957	39,494
Niger	38,244	33,597
	424,561	420,840

Notes to the consolidated financial statements

9. 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 8-year financial model (this period is in line with the typical remaining 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 colocation potential 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.

10. Subsidiaries

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

The significant subsidiaries are:

	Country of Incorporation	Ownership interest 2017	Ownership interest 2016
<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>

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 Egypt Limited</i>	<i>UK</i>	<i>100%</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 3rd Floor, 355 NeXTeracom Tower I, Cybercity, Ebene 72201, Mauritius	Eaton Towers Egypt Limited Third Floor 22-25 Eastcastle Street London W1W 8DF

Eaton Towers Egypt Limited (registered number 9465073) will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2017.

Notes to the consolidated financial statements

11. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
Property, plant and equipment	1,318	892	(28,932)	(24,172)	(27,614)	(23,280)
Intangible assets	-	-	(10,337)	(11,709)	(10,337)	(11,709)
Tax loss carry-forwards	22,929	21,130	-	-	22,929	21,130
Accruals	2,054	559	(366)	-	1,688	559
Unrealised losses on foreign exchange	1,134	3,239	(969)	(2,112)	165	1,127
Tax assets /(liabilities) before set off	27,435	25,820	(40,604)	(37,993)	(13,169)	(12,173)
Set-off of tax	(21,168)	(20,400)	21,168	20,400	-	-
Net tax assets/(liabilities)	6,267	5,420	(19,436)	(17,593)	(13,169)	(12,173)

Movement in deferred tax balances during the period:

	Net balance 1 January 2016	Recognised in profit or loss	Exchange difference	Discontinued operation	Net balance 31 December 2016
	USD 000	USD 000	USD 000	USD 000	USD 000
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)

	Net balance 1 January 2017	Recognised in profit or loss	Exchange difference	Discontinued operation	Net balance 31 December 2017
	USD 000	USD 000	USD 000	USD 000	USD 000
Property, plant and equipment	(23,280)	(4,613)	279	-	(27,614)
Intangible assets	(11,709)	1,343	29	-	(10,337)
Tax loss carry-forwards	21,130	2,066	(267)	-	22,929
Accruals and provisions	559	1,225	(96)	-	1,688
Unrealised losses on foreign exchange	1,127	(1,178)	216	-	165
Net tax assets/(liabilities)	(12,173)	(1,157)	161	-	(13,169)

The Group has USD 26,700,000 of unrecognised deferred tax assets in respect of tax losses and temporary differences at 31 December 2017 (2016; USD 21,040,000). 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 20% 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

12. Inventories

	2017 USD 000	2016 USD 000
Equipment, spares and consumables	410	815

The amount of inventories recognised in cost of sales in the year amounted to USD 283,000 (2016; USD 512,000).

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

	2017 USD 000	2016 USD 000
Trade receivables	34,034	25,102
Other receivables	9,537	6,699
Income tax assets	8,701	7,502
Prepayments	13,616	12,115
Trade and other receivables	65,888	51,418
Current	42,662	33,657
Non-current	23,226	17,761
	65,888	51,418
Available-for-sale financial assets		
Contingent consideration from sale of discontinued operation (Note 2)	8,296	5,000

14. Cash and cash equivalents

	2017 USD 000	2016 USD 000
Cash and cash equivalents (bank balances) in the statement of cashflows	153,867	183,346

15. Shareholders' loan

	2017 USD 000	2016 USD 000
Shareholder loans from Eaton Towers Holdings Limited	97,691	97,691

The shareholder loans are interest free and repayable on demand.

Notes to the consolidated financial statements

16. Interest-bearing borrowings

				2017	2016
	Currency	Nominal interest rate	Maturity	USD 000	USD 000
Non-current					
Ghana secured bank loan	USD	Libor +5%	2019-2022	63,235	41,393
Ghana secured bank loan	CD	Ghana bank rate +4.25%	2019-2022	15,343	602
Uganda secured bank loan	USD	Libor +4%	2019-2023	75,988	54,939
Uganda secured bank loan	UGX	Uganda bank rate + 3.25%	2019-2023	17,200	-
Kenya secured bank loan	KES	Kenya bank rate +4%	2019-2022	33,944	36,150
Kenya secured bank loan	USD	Libor +5%	2019-2022	14,700	15,784
Burkina Faso secured bank loan	CFA/EUR	7%/Euribor + 5%	2019-2022	39,691	33,429
Niger secured bank loan	CFA/EUR	8%/Euribor + 7%	2019-2023	29,161	22,027
Loan Notes	USD	9%	2019	23,192	177,415
				312,454	381,739
Current					
Ghana secured bank loan	USD	Libor +5%		2,428	3,869
Ghana secured bank loan	CD	Ghana bank rate +4.25%		1,112	509
Uganda secured bank loan	USD	Libor +4%		12,600	10,250
Uganda secured bank loan	UGX	Uganda bank rate + 3.25%		2,811	-
Kenya secured bank loan	KES	Kenya bank rate +4%		2,454	-
Kenya secured bank loan	USD			-	2,770
Burkina Faso secured bank loan	CFA/EUR	7%/Euribor + 5%		4,036	1,111
Niger secured bank loan	CFA/EUR	8%/Euribor + 7%		4,386	143
Loan Notes	USD	9%		60,473	-
Finance lease liabilities	GHS			-	33
				90,300	18,685

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 235 million (2016: USD 223 million).

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.

Reconciliation of changes in liabilities arising from financing activities:

	Bank borrowings	Loan notes	Finance lease liabilities	Total
	USD 000	USD 000	USD 000	USD 000
Balance at 31 December 2016	222,976	177,415	33	400,424
Cashflows from financing activities	85,761	(84,161)	(33)	1,567
Interest paid	-	(9,589)	-	(9,589)
Capitalised borrowing costs	1,501	-	-	1,501
Effect of changes in foreign exchange rates	8,851	-	-	8,851
Balance at 31 December 2017	319,089	83,665	-	402,754

Notes to the consolidated financial statements

17. Trade and other payables

	2017 USD 000	2016 USD 000
Trade payables	9,722	9,951
Other payables	5,141	5,006
Accruals	26,897	26,466
	<u>41,760</u>	<u>41,423</u>
Deferred consideration on acquisition of towers	658	20,469
	<u>42,418</u>	<u>61,892</u>
Current	39,690	59,916
Non-current	2,728	1,976
	<u>42,418</u>	<u>61,892</u>

18. Provisions

	Site Decommissioning USD 000
Balance at 1 January 2017	2,127
Provisions made during the year	173
Provisions used during the year	(8)
Unwind of discount	42
Exchange	(2)
Balance at 31 December 2017	<u>2,332</u>

Notes to the consolidated financial statements

19. 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:

	2017 USD 000	2016 USD 000
Trade and other receivables	65,888	51,418
Available-for-sale financial assets	8,296	5,000
Cash and cash equivalents	153,867	183,346
	<u>228,051</u>	<u>239,764</u>

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

	2017 USD 000	2016 USD 000
Ghana	13,055	8,141
Uganda	10,962	11,285
Kenya	3,321	4,621
Burkina Faso	3,706	607
Niger	2,990	448
	<u>34,034</u>	<u>25,102</u>

Notes to the consolidated financial statements

19. Financial Instruments (continued)

Credit risk (continued)

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

	2017 USD 000	2016 USD 000
Neither past due nor impaired	25,046	19,238
Past due 1-30 days	4,033	2,292
Past due 31-90 days	4,099	2,084
Past due 91-120 days	180	49
Past due greater than 120 days	676	1,439
	<u>34,034</u>	<u>25,102</u>

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

	2017 USD 000	2016 USD 000
Beginning balance	928	856
Impairment loss recognised	597	123
Exchange adjustment on opening balance	8	(51)
Balance at 31 December	<u>1,533</u>	<u>928</u>

90% of the Group's trade receivables comprise 8 MNO's with whom the group has been transacting for several years. These customers are for the most part subsidiaries of much larger international groups with investment grade ratings. In some instances, customer balances are covered by parent guarantees and deferred consideration amounts that relate to the acquisitions made in 2015 and 2016. The remainder of the Group's customers comprise a number of smaller businesses mainly providing B2C and B2B data services. These customers typically have a higher risk of credit default than the mobile operators and account for most of the impairment loss recognised above.

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.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

	Carrying Amount USD 000	Contractual cash flows USD 000	12 months or less USD 000	More than 12 months USD 000
31 December 2017				
Non-derivative financial liabilities				
Loans from shareholders	97,691	97,691	97,691	-
Other Loans and borrowings	402,754	505,043	123,250	381,793
Trade and other payables	42,418	42,418	39,690	2,728
	<u>542,863</u>	<u>645,152</u>	<u>260,631</u>	<u>384,521</u>
31 December 2016				
Non-derivative financial liabilities				
Loans from shareholders	97,691	97,691	97,691	-
Other Loans and borrowings	400,424	508,161	37,894	470,267
Trade and other payables	61,892	61,892	59,916	1,976
	<u>560,007</u>	<u>667,744</u>	<u>195,501</u>	<u>472,243</u>

Notes to the consolidated financial statements

19. Financial Instruments (continued)

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.

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 2017						
US Dollars	3,961	132,430	4,910	11	97,691	254,865
Ghanaian Cedi	19,359	3,695	4,672	4,010	-	15,618
Ugandan Shilling	23,283	2,925	8,648	1,152	-	18,600
South African Rand	8,296	-	254	-	-	-
British Pound	184	219	4,095	-	-	-
Kenyan Shilling	7,530	4,711	9,102	-	-	36,398
West African CFA franc	11,563	9,874	10,721	134	-	77,273
Other	8	13	16	-	-	-
	74,184	153,867	42,418	5,307	97,691	402,754
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

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss and Equity, net of tax	
	Strengthening	Weakening
Effect of 10% movement in US dollar	USD 000's	USD 000's
31 December 2017	(21,593)	21,593
31 December 2016	(28,242)	28,242

The movements shown above arise from cash, borrowings, receivables and payables where the functional currency of the entity is different to the currency that the monetary items are denominated in.

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.

The impact of applying to the floating rate bank loans a reasonable possible change in interest rates at the reporting date, to the risk exposures in existence at that date, is not significant as the group typically settles interest on a quarterly or half-yearly basis.

Notes to the consolidated financial statements

19. Financial Instruments (continued)

Fair values

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

	2017		2016	
	Carrying amount	Fair values	Carrying amount	Fair values
	USD 000	USD 000	USD 000	USD 000
Trade and other receivables	65,888	65,888	51,418	51,418
Available-for-sale financial assets	8,296	8,296	5,000	5,000
Cash and bank deposits	153,867	153,867	183,346	183,346
	228,051	228,051	239,764	239,764
Loans from shareholders	(97,691)	(97,691)	(97,691)	(97,691)
Other loans and borrowings	(402,754)	(402,754)	(400,424)	(400,424)
Trade and other payables	(42,418)	(42,418)	(61,892)	(61,892)
Deferred revenue	(5,307)	(5,307)	(4,139)	(4,139)
	(320,119)	(320,119)	(324,382)	(324,382)

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.

20. Equity

Share capital

	2017	2016
	USD 000	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 2017.

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

	Translation reserve	Accumulated losses	Total
	USD 000	USD 000	USD 000
Balance at 1 January 2016	(29,455)	(109,274)	(138,729)
Profit for the year	-	24,986	24,986
Foreign currency translation differences - foreign operations	(6,742)	-	(6,742)
Balance at 31 December 2016	(36,197)	(84,288)	(120,485)
Balance at 1 January 2017	(36,197)	(84,288)	(120,485)
Loss for the year	-	(6,593)	(6,593)
Equity-settled share-based payment	-	120	120
Foreign currency translation differences - foreign operations	6,845	-	6,845
Balance at 31 December 2017	(29,352)	(90,761)	(120,113)

Notes to the consolidated financial statements

21. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 USD 000	2016 USD 000
Less than one year	4,477	6,137
Between one and five years	14,935	13,770
More than five years	17,411	16,222
	<u>36,823</u>	<u>36,129</u>

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.

22. Key management personnel compensation

This comprised the following:

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Short-term employee benefits	4,204	3,266
Share-based payments	120	-
	<u>4,324</u>	<u>3,266</u>

23. Commitments

The Group had capital commitments in respect of plant and equipment of USD 20,263,000 at 31st December 2017 (2016; USD 5,261,000).

24. Contingencies

During 2017, the Ghana Revenue Authority issued an assessment against Eaton Ghana for the financial years ended 31 December 2013 to 31 December 2016 of approximately USD 7 million for unpaid direct and indirect taxes. Eaton Ghana has appealed against this assessment, which was based on the Ghana Revenue Authority challenging the contractual arms-length rates charged between Eaton Ghana and a non-related customer and imputing its own rates, and together with its advisors are in discussion with the tax authorities to bring the matter to conclusion.

Management, based on advice, believe that there is no merit to these assessments and accordingly will defend Eaton Ghana's position. The Group has not made a provision in respect of these matters for the year ended 31 December 2017.

25. Subsequent Events

In January 2018 Eaton Niger acquired a further 26 sites from Airtel Niger SA for a total consideration of USD 3,848,000.

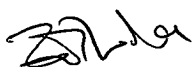
26. Ultimate parent company and parent company of larger group

The immediate parent company is Eaton Towers Holdings Limited, a company incorporated in Jersey with registered address 12 Castle Street, St Helier, Jersey JE2 3R, 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	2017 USD 000	2016 USD 000
Non-current assets			
Property, plant and equipment	2	19	64
Intangible assets	3	2	3
Investments	4	351,390	233,385
Amounts owed by group entities	5	100,043	208,236
		<u>451,454</u>	<u>441,688</u>
Current assets			
Other receivables	6	184	371
Cash and cash equivalents	11	118,074	126,724
		<u>118,258</u>	<u>127,095</u>
Total assets		<u>569,712</u>	<u>568,783</u>
Equity			
Share capital	10	496,077	496,077
Accumulated losses	10	(27,962)	(20,116)
Total equity		<u>468,115</u>	<u>475,961</u>
Current liabilities			
Loan from shareholders	8	97,491	89,300
Trade and other payables	7	4,106	3,522
Total current liabilities		<u>101,597</u>	<u>92,822</u>
Total liabilities		<u>101,597</u>	<u>92,822</u>
Total equity and liabilities		<u>569,712</u>	<u>568,783</u>

These financial statements were approved by the board of directors on 12 February, 2018 and were signed on its behalf by:



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

Notes from pages 37 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 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
Balance at 1 January 2017	496,077	(20,116)	475,961
Loss for the year	-	(7,966)	(7,966)
Equity-settled share-based payment	-	120	120
Balance at 31 December 2017	496,077	(27,962)	468,115

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

Company Cash Flow Statement

	Note	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Cash flows from operating activities			
(Loss)/profit		(7,966)	46,275
Adjustments for:			
Depreciation, amortisation, impairment and write offs		64	104
Financial income		(2,326)	(64,654)
Finance costs		430	5,023
Equity-settled share-based payment		120	-
		(9,678)	(13,252)
Changes in:			
Trade and other receivables		187	3
Trade and other payables		584	1,067
Cash generated from operating activities		(8,907)	(12,182)
Finance costs/(income)		83	(150)
Net cash used in operating activities		(8,824)	(12,332)
Cash flows from investing activities			
Dividends received from subsidiary		-	62,500
Interest received		2,326	2,154
Acquisition of property, plant and equipment	2	(18)	(13)
Net cash from investing activities		2,308	64,641
Cash flows from financing activities			
Movement on shareholders' loans	8	-	(5,000)
Loans advanced to subsidiary undertakings	5	(2,134)	(47,966)
Net cash from financing activities		(2,134)	(52,966)
Net increase in cash and cash equivalents		(8,650)	(657)
Cash and cash equivalents at 1 January		126,724	127,381
Cash and cash equivalents at 31 December	11	118,074	126,724

Notes from pages 37 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 2016	285	156	
Additions	13	78	
At 31 December 2016	298	234	64
At 1 January 2017	298	234	
Additions	12	57	
At 31 December 2017	310	291	19

3. Intangible assets

	Cost USD 000	Depreciation USD 000	Net Book Value USD 000
At 1 January 2016	174	145	
Additions	-	26	
At 31 December 2016	174	171	3
At 1 January 2017	174	171	
Additions	6	7	
At 31 December 2017	180	178	2

4. Fixed asset investments

	Shares in group undertakings USD 000
At 1 January 2016	108,258
Additions	130,000
Exchange difference	(4,873)
At 31 December 2016	233,385
At 1 January 2017	233,385
Additions	118,518
Exchange difference	(513)
At 31 December 2017	351,390

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 2017	Ownership 2016
<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>100%</i>
<i>Eaton Towers Kenya Limited</i>	<i>Kenya</i>	<i>Ordinary shares</i>	<i>100%</i>	<i>100%</i>
<i>Kenya Towers Limited</i>	<i>Kenya</i>	<i>Ordinary and preference shares</i>	<i>100%</i>	<i>-</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 2017 the loans to Kenya Towers Limited were converted into preference shares. Further restructuring of the remaining loans is expected in 2018.

6. Trade and other receivables

	2017 USD 000	2016 USD 000
Prepayments	134	134
Other receivables	50	237
	<u>184</u>	<u>371</u>

7. Trade and other payables

	2017 USD 000	2016 USD 000
Trade payables	463	360
Other payables	143	125
Accruals	3,500	3,037
	<u>4,106</u>	<u>3,522</u>

8. Shareholders' loans

	2017 USD 000	2016 USD 000
Shareholder loans from Eaton Towers Holdings Limited	<u>97,491</u>	<u>89,300</u>

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	
	2017	2016
Administration and Sales	21	18

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2017 USD 000	Year ended 31 December 2016 USD 000
Wages and salaries	7,468	5,955
Social security costs	664	507
Pension costs	26	-
Termination costs	436	364
	<u>8,594</u>	<u>6,826</u>

10. Share capital and reserves

Share capital

See note 20 to the consolidated financial statements

Accumulated losses

	Accumulated losses USD 000
Balance at 1 January 2016	(66,391)
Profit for the year	46,275
Balance at 31 December 2016	<u>(20,116)</u>
Balance at 1 January 2017	(20,116)
Loss for the year	(7,966)
Equity-settled share-based payment	120
Balance at 31 December 2017	<u>(27,962)</u>

11. Net cash at bank and in hand

	2017 USD 000	2016 USD 000
Cash and cash equivalents - bank balances	<u>118,074</u>	<u>126,724</u>

12. Related party disclosures

Services provided to subsidiaries in respect of management fees and interest in the year amounted to USD 4,877,000 (2016; USD 2,385,000) and expenses recharged from subsidiaries amounted to USD 1,739,000 (2016; USD 1,154,000). In addition, the Company recharged expenses to subsidiary companies of USD 37,000 (2016; USD 37,000). 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.

Notes to the company financial statements

14. Directors' emoluments

Directors' emoluments totalled USD 1,428,000 during the year, which was paid to two directors (2016; USD 1,185,000 paid to two directors). The remaining directors did not receive any emoluments from the Group. The emoluments of the highest paid director were USD 1,328,000 (2016; USD 1,085,000).