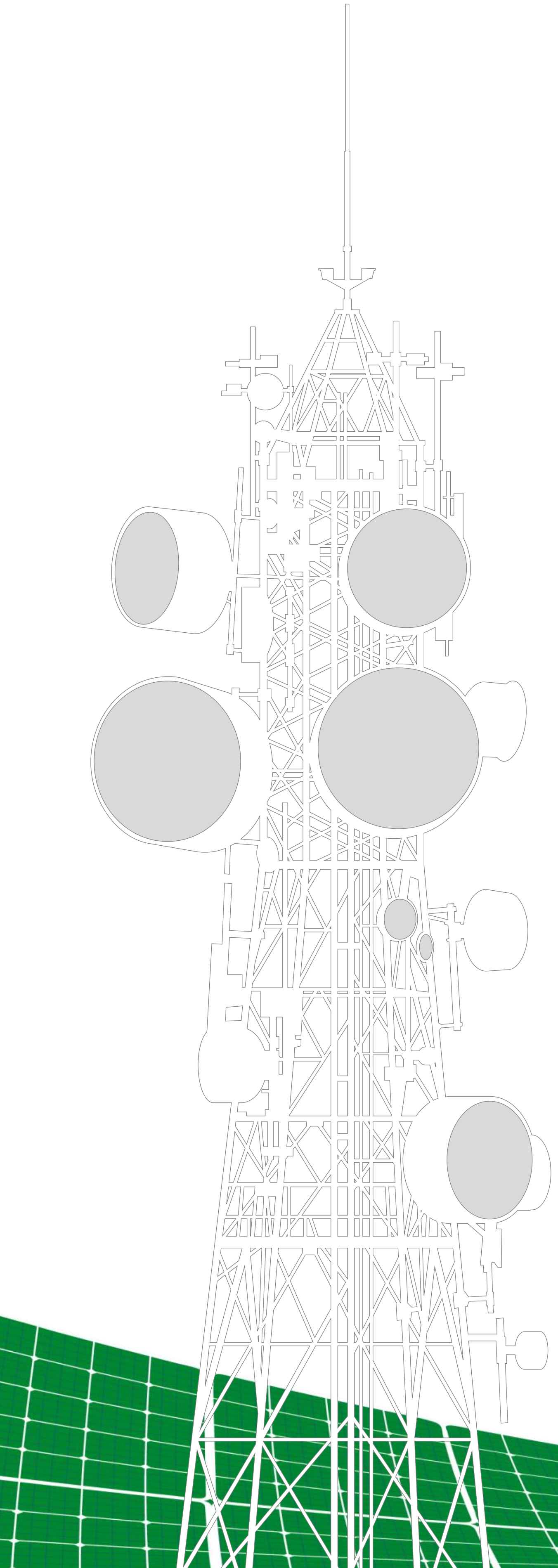
Towers of strength



IHS NETHERLANDS HOLDCO B.V.

Unaudited Condensed Combined Financial Statements for the 3 month and 9 month periods ended 30 September 2017

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INFORMATION ON THE COMPANY AND BASIS OF PREPARATION

Information on the Company and the Group

IHS Netherlands Holdco B.V. (the "Company") and its subsidiaries form the "Restricted Group" for the purposes of the $800 million 9.5% Senior Notes due 2021, issued on 27 October 2016 (the "Holdco Notes"), listed on the Irish Stock Exchange. Each of the Company's subsidiaries is a Guarantor of those notes. The Company and its subsidiaries are hereinafter referred to as the "Group".

IHS Netherlands Holdco B.V. was incorporated on 12 May 2016 and shares in the Company were subscribed for by its now immediate parent entity, IHS Netherlands (Interco) Coöperatief U.A., as a result of which the Company became part of the "IHS Group", a group whose ultimate parent company is IHS Holding Limited ("IHS Holding"), a private company incorporated under the laws of Mauritius.

On 13 May 2016, the Company subscribed for the entire share capital in two special purpose vehicles, IHS Netherlands NG1 B.V. ("NG1") and IHS Netherlands NG2 B.V. ("NG2").

On 15 September 2016, IHS Holding transferred the shares it held (representing 100% ownership[1]) in IHS Nigeria Limited ("IHSN") and IHS Towers NG Limited (formerly Helios Towers Nigeria Limited) ("ITNG") to NG1 and NG2 respectively. The Restricted Group for the purposes of the Holdco Notes was thus fully formed on 15 September 2016.

Basis of preparation

These unaudited condensed combined financial statements do not constitute statutory accounts.

The Group was not fully formed until 15 September 2016, and financial information on a statutory basis for the comparative period to 30 September 2016 does not exist. In order to provide information useful to the users, the comparative nine month and third quarter information in these financial statements has been prepared on a pro forma combined basis, aggregating the results of operations and financial position of the two operational subsidiaries (IHSN and ITNG) as if they had been part of the Group from 1 January 2016. These financial statements thus do not fully comply with International Financial Reporting Standards ("IFRS").

The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Company's special purpose financial information for the period ended 31 December 2016 except the proforma combined basis adopted for the comparatives to show the results as if the Group were in existence from 1 January 2016 as described in more detail below.

The formation of the Group is a transaction under common control and in the statutory accounts of the Company and Group, were accounted for following the principles of predecessor accounting in accordance with IFRS, whereby the assets acquired and liabilities of IHSN and ITNG assumed by the Group were recognised at their pre-combination carrying values that exist within the consolidated accounts of the IHS Group.

Proforma adjustments

Proforma adjustments in the year to 31 December 2016 have been made as follows:

- to reflect the purchase price adjustments assessed on the acquisition of ITNG by IHS Holding Limited on 10 June 2016. Thus, as at 10 June 2016 the following adjustments were made:
  - adding goodwill of $95.5m,
  - adding intangible assets of $212.9m,
  - reducing the value of property, plant and equipment ("PPE") by $15.3m,
  - reducing bond borrowings by $22.0m to their assessed fair value,
  - increasing deferred tax liabilities by $70.3m, and
  - recognising deferred tax assets of $70.3m.

In total the net assets of ITNG were increased by $315.1m.

For the period 1 January 2017 to 30 September 2017, the above values impact results as follows:

- the amortisation of the intangibles above; a charge of $5.9m in the period (10 June to 30 September 2016: $2.6m),
- the reduced depreciation charge to reflect the reduction in PPE above; a credit of $1.2m in the period (10 June to 30 September 2016: $0.5m), and
- the amortisation of the reduction in the bond borrowings above, a debit to finance costs of $0.2m in the period (10 June to 30 September 2016: $11.7m).

[1] Less one share in each of IHS Nigeria Limited and IHS Towers NG Limited which are held by a nominee shareholder, for local legal reasons.

INFORMATION ON THE COMPANY AND BASIS OF PREPARATION (CONTINUED)

Basis of preparation (continued)

A condensed combined statement of changes in equity has not been provided since the combined aggregation of the operating units' share capital and reserves is not considered to be meaningful to users.

The preparation of the unaudited condensed combined financial statements requires management to make estimates and assumptions that affect the reported numbers. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Restatement

A number of non-cash adjustments have been made to figures as previously reported in our Q2 2017 unaudited condensed combined interim report and the audited, consolidated special purpose financial information for the period 12 May 2016 to 31 December 2016. In previous reporting periods, purchase price allocation (PPA) adjustments on the acquisition of ITNG were initially and subsequently accounted for in US dollars but should have been accounted for in Naira and translated to US dollars at the prevailing rates on consolidation at each reporting date.

To correct the above accounting error, prior period financial information has been restated as follows:

- the carrying value of property, plant and equipment is increased by $5.0m as at 31 December 2016 and $4.5m as at 30 June 2017.
- the carrying value of goodwill is decreased by $33.9m as at 31 December 2016 and $34,1m as at 30 June 2017.
- the carrying value of customer related intangible assets is decreased by $73.1m as at 31 December 2016 and $71.3m as at 30 June 2017.
- the carrying value of loans is increased by $0.3m as at 31 December 2016 and 30 June 2017.
- foreign currency translation reserves are decreased by $110.8m as at 31 December 2016 and $111.3m as at 30 June 2017.
- Income statements are impacted by the resultant lower depreciation, amortisation in cost of sales and the unwinding of loans movement in finance cost for prior periods as follows:
  - Net profit is increased by $1.8m for the 6 month period ended 30 June 2017; (H1 2016 decrease in net loss of $0.4m)
  - Net loss is decreased by $0.9m for Q2 2017; (Q2 2016: $0.4m)
  - Net profit is increased by $0.9m for Q1 2017; (Q1 2016: $Nil)

A further adjustment was made to re-classify an amount of $14.1m from current trade and other receivables to current trade and other payables as at 31 December 2016. This adjustment sets off prepayments for diesel purchases against accruals for diesel purchases which arise from instances where diesel has been received but supplier invoices have not yet been received.

Disclaimer

The information in this document may contain forward-looking statements. Forward-looking statements include, but are not limited to, all statements other than statements of historical fact included in the information, including, without limitation, those regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets in which it operates or intends to operate. Forward-looking statements can be identified, in some instances, by the use of words such as "target", "believe", "expect", "aim", "intend", "continue", "forecast", "seek", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof, or by the forward-looking nature of discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise. For the avoidance of doubt, the Company does not accept any liability in respect of any such forward-looking statements.

Certain data included in the information are "non-IFRS measures". These non-IFRS measures may not be comparable to similarly titled financial measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although the Company believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures and ratios included in this presentation.

OPERATING AND FINANCIAL REVIEW

Overview

All financial information provided in this 'Operating and financial review' represents the combined position of the Group as described in the "Basis of preparation" section on pages 4 to 5. A glossary of terms used is provided at the end of this document. The functional and presentation currency of the Company is US dollar ('USD' or '$').

The Group is a leading independent telecommunications tower infrastructure owner and operator in Nigeria. Its primary business is leasing tower space for communications equipment to Mobile Network Operators ("MNOs") and other customers, who in turn provide wireless, voice and data services to their end users. The Group provides its customers with opportunities to lease space on existing towers alongside current tenants, known as colocation, or to commission new towers for construction to the customer's specifications, known as build-to-suit ("BTS"). The Group also provides managed services in limited situations, such as maintenance, operations, marketing and leasing services, for certain towers owned by third parties. Services are provided based on long-term contracts with annual contractual escalations. A significant proportion of contracted tenant lease revenues are linked to US dollars.

The Group predominantly serves three of the four main Nigerian mobile network operators. As of 30 September 2017, the Group owned 5,908 towers, with a PoP LUR of 1.64x, based on 9,684 PoP tenants and a combined LUR (including Technology tenants) of 2.09x based on 12,341 tenants, an increase of 0.02x from Q2 2017.

Highlights for the quarter and year to date

- Q3 and 9 month revenue increase year-on-year of 27.9% and 9.6%, respectively.
- Q3 and 9 month EBITDA increase year-on-year of 73.7% and 37.1%, respectively.
- 68 new tenants added in the quarter, comprised of an additional 76 technology tenants and a decrease of 8 PoP tenants.

	3 month period ended 30 Sep			**9 month period ended 30 Sep**		
	2017	2016	**Change**	**2017**	2016	Change
	$'000	$'000	%	**$'000**	$'000	%
Revenue	**95,907**	74,995	27.9%	**295,036**	269,261	9.6%
Operating profit/(loss) †	**13,428**	(9,885)	n.m.	**67,000**	66,756	0.4%
Loss for the period †	**(27,449)**	(217,138)	87.4%	**(23,887)**	(561,834)	95.7%
*Alternative measures**						
EBITDA	**63,392**	36,486	73.7%	**190,286**	138,772	37.1%
EBITDA margin	**66.1%**	48.7%	17.4pts	**64.5%**	51.5%	13.0pts

*Alternative performance measures are non-IFRS measures that are presented to provide readers with additional financial information that is regularly reviewed by management. They should not be viewed in isolation or as an alternative to the equivalent IFRS measure. See reconciliations of EBITDA on page 15 to the closest equivalent IFRS measure and Non-IFRS measures definitions on page 22 for further details.

† The Operating (loss)/profit and Loss for the period for the 3 month and 9 month periods ended 30 September 2016 are restated. Please refer to the basis of preparation (Restatement) on page 5 for more details. The operating and financial review discussion below includes the effects of the restatements.

Trading results

In Q3 2017 we decreased the number of towers by 19, resulting in a total of 5,908 live owned towers at the end of the period. This quarterly net decrease was from the addition of 40 BTS sites and the decommissioning and consolidation of 59 sites. PoP Tenants decreased by 8 in the quarter, maintaining a PoP LUR of 1.64x at 30 September 2017. We also added 76 technology tenants during the quarter giving a combined LUR (including Technology tenants) of 2.09x.

Revenue

Revenue increased by 27.9% to $95.9m in the 3 month period ended 30 September 2017 compared to $75.0m in Q2 2016. For the 9 month period to 30 September 2017, revenue was $295.0m, a 9.6% increase year on year. The year on year revenue increases are driven primarily by tenancy growth while the quarter on quarter revenue increases are driven by both tenancy growth and the effects of Naira to US dollar rate resets, following the devaluation of the Naira in June 2016, which decreased the Q3 2016 revenue considerably in US dollar terms.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Trading results (continued)

Costs

Cost of sales increased by 2.6% to $56.1m in the 3 month period ended 30 September 2017 and decreased by 4.4% to $193.6m in the 9 month period to 30 September 2017, from $54.7m and $202.6m in the respective comparative periods. The decrease for the 9 months ended 30 September 2017 was primarily due to decreased power costs, lower depreciation and amortisation and lower site rental costs. Power costs for Q3 2017 decreased by 25.8% as compared to Q3 2016 as a result of a decrease of 7.1% in total diesel consumption and a decrease in average diesel price (stated in USD) of 13.9%. Power costs for the 9 month period to 30 September 2017 decreased by 21.2% as compared to the same period in 2016 as a result of a decrease of 11.4% in total diesel consumption and a decrease in average diesel price (stated in USD) of 7.2%. The decrease in diesel consumption is as a result of the investment in hybrid power solutions.

Depreciation and amortisation and site rental costs are Naira denominated expenses and have decreased in US dollar terms, owing to the devaluation of the Naira in June 2016. These decreases are partially offset by an impairment of tower assets and related prepaid rent of $33.0m in the 9 months to 30 September 2017 compared to an impairment of $18.8m the same period in 2016.

The increase in cost of sales in Q3 2017 is a combination of a decrease in diesel and energy costs as described above, offset by increased costs for regulatory permits and an impairment of fixed assets of $2.4m where similar was not incurred in Q3 2016.

Administrative expenses decreased by 8.1% in Q3 2017 to $29.9m from $32.5m in the same period in 2016 and also decreased by 22.5% in the 9 month period ended 30 September 2017 to $44.9m from $58.0m in the same period in 2016. While underlying Naira values of staff costs remained flat year-on-year, with staff number increases year on year in Q1 being offset later in the 9 month period by headcount reductions via attrition and redundancy, there is an overall decrease in the reported US dollar consolidated staff costs due to the Naira devaluation in June 2016. Other decreases in administrative expenses are largely due to expenses of a non-recurring nature occurring in H1 2016 including net one-off costs totaling $2.3m related to the acquisition and restructuring of ITNG. The Q3 and year on year decreases are partially offset by a larger impairment of withholding tax assets of $24.3m in Q3 2017 compared to $21.8m in Q3 2016, following a comprehensive assessment of the recoverability of the withholding tax assets.

Operating profit

Operating profit in Q3 2017 was $13.4m compared to an operating loss of $9.9m in Q3 2016 as a result of increased gross profits, decreased administrative expenses and an increase in other income. Operating profit for the 9 months ended 30 September 2017 was $67.0m compared to $66.8m in the same period in 2016, an increase of 0.4%. The increased gross profit and decreased administrative expenses for the 9 month period ended 30 September 2017 is offset by an amount of $51.0m of non-recurring other income received in the same period in 2016 from Visafone; this was received for the exit break fee on the cancellation of 308 tenancies under their MLA with IHSN.

EBITDA

EBITDA for the 9 months ended 30 September 2017 increased by 37.1% year-on-year, from $138.8m in 2016 to $190.3m in 2017, with the EBITDA margin increasing by 13.0pts from 51.5% to 64.5%. The Visafone income and other unusual non-recurring items included in operating profit are excluded in calculating EBITDA (please see reconciliation of EBITDA on page 15).

Q3 2017 EBITDA increased by 73.7% from $36.5m in Q3 2016 to $63.4m in Q3 2017, with the EBITDA margin increasing by 17.4pts from 48.7% to 66.1%. This increase is due to increased revenue and decreased cost of sales and administrative costs, as detailed above.

Net financing costs

Net financing costs decreased to $93.2m in the 9 month period ended 30 September 2017 compared to $706.6m the same period in 2016. The decrease is primarily due to a net foreign exchange loss in 2016 of $604.8m resulting from the devaluation of the Naira from an opening rate of ₦196.5 to a closing rate of ₦305.0 in September 2016, whereas the devaluation in the 9 month period ended 30 September 2017 was ₦0.8 per US dollar. The net unrealised finance costs were partially offset by gains of $34.1m from non-deliverable forward foreign exchange contracts (NDFs). Gains on NDFs of $34.1m and losses on NDFs of $3.2m were recognised in the 9 month and 3 month periods to 30 September 2017 respectively, with no such gains or losses having occurred in the comparative periods in 2016 since the first time we entered into any NDF was in late August 2016.

The issuance of the Holdco Notes and related partial settlement of most of the FinCo Notes in October 2016 resulted in higher weighted average interest rates in the 9 month period ended 30 September 2017 and Q3 2017 compared to the same respective periods in 2016. This is offset by a one-off interest expense recognised on the majority settlement of the IHS Towers Netherlands FinCo NG B.V. notes which resulted in the accelerated unwinding of the majority of the fair value PPA adjustment; this increased interest expense in Q2 and Q3 2016 by $2.7m and $9.0m respectively.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Taxation

The tax expense for the three month and nine month periods ended 30 September 2017 was $3.4m and 5.0m respectively, a large portion of which, $1.9m and $1.8m respectively, is comprised of deferred tax. IHSN and ITNG have assessed losses which offset the majority of taxable income generated in the period. The income tax expense for the current period is the income tax expense of IHS Netherlands Holdco B.V. and a small charge for current income tax for ITNG. The income tax charge for the 9 months ended 30 September 2017 includes the income tax charge of IHS Netherlands Holdco B.V., a small charge for current income tax for ITNG and the reversal of a prior year over-provision for current income tax in IHSN.

Deferred tax assets were raised in respect of the unrealised foreign exchange losses in Q3 2017 (as discussed in net financing costs above). Deferred tax liabilities were raised in respect of the fair valuation of the derivatives embedded within the terms of the Holdco Notes; please refer to note 14.

Cash flows and funding

Net change in cash position from quarter and nine months on a comparative basis

There was a net decrease in cash and cash equivalents in the quarter to 30 September 2017 of $14.6m and a net increase in cash and cash equivalents of $26.5m for 9 months to 30 September 2017. As at 30 September 2017 we had $166.5m (31 December 2016: $140.1m) of cash and cash equivalents of which $115.5m (31 December 2016: $120.4m) was held in US dollars.

Changes in cash from operations, financing and investment

Net cash generated from operating activities increased by 98.7% to $48.4m in Q3 2017 as compared to $24.4m in Q3 2016. The primary drivers of this increase are increased operating profits, as described above in EBITDA offset by a slightly larger decrease in working capital of $17.3m in the quarter as compared to a decrease of $15.8m in Q3 2016.

Net cash generated from operating activities decreased by 11.8% from $174.4m in the 9 months to 30 September 2016 to $153.8m in the 9 months to 30 September 2017. The decrease is due to the non-recurring receipt of the Visafone exit fees which increased operating cash flows in 2016 ($71.6m) offset by a larger decrease in working capital in the nine months to 30 September 2017 of $43.0 compared to $21.7m in the same period in 2016; these were also partially offset by increased EBITDA margins in the 9 months to 30 September 2017.

Net cash used in investing activities increased by 146.3% from $19.7m in Q3 2016 to $48.6m in Q3 2017. Payments made for property, plant and equipment (including advanced payments) were $28.2m higher in Q3 2017 compared to Q3 2016. In Q3 2017, $46.9m (including $6.3m of advance payments) were made towards BTS towers and power equipment upgrades. Net cash used in investing activities decreased by 24.7% year-on-year in the 9 months to 30 September 2017, primarily due to a decrease in advance payments for the purchase of property, plant and equipment which decreased from $44.2m in 2016 to $19.7m in 2017.

In Q3 2017 we had a net outflow from financing activities of $14.3m (Q3 2016: $21.5m). This is primarily due to the payments of $6.4m in interest on the local facilities and $4.2m in net NDF margins paid in the period. The cash outflows from financing activities in in the 9 months to 30 September 2017 are primarily comprised of interest payments of $53.5m, the net effect of outflows from NDF margin deposits paid and inflows from gains received on NDFs of $5.2m. This outflow is partially offset by the ₦6.4bn ($21.0m) drawn down by IHSN Limited against the syndicated Naira facility in Q1 2017 which results in net cash outflows from financing activities in the period of $49.8m compared to $58.2m in the same period in 2016. The lower cash outflow from financing activities also reflects the fact that interest payments on the listed bond are semi-annual compared to quarterly interest payments on the previous facilities.

Indebtedness

At 30 September 2017, total outstanding loans and borrowings were $1.6bn (book value), of which $633.9m is in the form of subordinated shareholder loans from the Company's ultimate parent entity (with a principal value of $866.3m).

For more information on indebtedness, see note 15.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the three month and nine month periods ended 30 September 2017

	Note	3 month period ended		9 month period ended	
		30 Sep 2017	30 Sep 2016 (restated) †	**30 Sep 2017**	30 Sep 2016 (restated) †
		$'000	$'000	**$'000**	$'000
Revenue	3	**95,907**	74,995	**295,036**	269,261
Cost of sales	4	**(56,068)**	(54,655)	**(193,615)**	(202,555)
Gross profit		**39,839**	20,340	**101,421**	66,706
Administrative expenses	5	**(29,902)**	(32,546)	**(44,937)**	(57,960)
Other income	6	**3,491**	2,321	**10,516**	58,010
Operating profit/(loss)		**13,428**	(9,885)	**67,000**	66,756
Finance income	7	**1,635**	4,671	**47,936**	11,992
Finance costs	8	**(46,884)**	(145,737)	**(141,137)**	(718,626)
Changes in fair value through the profit or loss	9	**7,790**	-	**7,270**	15,010
Loss before taxation		**(24,031)**	(150,951)	**(18,931)**	(624,868)
Taxation	10	**(3,418)**	(66,187)	**(4,956)**	63,034
Loss for the period		**(27,449)**	(217,138)	**(23,887)**	(561,834)
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Changes in fair value of available-for-sale financial assets		**-**	3	**5**	22
Exchange differences on translation		**(645)**	24,146	**763**	92,247
Other comprehensive (loss)/income for the period		**(645)**	24,149	**768**	92,269
Total comprehensive loss for the period		**(28,094)**	(192,989)	**(23,119)**	(469,565)

The notes are an integral part of these condensed combined financial statements.

† The numbers for the 3 month and 9 month periods ended 30 September 2016 are restated. Please refer to the basis of preparation (Restatement) on page 5 for more details.

COMBINED STATEMENTS OF FINANCIAL POSITION

At 30 September 2017

	Note	At 30 Sep 2017 $'000	At 31 Dec 2016 (restated)† $'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**552,946**	566,523
Intangible assets	13	**355,062**	364,661
Investments		**13**	8
Derivative financial instruments	14	**9,920**	2,650
Trade and other receivables		**83,775**	87,184
		1,001,716	1,021,026
Current assets			
Inventories		**6,629**	6,952
Trade and other receivables		**156,552**	105,456
Derivative financial instruments	14	**26,066**	-
Amounts due from related parties	18	**12,157**	15,758
Cash and cash equivalents		**166,530**	140,061
		367,934	268,227
Total assets		**1,369,650**	1,289,253
LIABILITIES			
Current liabilities			
Trade and other payables		**93,770**	77,717
Income tax payable		**4,645**	2,822
Borrowings	15	**37,880**	16,945
Amounts due to related parties	18	**3,856**	1,650
Provisions for liabilities and other charges	16	**4,152**	3,474
		144,303	102,608
Non-current liabilities			
Borrowings	15	**898,936**	875, 905
Amounts due to related parties	18	**633,889**	601,120
Deferred tax liabilities		**3,010**	1,171
Provisions for liabilities and other charges	16	**6,400**	2,218
		1,542,235	1,480,414
Total liabilities		**1,686,538**	1,583,022
Net liabilities		**(316,888)**	(293,769)

As noted in the basis of preparation on page 4, a combined statement of changes in equity has not been provided since the combined aggregation of the operating units' share capital and reserves is not considered to be meaningful to users.

† The numbers for the year ended 31 December 2016 are restated. Please refer to the basis of preparation (Restatement) on page 5 for more details.

The notes are an integral part of these condensed combined financial statements.

COMBINED CASH FLOW STATEMENTS

For the three month and nine month periods ended 30 September 2017

		3 month period ended		9 month period ended	
		30 Sep 2017	30 Sep 2016	**30 Sep 2017**	30 Sep 2016
	Note	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities					
Cash generated from operations	17	**49,528**	24,484	**155,063**	175,954
Income taxes paid		**(1,116)**	(114)	**(1,284)**	(1,575)
Net cash flows generated from operating activities		**48,412**	24,370	**153,779**	174,379
Cash flows from investing activities					
Purchase of property, plant and equipment		**(40,564)**	(18,432)	**(54,913)**	(54,938)
Advance payments for property, plant and equipment		**(6,345)**	(264)	**(19,700)**	(44,165)
Purchase of software and licences		**(234)**	(10)	**(370)**	(375)
Payment for long-term rent		**(2,504)**	(1,461)	**(4,488)**	(6,204)
Proceeds from the sale of property, plant and equipment		**139**	163	**490**	329
Insurance claims received		**265**	168	**874**	1,357
Interest received		**646**	102	**798**	1,330
Net cash used in investing activities		**(48,597)**	(19,734)	**(77,309)**	(102,666)
Cash flows from financing activities					
Bank loans and bonds received		**-**	-	**20,997**	-
Transaction costs on borrowings and loan facility fees		**(827)**	-	**(2,257)**	(77)
(Payment) of margin deposit for non-deliverable forward contracts		**(4,194)**	-	**(13,449)**	-
Foreign exchange derivative instruments gains received		**1,553**	-	**8,206**	-
Loss on purchase of foreign currency		**(4,379)**	-	**(9,810)**	-
Interest paid		**(6,415)**	(21,509)	**(53,515)**	(57,733)
Finance lease repayments		**-**	-	**-**	(357)
Net cash used in financing activities		**(14,262)**	(21,509)	**(49,828)**	(58,167)
(Decrease)/increase in cash and cash equivalents		**(14,447)**	(16,873)	**26,642**	13,546
Cash and cash equivalents at beginning of the period		**181,092**	87,180	**140,061**	92,218
Exchange losses on cash and cash equivalents		**(115)**	(502)	**(173)**	(35,959)
Cash and cash equivalents at period end		**166,530**	69,805	**166,530**	69,805

The notes are an integral part of these condensed combined financial statements.

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

IHS Netherlands Holdco B.V., is a private company with limited liability incorporated under the laws of the Netherlands on 12 May 2016.

The Company owns 100% of the shares in IHS Netherlands NG1 B.V. and IHS Netherlands NG 2 B.V., who in turn own 100%[2] of the shares in IHS Nigeria Limited and IHS Towers NG Limited respectively. IHS Netherlands Holdco B.V. therefore indirectly owns 100% of IHS Nigeria Limited and IHS Towers NG Limited (formerly known as Helios Towers Nigeria Limited), the two main operating subsidiaries of the Company.

These unaudited condensed combined interim financial statements ("financial statements") as at and for the three months and nine months ended 30 September 2017 comprise the Company and its subsidiaries (together referred to as the "Group"). They include the condensed combined interim statement of comprehensive income, the condensed combined statement of financial position, the condensed combined interim statement of cash flows, and the accompanying selected notes.

The Company is principally involved in the managing and leasing of telecommunications infrastructure to telecommunications and other service providers.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied by the Company in its consolidated special purpose financial information for the period ended 31 December 2016 except for the proforma combined basis adopted to show the results as if the Group were in existence from 1 January 2016 as described in more detail on pages 4 to 5.

These financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance in the current periods presented.

2.1 FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency of the Company is US dollar ('USD' or '$'). Unless otherwise indicated, financial information presented in US dollar has been rounded to the nearest thousand.

The functional currency for IHS Nigeria Limited and IHS Towers NG Limited is Nigerian Naira (₦). The financial statements were translated to US dollar (the reporting currency) at ₦305.3 (2016: ₦304.5) per USD for the condensed combined statements of financial position, and monthly average rates ranging from ₦304.7 to ₦305.8 per USD (2016: ₦196.6 to ₦310.8) for the condensed combined interim statements of comprehensive income.

2.2 GOING CONCERN BASIS IN THE FINANCIAL STATEMENTS

After making enquiries, the directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. The results of management review of the Group companies' market, operations and financials in the past twelve months and a forecast for the foreseeable future provides a sound basis for the appropriateness of using the going concern assumption in the preparation of the Group's financial statements for the 3 month and 9 month periods ended 30 September 2017.

2.3 APPROVAL

These condensed combined interim financial statements were authorised for issue on 27 November 2017.

[2] Less one share in each of IHS Nigeria Limited and IHS Towers NG Limited which are held by a nominee shareholder, for local legal reasons

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

3. REVENUE

The Group's revenue accrues primarily from providing telecommunication support services. The Group provides services in respect of telecommunication towers ranging from infrastructure sharing and leasing (colocation) and managed services. For the sale of colocation and managed services, revenue is recognised in the accounting period in which the services are rendered.

4. COST OF SALES BY NATURE

	3 month period ended		9 month period ended	
	30 Sep 2017	30 Sep 2016 (restated) †	**30 Sep 2017**	30 Sep 2016 (restated) †
	$'000	$'000	**$'000**	$'000
Tower repairs and maintenance	**5,405**	3,690	**16,055**	14,199
Power generation	**13,765**	18,541	**44,491**	56,494
Site rent	**3,084**	2,529	**8,464**	10,171
Security services	**2,775**	2,245	**8,452**	8,688
Regulatory permits	**4,064**	2,047	**11,932**	7,460
Staff costs	**1,134**	1,291	**3,901**	4,632
Depreciation and amortisation †	**22,807**	22,432	**65,497**	76,355
Impairment of fixed assets	**2,390**	-	**31,728**	18,771
Impairment of prepaid rent	**167**	-	**1,283**	-
Other expenses	**477**	1,880	**1,812**	5,785
	56,068	54,655	**193,615**	202,555

† Depreciation and amortisation for the 3 month and 9 month periods ended 30 September 2016 are restated. Please refer to the basis of preparation (Restatement) on page 5 for more details.

Other expenses include non-site rent, vehicle maintenance and repairs, insurance, travel costs, professional fees and other sundry costs.

5. ADMINISTRATIVE EXPENSES

	3 month period ended		9 month period ended	
	30 Sep 2017	30 Sep 2016	**30 Sep 2017**	30 Sep 2016
	$'000	$'000	**$'000**	$'000
Staff costs	**2,826**	4,278	**9,928**	15,166
Rent	**271**	270	**842**	1,175
Repairs and maintenance	**806**	961	**2,720**	2,517
Travel cost	**94**	392	**743**	1,127
Consulting and legal fees	**161**	(1,301)	**754**	(437)
Depreciation and amortisation	**130**	175	**375**	797
Impairment of withholding tax asset	**24,347**	21,764	**24,347**	21,764
Loss on disposal of property, plant and equipment	**249**	81	**513**	1,087
Other expenses	**1,018**	5,926	**4,715**	14,764
	29,902	32,546	**44,937**	57,960

Included in 'Other expenses' for the 3 month and 9 month periods ended 30 September 2017 were allowances for doubtful debts of $0.4 million and $2.8 million respectively. In the 9 month period to 30 September 2016 'Other expenses' included $3.1 million in total for trade and other receivables that management deemed doubtful, a charge of $3.5m in respect of decommissioning provisions and one-off net costs of $2.3 million related to the acquisition and restructuring of ITNG.

6. OTHER INCOME

Other income for the 3 month and 9 month periods ended 30 September 2017 comprises charges to INT under the management services agreement between IHSN and INT.

Included in other income for the 9 month period ended 30 Sep 2016 is $51.0 million, which represents the amount received from Visafone for the termination of the master lease agreement with IHSN net of value added tax ($2.5 million) and charges to INT under the management services agreement between IHSN and INT.

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

7. FINANCE INCOME

	3 month period ended		9 month period ended	
	30 Sep 2017	30 Sep 2016	**30 Sep 2017**	30 Sep 2016
	$'000	$'000	**$'000**	$'000
Interest income - bank deposits	**646**	101	**798**	1,392
Foreign exchange gain from non-deliverable forward exchange contracts	**-**	-	**37,274**	**-**
Foreign exchange gain arising from financing	**989**	4,570	**9,864**	10,600
	1,635	4,671	**47,936**	11,992

8. FINANCE COSTS

	3 month period ended		9 month period ended	
	30 Sep 2017	30 Sep 2016 (restated) †	**30 Sep 2017**	30 Sep 2016 (restated) †
	$'000	$'000	**$'000**	$'000
Interest expense †	**38,563**	38,586	**111,117**	103,216
Loan facility fees	**112**	-	**818**	-
Foreign exchange loss from non-deliverable forward exchange contracts	**3,197**	-	**3,197**	-
Foreign exchange loss arising from financing	**5,012**	107,151	**26,005**	615,410
	46,884	145,737	**141,137**	718,626

† Interest expense for the 3 month and 9 month periods ended 30 September 2016 are restated. Please refer to the basis of preparation (Restatement) on page 5 for more details.

9. CHANGES IN FAIR VALUE THROUGH THE PROFIT AND LOSS

	3 month period ended		9 month period ended	
	30 Sep 2017	30 Sep 2016	**30 Sep 2017**	30 Sep 2016
	$'000	$'000	**$'000**	$'000
Embedded derivatives in bond – change in fair value	**7,790**	-	**7,270**	15,010
	7,790	-	**7,270**	15,010

10. TAXATION

	3 month period ended		9 month period ended	
	30 Sep 2017	30 Sep 2016	**30 Sep 2017**	30 Sep 2016
	$'000	$'000	**$'000**	$'000
Company income tax	**(267)**	168	**(324)**	(2,074)
Education tax	**(1,203)**	(363)	**(2,793)**	(750)
Deferred taxes †	**(1,948)**	(65,992)	**(1,839)**	65,858
	(3,418)	(66,187)	**(4,956)**	63,034

IHSN and ITNG have assessed losses which mostly offset taxable income generated in the current period. The income tax expense for the current period is the income tax expense of IHS Netherlands Holdco B.V. and a small charge for current income tax for ITNG. The income tax charge for the 9 months ended 30 September 2017 includes the income tax charge of IHS Netherlands Holdco B.V., a small charge for current income tax for ITNG and the reversal of a prior year over-provision for current income tax in IHSN.

Towers of strength

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

11. NON-IFRS PERFORMANCE MEASURES RECONCILIATIONS

Reconciliation of profit/(loss) for the period to EBITDA

	3 month period ended		9 month period ended	
	30 Sep 2017	30 Sep 2016 (restated) †	**30 Sep 2017**	30 Sep 2016 (restated) †
	$'000	$'000	**$'000**	$'000
Loss for the period	**(27,449)**	(217,138)	**(23,887)**	(561,834)
Add back:				
Tax charge/(credit)	**3,418**	66,187	**4,956**	(63,034)
Change in fair value through the profit or loss	**(7,790)**	-	**(7,270)**	(15,010)
Finance costs †	**46,884**	145,737	**141,137**	718,626
Finance income	**(1,635)**	(4,671)	**(47,936)**	(11,992)
Depreciation and amortisation †	**22,937**	22,607	**65,872**	77,152
Impairment of fixed assets and prepaid land rent	**2,557**	-	**33,011**	18,771
Net loss/(gain) on disposal of property, plant and equipment	**123**	(37)	**56**	942
Impairment of withholding tax asset	**24,347**	21,764	**24,347**	21,764
Visafone exit fee income, net of value added tax	**-**	-	**-**	(50,958)
Other one-off items	**-**	2,037	**-**	4,345
EBITDA	**63,392**	36,486	**190,286**	138,772

† Finance costs, and depreciation and amortisation for the 3 month and 9 month periods ended 30 September 2016 are restated. Please refer to the basis of preparation (Restatement) on page 5 for more details.

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Tower equipment $'000	Land and buildings $'000	Furniture and office equipment $'000	Motor Vehicles $'000	Capital work-in-progress $'000	Total $'000
Cost						
At 1 January 2016	958,741	37,346	10,500	8,559	16,967	1,032,113
Additions during the period	128,105	11,689	1,417	438	37,531	179,180
Additions through business combinations	(15,309)	-	-	-	-	(15,309)
Disposals	(25,821)	-	-	(395)	-	(26,216)
Transfers	39,626	509	-	-	(40,135)	-
Effect of movement in exchange rates	(363,692)	(17,244)	(4,120)	(3,103)	(6,030)	(394,189)
At 31 December 2016, as previously reported	721,650	32,300	7,797	5,499	8,333	775,579
Restatement - movement in exchange rates †	5,431	-	-	-	-	5,431
At 31 December 2016, as restated †	727,081	32,300	7,797	5,499	8,333	781,010
At 1 January 2017	**727,081**	**32,300**	**7,797**	**5,499**	**8,333**	**781,010**
Additions during the period	**61,684**	**424**	**145**	**-**	**15,865**	**78,118**
Disposals	**(7,383)**	**-**	**(17)**	**(31)**	**-**	**(7,431)**
Transfers	**12,566**	**539**	**-**	**-**	**(13,105)**	**-**
Effect of movement in exchange rates	**(1,894)**	**(86)**	**(21)**	**(15)**	**(1,093)**	**(3,109)**
At 30 September 2017	**792,054**	**33,177**	**7,904**	**5,453**	**10,000**	**848,588**
Accumulated depreciation						
At 1 January 2016	(214,858)	(772)	(5,058)	(5,022)	-	(225,710)
Charge for the period	(84,146)	(392)	(1,855)	(1,335)	-	(87,728)
Disposals	13,479	-	-	246	-	13,725
Impairment	(18,771)	-	-	-	-	(18,771)
Effect of movement in exchange rates	99,946	348	2,125	2,056	-	104,475
At 31 December 2016, as previously reported	(204,350)	(816)	(4,788)	(4,055)	-	(214,009)
Restatement - depreciation charge for period †	(441)	-	-	-	-	(441)
Restatement - movement in exchange rates †	(37)	-	-	-	-	(37)
At 31 December 2016, as restated †	(204,828)	(816)	(4,788)	(4,055)	-	(214,487)
At 1 January 2017	**(204,828)**	**(816)**	**(4,788)**	**(4,055)**	**-**	**(214,487)**
Charge for the period	**(54,840)**	**(115)**	**(1,323)**	**(580)**	**-**	**(56,858)**
Disposals	**6,852**	**-**	**12**	**20**	**-**	**6,884**
Impairment	**(31,630)**	**(98)**	**-**	**-**	**-**	**(31,728)**
Effect of movement in exchange rates	**520**	**3**	**13**	**11**	**-**	**547**
At 30 September 2017	**(283,926)**	**(1,026)**	**(6,086)**	**(4,604)**	**-**	**(295,642)**
Net book value						
At 31 December 2016, as restated †	522,253	31,484	3,009	1,444	8,333	566,523
At 30 September 2017	**508,128**	**32,151**	**1,818**	**849**	**10,000**	**552,946**

Property, plant and equipment assets include adjustments to reflect the purchase price adjustments assessed on the acquisition of ITNG by IHS Holding Limited on 10 June 2016 (see basis of preparation on page 4).

† Depreciation and the effect of movement in exchange rates are restated - please refer to the basis of preparation (Restatement) on page 5 for more details.

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

	Goodwill $'000	Software and licences $'000	Customer related intangible assets $'000	Network related intangible assets $'000	Total $'000
Cost					
At 1 January 2016	138,611	1,159	97,029	38,452	275,251
Additions during the period	-	739	-	-	739
Additions through business combination	95,500	-	212,894	-	308,394
Effect of movement in exchange rates	(49,163)	(538)	(34,414)	(13,638)	(97,753)
At 31 December 2016, as previously reported	184,948	1,360	275,509	24,814	486,631
Restatement - movement in exchange rates †	(33,872)	-	(75,494)	-	(109,366)
At 31 December 2016, as restated †	151,076	1,360	200,015	24,814	377,265
At 1 January 2017	**151,076**	**1,360**	**200,015**	**24,814**	**377,265**
Additions during the period	**-**	**370**	**-**	**-**	**370**
Effect of movement in exchange rates	**(395)**	**(6)**	**(511)**	**(65)**	**(977)**
At 30 September 2017	**150,681**	**1,724**	**199,504**	**24,749**	**376,658**
Accumulated depreciation					
At 1 January 2016	-	(886)	(2,919)	(2,654)	(6,459)
Charge for the period	-	(246)	(9,374)	(2,234)	(11,854)
Effect of movement in exchange rates	-	347	1,583	1,404	3,334
At 31 December 2016, as previously reported	-	(785)	(10,710)	(3,484)	(14,979)
Restatement - amortisation charge †	-	-	2,212	-	2,212
Restatement - movement in exchange rates †	-	-	163	-	163
At 31 December 2016, as restated †	-	(785)	(8,335)	(3,484)	(12,604)
At 1 January 2017	**-**	**(785)**	**(8,335)**	**(3,484)**	**(12,604)**
Charge for the period	**-**	**(269)**	**(7,419)**	**(1,326)**	**(9,014)**
Effect of movement in exchange rates	**-**	**2**	**11**	**9**	**22**
At 30 September 2017	**-**	**(1,052)**	**(15,743)**	**(4,801)**	**(21,596)**
Net book value					
At 31 December 2016, as restated †	151,076	575	191,680	21,330	364,661
At 30 September 2017	**150,681**	**672**	**183,761**	**19,948**	**355,062**

Intangible assets include adjustments to reflect the purchase price adjustments assessed on the acquisition of ITNG by IHS Holding Limited on 10 June 2016 (see basis of preparation on page 4).

† Amortisation and the effect of movement in exchange rates are restated - please refer to the basis of preparation (Restatement) on page 5 for more details.

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

14. DERIVATIVE FINANCIAL INSTRUMENTS

	30 Sep 2017 $'000	31 Dec 2016 $'000
Current		
Non-deliverable forward exchange contracts	**26,066**	-
Non-current		
Embedded derivatives within listed bonds	**9,920**	2,650
	35,986	2,650

The embedded derivatives at 30 September 2017 represent the fair value of the put and call options embedded within the terms of the Holdco Notes. The call options give the Group the right to redeem the bond instruments at a date prior to the maturity date (27 October 2021), in certain circumstances and at a premium over the initial notional amount.

The put option provides the holders with the right (and the Group with an obligation) to settle the Holdco Notes before their redemption date in the event of a change in control (as defined in the terms of the IHS Notes, which also includes a major asset sale), and at a premium over the initial notional amount.

As at reporting date, the Holdco Notes call option had a fair value of $11.470 million (asset) (December 2016: $6.270 million (asset)) while the Holdco Notes put option had a fair value of $1.550 million (liability) (December 2016: $3.620 million (liability)), net $9.920 million (asset) (December 2016: net $2.650 million (asset)).

The non-deliverable forward exchange contracts (NDFs) give IHS the right to purchase US dollars at a future date at an agreed fixed exchange rate; these are measured at fair value. As at the reporting date the Group had NDF's to the value of $26.066 million (asset), (December 2016: nil).

15. BORROWINGS

	30 Sep 2017 $'000	31 Dec 2016 (restated) † $'000
Current		
Bank borrowings	**4,810**	2,920
Bond borrowings*	**33,070**	14,025
	37,880	16,945
Non-current		
Bank borrowings	**105,622**	84,933
Bond borrowings*	**793,314**	790,972
	898,936	875,905
Total third party borrowings	**936,816**	892,850
Related party loans (note 18)	**633,889**	601,120
All borrowings	**1,570,705**	1,493,970

*Bond borrowings include adjustments to reflect the purchase price adjustments assessed on the acquisition of ITNG by IHS Holding Limited on 10 June 2016 (see basis of preparation on page 4).

† Please refer to the basis of preparation (Restatement) on page 5 for more details.

Bank borrowings

Bank borrowings are a Naira credit facility (the "NGN Credit Facility") of ₦32.9 billion held by IHSN provided by a consortium of lenders. The NGN Credit Facility has a five-year term. The facility was issued at Nibor plus a 2.5% margin and is due to be repaid in full by 2021 (December 2016: 2021). ₦32.9 billion was drawn at 30 September 2017 (December 2016: ₦26.5 billion).

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

15. BORROWINGS (continued)

Bond borrowings

IHS Netherlands Holdco B.V.

IHS Netherlands Holdco B.V. issued $800 million 9.5% Senior Notes due 2021 (the "Holdco Notes") under a Senior Notes Indenture dated 27 October 2016 between the Issuer (IHS Netherlands Holdco B.V.), the Guarantors (each of IHS Netherlands NG1 B.V., IHSN, IHS Netherlands NG2 B.V., ITNG, Tower Infrastructure Company Limited and IHS Towers Netherlands FinCo NG B.V.), the Trustee (Citibank N.A., London branch), the Principal Paying Agent and Transfer Agent (Citibank N.A., London branch) and the Registrar (Citibank N.A., London branch). The Notes are listed on the Irish Stock Exchange.

The Holdco Notes have a tenor of five years from the date of issue, interest is payable semi-annually in arrear and the principal is repayable in full on maturity.

The Holdco Notes have early redemption features whereby IHS Netherlands Holdco B.V. has the right to redeem the Holdco Notes before the maturity date, and the holders hold a right to request the early settlement of the Holdco Notes, in certain circumstances. The values of the respective call and put options are disclosed in note 14.

IHS Towers Netherlands FinCo NG B.V.

On 27 October 2016, $236.935 million in aggregate principal amount of the existing $250 million 8.375% Guaranteed Senior Notes due 2019 (the "FinCo Notes") issued by IHS Towers Netherlands FinCo NG B.V. (formerly Helios Towers Finance Netherlands B.V.), a wholly owned subsidiary of the Company, were redeemed pursuant to a tender offer made to the holders of the FinCo Notes. The remaining $13.065 million in aggregate principal amount of the FinCo Notes continue to accrue interest at an annual interest rate of 8.375% payable semi-annually in arrear on 15 January and 15 July. The principal is repayable at the maturity date (15 July 2019).

Related party loans

As at 30 September 2017, the Group had loans with principal value of $849.3 million (December 2016: $849.3 million) and $17.0 million (December 2016: $17.0 million) from IHS Holding Limited at 5% and 7% per annum respectively. Interest is chargeable only in the 8th year and loans are interest free before then. The loans are repayable in full by 2024 (December 2016: 2024) and are subject to a subordination deed such that they are subordinated to the payment of other debt.

Contractual maturities

As at 30 September 2017, the contractual maturities of the Group's borrowings were as follows:

	Carrying value $'000	Total contractual cash flows $'000	Less than 1 year $'000	Between 2 and 3 years $'000	Between 4 and 5 years $'000	Over 5 years $'000
Bank borrowings	**110,432**	**178,464**	32,833	89,804	55,827	-
Bond borrowings	**826,384**	**1,150,951**	77,110	166,174	907,667	-
Related party loans	**633,889**	**910,850**	-	-	331,343	579,507
	1,570,705	**2,240,265**	**109,943**	**255,978**	**1,294,837**	**579,507**

16. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

The provision is for decommissioning and relates to the probable obligation that the Group may incur on the leased land on which its tower equipment is constructed. The amount is recognised initially at the present value of the estimate of the amount that will be required to decommission and restore the leased sites to the original states, discounted using the effective borrowing rate of the Group. The amount provided for each site has been discounted based on the respective lease terms attached to each site.

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

17. CASH GENERATED FROM OPERATIONS

Reconciliation:	3 month period ended		9 month period ended	
	30 Sep 2017	30 Sep 2016	**30 Sep 2017**	30 Sep 2016
	$'000	$'000	**$'000**	$'000
(Loss)/profit before taxation	**(24,031)**	(150,951)	**(18,931)**	(624,868)
Adjusted for:				
Depreciation of property, plant and equipment	**19,921**	18,531	**56,858**	70,495
Impairment of property, plant and equipment	**2,390**	-	**31,728**	18,771
Amortisation of intangible assets	**3,016**	4,076	**9,014**	6,656
Amortisation of prepaid land rent	**3,544**	2,529	**8,924**	10,171
Impairment of prepaid land rent	**167**	-	**1,283**	-
Increase in decommissioning provision	**-**	3,473	**-**	3,473
Net loss/(gain) on sale of property, plant and equipment	**123**	(38)	**56**	941
Loss on liquidation of investment	**-**	-	**-**	7
Impairment/(reversal of impairment) of receivables	**435**	(27)	**2,828**	(27)
Impairment of withholding tax receivable	**24,347**	21,764	**24,347**	21,764
Realised foreign exchange on working capital	**(282)**	-	**(3,072)**	-
Finance cost	**46,884**	145,737	**141,137**	718,626
Fair value gain through profit or loss	**(7,790)**	-	**(7,270)**	(15,010)
Finance income	**(1,635)**	(4,671)	**(47,936)**	(11,992)
Insurance claims	**(265)**	(168)	**(874)**	(1,357)
Operating profit before working capital changes	**66,824**	40,255	**198,092**	197,650
Decrease/(increase) in inventories	**742**	(3,934)	**308**	(4,437)
Decrease/(increase) in trade and other receivables (excluding prepaid rent)	**19,566**	(26,113)	**(36,358)**	(72,349)
(Decrease)/increase in trade and other payables	**(39,976)**	21,456	**(12,852)**	57,306
Increase/(decrease) in net amounts due to related parties	**2,372**	(7,180)	**5,873**	(2,216)
Net working capital changes	**(17,296)**	(15,771)	**(43,029)**	(21,696)
Cash generated from operations	**49,528**	24,484	**155,063**	175,954

Included in cash generated from operations in the 9 month period to 30 September 2016 is $71.6m (inclusive of value added tax) received from Visafone for the termination of tenancies in IHSN ($53.5m) and ITNG ($18.1m). The termination fee received by ITNG was recognised in Q4 2015 and is therefore not reflected in other income in Q1 2016 (see note 6).

18. RELATED PARTY TRANSACTIONS

	30 Sep 2017	31 Dec 2016
Current	**$'000**	$'000
Amounts due from:		
IHS Holding Limited	**7,151**	5,004
INT Towers Limited *	**-**	10,744
IHS Netherlands (Interco) Coöperatief U.A.	**5,006**	10
	12,157	15,758
Amounts due to:		
INT Towers Limited *	**3,174**	1,507
IHS Netherlands (Interco) Coöperatief U.A.	**56**	7
IHS Holding Limited	**626**	136
	3,856	1,650
Non-current		
Amounts due to:		
IHS Holding Limited	**633,889**	601,120

* INT Towers Limited is a sister subsidiary to IHSN and ITNG in Nigeria.

Non-current amounts due to IHS Holding Limited represent shareholder loans as disclosed in note 15.

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group had contractual, non-cancellable capital commitments of $52.3 million for full turnkey site build and upgrade of existing sites and delivery of power project equipment as at 30 September 2017.

The Group's contingent liabilities in respect of litigations and claims amounted to $3.4 million as at 30 September 2017. Based on legal advice received, the directors are of the view that the Group's liability is not likely to materialise, thus no provision has been made.

20. EVENTS AFTER THE REPORTING PERIOD

There were no disclosable events after the reporting period.

NON-IFRS MEASURES AND GLOSSARY

EBITDA, EBITDA margin and other non-IFRS financial measures are used by Group management to monitor the underlying performance of the business and the operations. EBITDA, EBITDA margin and other non-IFRS financial measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA, EBITDA margin and other non-IFRS financial measures as reported by us to EBITDA, EBITDA margin and other non-IFRS financial measures as reported by other companies. EBITDA, EBITDA margin and the other non-IFRS financial measures described in these financial statements are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of any regulatory authority and will not be subject to review by any regulatory authority; compliance with such requirements may require us to make changes to the presentation of this information.

Capital expenditure - any expenditure which would be treated as capital expenditure in the financial statements in accordance with applicable accounting principles including advance payments for capital expenditure and excluding any non-cash expenditure.

EBITDA - profit or loss for the period excluding the impact of finance income, finance cost, fair value through profit or loss, depreciation and amortisation, and provision for or benefit from taxes, less other income, plus other expenditures that are sufficiently large and unusual as to distort comparisons from one period to the next. We believe that EBITDA is an indicator of the financial performance of our core business. EBITDA is a component of the calculation that has been used by our lenders to determine compliance with certain covenants under our debt facilities. EBITDA is not intended to be an alternative measure of operating income or gross profit margin as determined in accordance with IFRS.

EBITDA Margin - EBITDA divided by revenue, expressed as a percentage.

Gross debt - borrowings as stated on the balance sheet less related party loans and finance leases.

Gross debt to L2QA EBITDA ratio - gross debt divided by L2QA EBITDA for a stated period, expressed as a multiple.

L2QA EBITDA - EBITDA for the last two quarters on an annualised basis.

L2QA interest coverage - L2QA EBITDA divided by net interest expense for the last two quarters on an annualised basis expressed as a multiple.

L2QA net interest expense - net interest expense for the last two quarters on an annualised basis.

Net debt - gross debt less cash and cash equivalents at a stated balance sheet date.

Net debt to L2QA EBITDA ratio - net debt divided by L2QA EBITDA for a stated period, expressed as a multiple.

Net interest expense – the total cash interest expense (including, without limitation, all commissions, discounts and other commitment and banking fees and charges for such period), adjusted to exclude the amortisation of any deferred finance costs for such period and any interest expense actually ‘‘paid in kind’’ or accreted during such period payable in that relevant period plus the interest portion of any finance leases for that relevant period less the total cash interest received in that relevant period.

Dormant tower: Tower without a tenant on air.

LUR (lease-up-rate): Number of a certain type of tenancy (PoP Tenancy or Technology Tenancy) per tower that we own across our portfolio at a point in time.

PoP tenants (Point of Presence): Number of distinct customers who have leased space on each tower that we own across our portfolio. For example, if one customer had leased tower space on five of our towers, we would have five PoP tenants.

PoP LUR: Number of PoP tenants per tower owned across our portfolio at a point in time. We calculate the PoP tenancy ratio by dividing the total number of PoP tenants across our portfolio by the total number of owned live towers in our portfolio at a given time.

Technology tenants: Number of distinct technologies deployed on each tower that we own across our portfolio by a customer that is an existing PoP tenant. For example, if an existing PoP tenant deployed an additional technology such as 3G or 4G/LTE technology at the same site, that tower would have one PoP tenant and one Technology tenant.

Technology LUR: Number of total Technology tenants per tower that we own (managed towers are excluded for purposes of LUR presentation) across our portfolio at a point in time. We calculate the Technology LUR by dividing the total number of PoP tenants and Technology tenants across our portfolio by the total number of owned live towers in our portfolio at a given time.

SUMMARY OF UNAUDITED QUARTERLY RESULTS

For the respective quarters ended:

Statement of profit or loss	30 Sep 2017 $'000	30 Jun 2017 (restated)† $'000	31 Mar 2017 (restated)† $'000	31 Dec 2016 (restated)† $'000
Revenue	**95,907**	**97,273**	**101,856**	**75,496**
Cost of sales †	(56,068)	(82,952)	(54,595)	(51,046)
Gross profit	**39,839**	**14,321**	**47,261**	**24,450**
Administrative expenses	(29,902)	(7,084)	(7,951)	(15,921)
Other income	3,491	4,118	2,907	1,832
Operating profit/(loss)	**13,428**	**11,355**	**42,217**	**10,361**
Finance income	1,635	42,469	3,832	2,436
Finance cost †	(46,884)	(52,204)	(42,049)	(82,392)
Changes in fair value though the profit or loss	7,790	(1,340)	820	4,770
(Loss)/profit before taxation	**(24,031)**	**280**	**4,820**	**(64,825)**
Taxation	(3,418)	(705)	(833)	(22,289)
(Loss)/profit for the period attributable to owners	**(27,449)**	**(425)**	**3,987**	**(87,114)**
EBITDA reconciliation:				
(Loss)/profit for the period	**(27,449)**	**(425)**	**3,987**	**(87,114)**
Add back:				
Tax charge	3,418	705	833	22,289
Changes in fair value though the profit or loss	(7,790)	1,340	(820)	(4,770)
Finance cost †	46,884	52,204	42,049	82,392
Finance income	(1,635)	(42,469)	(3,832)	(2,436)
Depreciation and amortisation †	22,937	21,048	21,887	20,660
Impairment of fixed assets and prepaid land rent	2,557	30,454	-	-
Net loss/(gain) on disposal of property, plant and equipment	123	137	(204)	3,776
Impairment of withholding tax receivable	24,347	-	-	-
EBITDA	**63,392**	**62,994**	**63,900**	**34,797**
EBITDA margin	66.1%	64.8%	62.7%	46.1%
Capital expenditure in quarter:				
Purchase of property, plant and equipment	(40,564)	(5,168)	(9,181)	(8,430)
Purchase of software and licences	(234)	(132)	(4)	(364)
Advance payments for property, plant and equipment	(6,345)	(9,693)	(3,662)	(45,124)
Total capital expenditure	**(47,143)**	**(14,993)**	**(12,847)**	**(53,918)**
Interest received	646	47	105	102
Interest paid	(6,415)	(43,372)	(3,728)	(10,206)
Bond transaction costs and facility fees paid	(827)	(385)	(1,045)	(21,655)
Net interest paid in quarter	**(6,596)**	**(43,710)**	**(4,668)**	**(31,759)**

† Restated as noted below - please also refer to the basis of preparation (Restatement) on page 5 for more details.

For each of the 3 month periods ended 30 June 2017, 31 March 2017 and 31 December 2016, within cost of sales, depreciation expense increased by $0.2m and amortisation expense decreased by $1.1m.

Finance costs decreased by $0.03m, $0.03m and $1.5m for the 3 month periods ended 30 June 2017, 31 March 2017 and 31 December 2016 respectively.